COUNTY OF SAN MATEO
COUNTY EXECUTIVE'S OFFICE
INTERGOVERNMENTAL AND PUBLIC AFFAIRS

SAN MATEO COUNTY
FY 2026-27 STATE BUDGET ANALYSIS
May 14, 2026

Overview: The following is a list of the significant funding proposals included in the FY 2026-27 Governor's May Revision impacting County programs and services.

COUNTY-WIDE ISSUES						
VLF Shortfall						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
VLF Shortfall	The proposed budget fails to include the $157 million VLF backfill to the County and its twenty cities. This amount covers a $119,238,751 shortfall for FY 24-25 and an unpaid $37,750,993 shortfall from FY 23-24.	Failure to secure these critical funds will severely impact county public safety, social and health services.	The May Revision fails to include the $157 million VLF backfill to the County and its twenty cities. This amount covers a $119,238,751 shortfall for FY 24-25 and an unpaid $37,750,993 shortfall from FY 23-24.	Failure to secure these critical funds will severely impact county public safety, social and health services.		

HEALTH SYSTEM						
Medi-Cal and Realignment						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Transition of Unsatisfactory Immigration			The Governor's budget proposes a transition of individuals with unsatisfactory immigration status	For San Mateo County, it will likely lead to Medi-Cal members transitioning from		

Status (UIS) Individuals to Fee for Service (FFS) Medi-Cal			(UIS) from managed care to fee-for-service delivery system. This change will allow the state to be in compliance with the new federal policy that prohibits states from covering federally-eligible emergency Medicaid services in risk-based managed care delivery systems. Beginning January 1, 2027, all Medi-Cal services including non-emergency services for Medi-Cal beneficiaries with UIS status will be delivered through the fee-for-service system.	the Health Plan of San Mateo (HPSM) and Kaiser Medi-Cal Managed Care Plan to the Medi-Cal Fee for Service delivery system. With this change, not only will these county residents have less options for Medi-Cal providers under the Fee for Service delivery system, but care coordination and benefits navigation will likely be negatively affected. The details behind the state's savings estimates have not been released yet. Pending further details, the potential impacts include further reductions in Medi-Cal revenue due to: lower Medi-Cal fee-for-service reimbursement than received from HPSM, loss of reimbursement for non-emergency inpatient services, and the impact of lower Medi-Cal managed care assignments on value based care payment programs. Additional details are needed to determine the impact to San Mateo Medical Center (SMMC). At a minimum, the shift from HPSM payment rates to fee-for-service only is expected to reduce revenue by $1.9M in FY 26-27.		
Six-Month Redeterminations			The May Revise reduced the number of those impacted by six-month redeterminations to 0 in FY	This will result in fewer individuals losing their Medi-Cal coverage, as a result of		

			2026-27 and approximately 278,600 in FY 2029-30.	this specific requirement, in FY 2026-27 and reduce the $1.9M impact anticipated in response to the Governor's January budget proposal.		
Monthly Premium Increase for UIS Adults			The May Revision includes an increase of monthly premiums for adults with unsatisfactory immigration status to $50, effective July 1, 2027.	This proposal will result in individuals losing their Medi-Cal coverage due to the inability to pay the monthly premiums. This will lead to the Medi-Cal beneficiaries losing their Full Scope Medi-Cal benefits and qualifying for the local ACE and SMMC financial assistance programs, leading to an increase in Access and Care for Everyone (ACE) program administrative, prescription, and medical costs for services received outside of SMMC and unreimbursed costs for services provided by SMMC.		
Medi-Cal Asset Limits			The Governor's budget proposes to reinstate the Medi-Cal asset limit for seniors and disabled adults to $2,000 for an individual or $3,000 for a couple, effective January 1, 2027.	This proposal will result in individuals losing their Medi-Cal coverage, including those with Share of Cost Medi-Cal.		
Health Realignment	Governor's revise anticipates a 3.14 percent increase for FY 25-26 from FY 24-25 and then an increase of 2.44 percent from FY 25-26.	This would be an increase of $738K for FY 25-26 and $592k for FY 26-27.		Due to caseload growth in other areas, cash receipts for Health Realignment are not currently trending higher and we will plan for reductions in the upcoming year.		
In-Home Supportive Services (IHSS)						

Subject	Governor's Budget Proposal	Estimated SMC Impact	May Revision	Estimated SMC Impact	2026-27 State Budget Agreement	Estimated SMC Impact
IHSS Caseload Growth – State share of cost will be removed in 2027-28 proposal	The budget continues funding for IHSS in current FY 2026-27. However, starting in 2027-28 the governor proposes stopping coverage of IHSS hours per case increases, resulting in cost shift to counties for those hours.	No impact on current year and additional information from the State is needed to evaluate the impact in 2027-28 because the California Department of Social Services (CDSS) publishes total IHSS cases and total authorized hours but does not provide a breakdown between baseline hours and hours per case growth.	No change.	No change.		

Eligibility to Conform the IHSS Residual Program	Beginning 2026-27, The proposal would adjust the timing of IHSS eligibility/coverage decisions, so they match Medi-Cal coverage timing, rather than maintaining a separate state-only IHSS coverage.	Minimal impact on Adult and Disability Services (ADS) as the affected population is small. Frequent coordination between staff and State is needed for tight timelines on Medi-Cal determinations, IHSS start/end date. The funding cut is a state general fund saving, not a direct county cut.	Proposed change in Medi-Cal would move the effective date from January 1, 2027, to July 1, 2027	Proposed change in Medi-Cal would move the effective date from January 1, 2027, to July 1, 2027, thus would result in no change in FY 2026-27. Thereafter, the impact would be the same as noted in the January analysis.		

IHSS Backup Provider System Funding Elimination	Beginning 2026-27, The proposal would eliminate the system, $3.5M funding reduction.	The proposed elimination of the IHSS Backup Provider System would remove approximately $40K in annual funding for our department. This reduction would eliminate resources reducing our capacity to respond to urgent provider needs and potentially creating service gaps for IHSS consumers who rely on backup support.	No change.	No change.		

IHSS Impacts of the Medi-Cal Asset Test			The May Revision proposes reinstating the Medi-Cal asset limit for seniors and persons with disabilities, returning to $2,000 for individuals and $3,000 for couples, effective no sooner than January 1, 2027. To provide context, the asset limit has undergone several changes in recent years. In 2022, the limit was substantially raised from $2,000/$3,000 to $130,000 for individuals and $195,000 for couples. It was then fully eliminated in 2024. The 2025 Budget Act partially reversed course by reinstating the $130,000/$195,000 thresholds. The May Revision now proposes returning to the original, lower limits. According to the Legislative Analyst's Office (LAO), this change is projected to result in approximately 7,800 IHSS recipients losing Medi-Cal eligibility statewide in FY 2026–27, rising to just over 11,000 in FY 2027–28.	The county-level impact for San Mateo County cannot be estimated, as data identifying which specific IHSS recipients will be affected is not available to us. If we extrapolate based on the statewide estimates (0.8% of total IHSS recipients), the impact would be approximately 83 recipients. There is no direct fiscal impact to the County. IHSS service costs are governed by the IHSS Maintenance of Effort (MOE), which defines the County's fixed funding obligation independent of changes to Medi-Cal eligibility.		
Public Health, Policy and Planning (PHPP)						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Future of Public Health (FoPH)	The Governor's January budget proposal maintains the $276.1 million ongoing Future of Public Health (FoPH) General	Of this amount, San Mateo County Public Health will continue to receive $3 million in annual	No change.	No change.		

	Fund investment in state and local public health infrastructure and workforce, providing $188.2 million ongoing General Fund for local health departments.	ongoing funding.				
Public Health Information Technology Systems	**SaPHIRE System -** The Governor's January budget proposes 15 positions and $24.5 million in 2026-27 General Fund for the Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) system. This system supports timely and accurate case and laboratory reporting for over 80 infectious disease conditions in the state, providing state and local health departments with more comprehensive disease surveillance	While San Mateo County does not directly receive funding for Public Health Information Technology systems, Public Health Programs rely on these systems on a regular basis for disease surveillance, monitoring, and reporting. If these systems are not funded and/or maintained, the County's ability to track, monitor, and respond to disease trends and outbreaks may be reduced.	**SaPHIRE System** – The Governor's May Revision maintains funding for the Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) system. The system supports timely and accurate case and laboratory reporting for over 80 infectious disease conditions in the state, providing state and local health departments with more comprehensive disease surveillance capabilities and insights into infectious disease outbreaks and emergencies. **California Vaccine Management System (myCAvax) -** The Governor's May Revise proposal does include funding for the myCAvax system **CalCONNECT –** The Governor's May Revise proposal does include funding for the California Confidential Network for Contact Tracing (CalCONNECT).	While San Mateo County does not directly receive funding for Public Health Information Technology systems, Public Health Programs rely on these systems on a regular basis for disease surveillance, monitoring, and reporting, so it is positive that these systems have been funded.		

	capabilities and insights into infectious disease outbreaks and emergencies. Recall, the 2025 Budget Act provided $27 million in 2025-26, $20.4 million in 2026-27, $16.3 million in 2027-28 and ongoing for the continuation of the system. **California Vaccine Management System (myCAvax) -** The Governor's January budget proposal does not include funding for the myCAvax system **CalCONNECT. -** The Governor's January budget proposal does not include funding for the California Confidential Network for Contact Tracing (CalCONNECT) **CalREDIE -** The Governor's		**CalREDIE -** The Governor's May Revise proposal does include funding for the California Reportable Disease Information Exchange (CalREDIE), **CAIR -** The Governor's May Revise proposal does include funding for the California Immunization Registry (CAIR).			

	budget does not include funding for the California Reportable Disease Information Exchange (CalREDIE), **CAIR -** The Governor's budget proposal does not include funding for the California Immunization Registry (CAIR).					
Behavioral Health and Recovery Services (BHRS)						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Mental Health Realignment	Realignment revenue for Mental Health is expected to increase by 5.5%.	Increase of $2.64M.	Realignment revenue for Mental Health is expected to increase by 2%.	Increase of $1.2M rather than the $2.6M anticipated in the Governor's January budget proposal.		
Behavioral Health Services Act Implementation	The funding for administrative claiming is reduced from $93.5M in FY 2025-26 to $17M in FY 2026-27 based on actual county claims.	No impact as BHRS has no planned implementation costs after July 1, 2026.	No change.	No change.		
CARE Act	The budget includes $31.8M for FY 2026-27 for implementation.	BHRS can claim these costs. Amount is unknown at this time.	No change.	No change.		

Proposition 36	No new funding included in the Governor's budget. BHRS has a small number Proposition 36 clients.	Impact is expected to be limited.	No change.	No change.		
Community Mobile Crisis Benefit (Medi-Cal)	The Community Mobile Crisis benefit will sunset March 31, 2027. It then becomes an optional benefit. Counties that chose to participate must fund the non-federal share of the benefit. Additionally, the federal match (FMAP) will reduce from 85% to 50%.	A 35% reduction in federal funding of $259.8K Total program cost is $5.57M.	No change.	This continues to be a concern. This means counties will have to bar the full financial burden of offering this benefit which could also impact funding for other initiatives.		
Aging and Disability Services (ADS)						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Home Safe Pilot	The proposal indicates that there is no change on the current funding.	ADS is receiving $1.02 million in new Home Safe funding to support program operations. The funding is available from July 2026 through June	No change. There is no new funding proposed for the Home Safe Pilot. Existing funding is part of the FY2026-27 Recommended Budget.	No change.		

		2028. This allocation represents new resources, and the Governor's January budget proposal does not change or reduce the current Home Safe funding levels. The new funding is pending to the Board of Supervisors approval in February 2026 to formally accept the allocation and amend the existing contractor agreement.				
Elimination of APS Expansion Funding			The proposed elimination of APS expansion funding ($70M statewide) would end an investment the State has sustained since FY 2021 to serve California's growing older adult population. This funding supported lowering the APS eligibility age from 65 to 60, aligning program access with the statutory definition of "elder."	Locally, the elimination of funding on June 30, 2026, represents a loss of $720,762 per fiscal year, which funds approximately 4 Full-Time Equivalents (FTEs). While clients under 65 currently make up approximately 10% of the APS caseload, the four FTEs funded through the APS Expansion were not solely dedicated to that age group. The direct workload generated by the 60–64		

				population equated to roughly one FTE; however, overall APS caseloads and referrals have grown by more than 50% since the inception of the funding in 2021, absorbing the remaining three FTEs across the broader program and even then, staffing remains insufficient to meet demand. It is also worth noting that APS Expansion funding represents the only dedicated state funding source for APS work, making its elimination particularly consequential. If this funding is eliminated, the department will explore one-time funding options to help mitigate the impact on a short-term basis.		
Family Health Services (FHS)						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Women, Infants, and Children (WIC) Program	The Governor's January budget reflects an increase of $127.2 million in the Federal Trust Fund and a decrease of $51.9 million in the WIC Manufacturer Rebate Fund. For 2025-26, the Governor's January budget reflects an increase of $83.4	Impact to San Mateo County's WIC allocation, which is approximately $3.7M per year, is unknown.	The Governor's May Revision reflects a decrease of $71.7 million in local assistance, including a decrease of $84.8 million in the Federal Trust Fund and an increase of $13.1 million in the WIC Manufacturer Rebate Fund. The decrease in federal food expenditure is driven by a decrease in participation projections, offset by a slight increase in food inflation projections. The increase in rebate revenue and expenditures is attributed to the subsidized amounts from the new infant formula rebate contracts not	At this time, the impact to San Mateo County's approximately $3.7 million yearly WIC allocation is unknown.		

	million in the Federal Trust Fund and a decrease of $40 million in the WIC Manufacturer Rebate Fund. The Federal Trust Fund increases are driven by increases in food inflation rates, infant formula contracts, and allocations to WIC Local Agencies to support growing caseload and IT-related costs. Decreases in the WIC Manufacturer Rebate Fund are driven by modified infant formula contracts and decreased program participation.		decreasing as much as initially projected.			
Proposition 56 State Dental Program Account	For 2026-27, the Governor's budget reflects a decrease of $1.5 million in the State Dental Program Account, including a decrease of $7.7 million in state operations and an increase of $6.1 million in local assistance	While impact of this action is unclear, as of our last notification from the State, San Mateo County's Dental Program funding will be subject to a 55% reduction, from $265K to $119K,	The Governor's May Revision reflects an increase of $7.6 million state operations in State Dental Program Account, as a result of updated Proposition 56 revenue projections. These funds are used for the CDPH Local Oral Health Program (LOHP) and other dental workforce initiatives such as Community Based Clinical Education (CBCE) to train providers to serve Californians in designated	San Mateo County's Dental Program funding will be reduced by 55%, from $265K to $119K, beginning in July 2027. The San Mateo County Oral Health Program is currently reviewing the funding reduction and assessing its potential impacts on program operations and service levels.		

	as the result of updated Proposition 56 revenue projections. These funds are used for the California Department of Public Health (CDPH) Local Oral Health Program (LOHP) and other dental workforce initiatives such as Community Based Clinical Education (CBCE) to train providers to serve Californians in designated dental health professional shortage areas.	beginning in July 2027. San Mateo County Oral Health program is reviewing the funding reduction and assessing potential impacts to program operations and service levels.	dental health professional shortage areas.			
San Mateo Medical Center (SMMC)						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Hospital Quality Assurance Fee	The Governor's budget assumes $1.3 billion from the General Fund to support children's Medi-Cal coverage via the Hospital Quality Assurance Fee (HQAF), representing a $652 million decrease from the	The reduction in revenues for the HQAF fee could impact the grant funding public health systems receive through the fee, which is $500K for SMMC. No details available for estimating financial impact.	The Budget assumes $1.3 billion General Fund, a decrease of approximately $652 million General Fund, due to the Centers for Medicare and Medicaid Services (CMS) requiring California to resubmit its proposal to align with the previously approved fee.	CMS has not yet approved the state's revised application. Additional details are needed to determine the impact to SMMC.		

	2025 Budget Act levels; this adjustment follows federal notification that California's waiver request won't be approved as submitted, with the Administration exploring modifications for potential approval.					
Managed Care Organization (MCO) Tax and Prop 35	Governor's budget projects California's Managed Care Organization (MCO) Tax revenue at $4.5 billion for 2025-26 and $2.5 billion for 2026-27, using these funds to broadly support the Medi-Cal program while allocating $1.6 billion across both years for specific increases in managed care payments tied to 2024 levels. However, the tax conflicts with H.R. 1's rule against higher taxes on Medicaid providers than non-Medicaid	The impact is currently unknown.	The budget reflects $4.5 billion in 2025-26 and $2.5 billion in 2026-27 MCO Tax revenue to support the Medi-Cal program and $1.6 billion across 2025-26 and 2026-27. The Governor proposes to renew the MCO tax effective Jan. 1, 2027, restructured to comply with H.R. 1 requirements. Commercial plans would be taxed at the same rate. The proposal generates approximately $2.3 billion in revenue: approximately $2 billion to support the broader Medi-Cal program and the remainder for Tier Rate Increases (TRIs).	The impact to SMMC will depend on how changes to the MCO tax impact the spending plan. The proposition 35 spending plan includes an estimated $175 million for public hospitals for calendar years 2025 (not yet distributed) and 2026. In addition, changes in TRI will impact the effect of the UIS transition from Medi-Cal managed care to Medi-Cal fee-for-service. Additional details are needed to determine the impact to SMMC.		

	ones, prompting a federal transition period through June 30, 2026, which could cost the state's General Fund about $1.1 billion in 2026-27; the budget optimistically assumes an extension to December 31, 2026, as options for compliance are explored, though H.R. 1 and Proposition 35 will substantially reduce future tax yields and create ongoing Medi-Cal funding gaps.					
Medical Assistance Percentage for Emergency Services			The budget includes a General Fund cost of approximately $669 million in 2026-27 due to the federal match reduction from 90% to 50% for emergency services for those in the UIS population who would have qualified as Affordable Care Act adult expansion population members, if they had been eligible for full scope Medi-Cal effective Oct. 1, 2026.	The enhanced Federal Medical Assistance Percentage (FMAP) reduction will result in SMMC receiving less federal match and decreasing the net Medi-Cal payments to SMMC that are self-financed. The estimated impact to public health systems in the May Revise is lower than has been modeled by the California Association of Public Hospitals and Health Systems (CAPH). Additional details are needed to determine the impact to SMMC.		

Eliminating Optional Adult Acupuncture Benefit			The state will stop funding outpatient acupuncture services under the Medi-Cal program.	SMMC expects a 209,000 revenue reduction due to the elimination of the acupuncture benefits.		

HUMAN SERVICES AGENCY (SMC-HSA)						
Medi-Cal						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Administration	The budget is estimated to be $196.7 billion ($46.4 billion General Fund) in FY 2025-26 and $222.4 billion ($48.8 billion General Fund) in FY 2026-27. The Governor's Budget estimates a caseload totaling approximately 14.5 million beneficiaries for FY 2025-26, with a projected decline to 14.0 million beneficiaries in FY 2026-27.	SMC-HSA's FY2025-26 allocation is about the same at $51 million. Administrative fiscal impacts are expected to be limited. While Medi-Cal caseloads are projected to decline, increased eligibility and redetermination requirements will result in additional administrative cost.	The May Revision reflects a one-time augmentation of $228.8 million in 2026-27 to support county workload for the implementation of Medi-Cal eligibility changes pursuant to H.R. 1.	Approximately 56,700 San Mateo County Medi-Cal beneficiaries may be impacted by six-month redeterminations and work requirements as of April 2026. These changes are expected to increase eligibility workload, call volume, office visits, and case management activity as clients navigate more frequent renewals and documentation requirements. Based on current assumptions and the FY 2026-27 May Revision proposal, approximately $4.6 million in potentially eligible one-time Medi-Cal administrative funding may be available to support H.R. 1 implementation workload. Increased eligibility processing, redeterminations, and compliance activities are expected to increase administrative workload and create ongoing fiscal pressure related to		

				implementation and case management activities. However, available one-time funding is not expected to fully offset the estimated ongoing staffing, workload, and operational costs associated with Medi-Cal eligibility and compliance changes.		
Unsatisfactory Immigration Status (UIS) Amended Definition	Effective October 1, 2026, H.R. 1 narrows the definition of qualified non-citizens that remain eligible for federally funded Medi-Cal. This change will exclude certain immigration statuses, which significantly reduces federal funding for this population. The Governor's Budget proposes to move these individuals to restricted scope Medi-Cal.	SMC-HSA's UIS clients will lose full scope Medi-Cal coverage due to change in definition of qualified non-citizen status requirement. Those recipients will move to emergency and pregnancy related services only.	Reflects reductions associated with federal restrictions on Medi-Cal eligibility and coverage for certain non-citizen populations, including a reduction of $583.8 million ($471.6 million General Fund) in 2026-27 and $1.5 billion ($1.2 billion General Fund) ongoing. The May Revision also proposes transitioning impacted individuals to restricted-scope Medi-Cal effective July 1, 2027, and increasing monthly premiums for adults with unsatisfactory immigration status from $30 to $50 effective July 1, 2027.	Approximately 7,800 San Mateo County Medi-Cal beneficiaries may be impacted by changes to qualified non-citizen eligibility requirements and transition from full-scope to restricted-scope Medi-Cal coverage. Individuals impacted by these changes would be limited to emergency and pregnancy-related services only. The County may also experience indirect fiscal and operational impacts through increased demand for county-funded health care, behavioral health, emergency response, and community-based support services for residents experiencing loss or disruption of Medi-Cal coverage.		
Work and Community Engagement	Effective January 1, 2027, H.R. 1 establishes work and community engagement requirements for the ACA Adult	SMC-HSA anticipates lower administrative funding and higher operating costs, with the overall impact	Reflects estimated Medi-Cal expenditure reductions associated with new work and community engagement requirements for the Affordable Care Act adult expansion population, effective January 1, 2027. The May	Approximately 56,700 San Mateo County Medi-Cal beneficiaries may be impacted by work and community engagement requirements. After applying estimated exemptions,		

	Expansion population as a condition of Medi-Cal eligibility, unless an exemption or short-term exception applies. The Governor's Budget estimates caseload-driven savings of $373 million ($102 million General Fund) in FY 2026-27, growing to $13.1 billion ($3.6 billion General Fund) by FY 2029-30, and notes ongoing discussions between CDSS and counties regarding associated administrative impacts.	pending state guidance.	Revision estimates reductions of $357.6 million ($90.3 million General Fund) in 2026-27, increasing to $9.6 billion ($2.4 billion General Fund) by 2029-30.	approximately 26,700 individuals may be required to meet work requirements to maintain Medi-Cal eligibility. These changes are expected to increase eligibility processing, case management workload, call volume, office visits, and client assistance needs related to documentation and compliance requirements. HSA anticipates continued operational and fiscal pressure associated with implementation and ongoing eligibility administration.		
Affordable Care Act Adult Expansion Six-Month Redeterminations	H.R.1 initiated changes requiring semiannual eligibility redeterminations for this population are projected to reduce caseloads, generating savings of $463 million ($74 million General Fund) in FY 2026-27,	This will impact approximately 62,000 individuals. This will lead to increased workload, call volume, and office visits as more individuals seek assistance and reapply after failing to submit	Reflects updated Medi-Cal expenditure reductions associated with six-month eligibility redeterminations for the Affordable Care Act adult expansion population, estimated at $747.3 million ($186.4 million General Fund) in 2027-28 and increasing to $2.5 billion ($633 million General Fund) by 2029-30.	Approximately 56,700 San Mateo County Medi-Cal beneficiaries may be impacted by six-month eligibility redetermination requirements. These changes are expected to increase eligibility processing workload, call volume, office visits, and client assistance needs associated with more frequent renewals and documentation requirements.		

	growing to $3.0 billion ($474 million General Fund) by FY 2029-30.	required documentation. SMC-HSA anticipates additional staff training to meet the semiannual eligibility redeterminations.		HSA anticipates continued operational and fiscal pressure associated with implementation, workload capacity, and ongoing eligibility administration.		
California Work Opportunity and Responsibility to Kids (CalWORKs)						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Family Stabilization	This program provides intensive case management to help stabilize families, allowing them to focus on education or employment activities. The Governor's Budget proposes $67.1 million for the CalWORKs Family Stabilization program in FY 2026-27, A $900K, or 1.3%, increase over FY 2025-26.	SMC-HSA's FY 2025-26 allocation was $353K. SMC-HSA projects its FY 2026-27 allocation at $384K, reflecting a 10.3% increase ($31k).	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.		
Home Visiting Program (HVP)	This program supports pregnant and new parents in successfully transitioning to parenthood. The Governor's Budget proposes to fully restore funding to HVP in FY 2026-	SMC-HSA projects its FY 2026-27 allocation at $114K, reflecting a 63.3% ($44K) increase.	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.		

	27 to $80.1M, up from $73.3M in FY 2025-26.					
Eligibility	The CalWORKs Single Allocation offers funding for multiple program components, allowing flexibility to shift funds between Eligibility, Employment Services, Cal-Learn, and Cal-OAR. The FY 2026-27 total Single Allocation is proposed at $1.7 billion in total funds. This is a $70.5M, or 4.4%, increase over the FY 2025-26 allocation, and reflects a projected increase in Employment Services caseload growth offset by a decrease in Eligibility funds.	SMC-HSA projects its FY 2026-27 allocation at $4.2M, reflecting a 1.3% ($57K) decrease.	The May Revision includes $1.6 billion total funds for the FY 2026-27 CalWORKs Single Allocation, reflecting a decrease of $33.6 million compared to the Governor's Budget. The decrease primarily reflects slower Employment Services caseload growth than previously projected, partially offset by a decrease in the Shared Eligibility shift.	SMC-HSA projects an estimated decrease of approximately $212,000 in FY 2026-27 Single Allocation funding compared to the January Budget Proposal, primarily associated with slower projected Employment Services caseload growth.		

CalWORKs Employment Services	Covered under the CalWORKs Single Allocation. The FY 2026-27 total Single Allocation is proposed at $1.7 billion in total funds. This is a $70.5M, or 4.4%, increase over the FY 2025-26 allocation, and reflects a projected increase in Employment Services caseload growth.	SMC-HSA projects its FY 2026-27 allocation at $6.7 million, reflecting a 6.7% ($423K) increase.	The May Revision includes $1.6 billion total funds for the FY 2026-27 CalWORKs Single Allocation, reflecting a decrease of $33.6 million compared to the Governor's Budget. Employment Services is funded through the Single Allocation, and the decrease primarily reflects lower projected Employment Services caseload growth.	SMC-HSA projects an estimated decrease of approximately $212,000 in FY 2026-27 CalWORKs Single Allocation funding compared to the January Budget Proposal. Employment Services is funded through the Single Allocation, and the projected decrease is primarily associated with slower projected Employment Services caseload growth.		
CalWORKs Mental Health and Substance Abuse	The budget allocates $126.6 million in FY 2026-27 for mental health and substance abuse, a $26M, or 26%, increase over $100.6M in FY 25-26.	SMC-HSA anticipates an allocation increase of $6K, from $23K to $29K. This allows more services to be provided by the Psych SW and VRS to clients.	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.		
CalWORKs Maximum Aid Payment			The May Revision reflects a 1.8-percent increase to CalWORKs Maximum Aid Payment levels, effective October 1, 2026, estimated to cost $59.5 million in 2026-27.	HSA anticipates no significant Net County Cost fiscal impact, as CalWORKs grant payments are funded through State and federal sources. The proposal will increase monthly grant amounts for eligible CalWORKs recipients effective October 1, 2026.		
Child Care						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**

Stage 1 & 2 Childcare	The budget allocates $6.8 billion in FY 2026-27 for childcare programs, including Stage 1 & Stage 2. The Budget includes $89.1M in General Fund Cost Of Living Adjustment (COLA) adjustments, representing a 1.3% increase.	SMC-HSA's Stage 1 is an open-ended entitlement program and should be unaffected. Stage 2 funding includes both State and Federal funding. A 1.3% increase to the $489K in Stage 2 State GF received in the current year would translate into an FY 2026-27 increase of $6,500.	The May Revision allocates $7.5 billion in FY 2026-27 for child care and development programs, reflecting an increase of approximately $700 million from the Governor's Budget. The proposal includes $112 million General Fund for a 2.01% Cost of Living Adjustment (COLA) and $65.1 million General Fund to increase allowable administrative costs for alternative payment program agencies by 1.5%.	SMC-HSA's Stage 1 Child Care program is an open-ended entitlement and is not expected to be materially impacted. Stage 2 funding includes both State and federal funding. A 2.01% increase applied to the current-year $489,000 Stage 2 State General Fund allocation would equate to an estimated increase of approximately $9,800 in FY 2026-27.		
CalFresh						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Administration	The proposed budget includes an increase in statewide county administrative funding due to the federal administrative cost-share reduction from 50% to 25% offset by savings tied to the projected caseload decrease. The budget projects an average monthly	SMC-HSA estimates the County's share of administrative costs to rise from approximately 15% to 22.5%, resulting in an estimated $2.6 million increase in the share of costs.	The May Revision includes an additional $37 million General Fund in 2025-26 and $30.6 million General Fund in 2026-27 associated with CalFresh administrative costs exceeding the federal State Administrative Expense target. The proposal also includes $30 million one-time General Fund in 2026-27 for CalFood food bank support.	The County could receive approximately $398,000 in additional State General Fund support in FY 2026-27 associated with the State Administrative Expense (SAE) target adjustment. HSA is continuing to monitor potential impacts to CalFresh administrative claiming and federal fund drawdown pending additional United States Department of Agriculture (USDA) guidance and State implementation direction.		

	CalFresh caseload of 3.3 million households in FY 2025-26, reflecting a 2.3% increase over the prior fiscal year, but 1.1 % below the caseload assumed in the 2025 Budget Act. For FY 2026-27, the caseload is projected to decline to approximately 3.2 million households, a 2.3% decrease from FY 2025-26.					
Able-Bodied Adults Without Dependents (ABAWD)	The budget assumes ABAWD time limits take effect June 1, 2026, adding an estimated 609,400 individuals under H.R. 1 and discontinuing approximately 193,700 recipients per month beginning September 2026. This reduction in caseload is expected to generate CalFresh and California Food Assistance Program (CFAP)	SMC-HSA anticipates the ABAWD time limits will increase workload and staffing needs while raising the risk of clients losing CalFresh benefits.	The May Revision includes an additional $30 million one-time General Fund in 2026-27 to support county administrative workload associated with ABAWD work requirement changes under H.R. 1. The planned CalFresh reassessment in 2026-27 will inform county administrative funding needs for the 2027-28 Governor's Budget.	Approximately 5,318 San Mateo County residents may be required to meet ABAWD work requirements to maintain CalFresh eligibility as of June 2026. These changes are expected to increase workload, call volume, office visits, and client assistance needs associated with screening, exemptions, and compliance requirements. Administrative workload impacts associated with ABAWD implementation are included in the CalFresh Administration funding discussion above. Based on the County's estimated share		

	benefit savings in FY 2026-27, with no new county administrative funding and nominal county administrative savings of $440,000 General Fund.			of the one-time $30 million General Fund augmentation for ABAWD administration, San Mateo County could receive approximately $157,000 in one-time funding in FY 2026-27.		
Newly Excluded Noncitizens	The proposed budget reflects CalFresh and CFAP funding reductions from updated H.R. 1 eligibility rules for certain lawfully present noncitizens effective April 1, 2026. The changes are projected to reduce average monthly participation by approximately 37,100 CalFresh recipients and 17,100 CFAP recipients in FY 2026-27, resulting in lower benefit costs and an estimated $12.1 million in county administrative savings.	SMC-HSA anticipates an increased workload for staff with the updated H.R. 1 eligibility rules to manage benefit discontinuances, notices, and increased client contacts. Approximately 1,000 local clients are expected to lose CalFresh eligibility, resulting in higher call volume and office visits, with additional operational and fiscal pressures despite estimated statewide administrative savings.	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.		
Children and Family Services (CFS)						

Subject	Governor's Budget Proposal	Estimated SMC Impact	May Revision	Estimated SMC Impact	2026-27 State Budget Agreement	Estimated SMC Impact
Bringing Families Home (BFH)	The BFH program provides housing support to families receiving child welfare services who are experiencing or at risk of homelessness, thereby increasing family reunification and preventing foster care placement. There is no ongoing funding provided for BFH, funding in FY 2025-26 included $81.0 million one time, available for expenditure until June 30, 2028.	SMC-HSA's program will continue until available funding is exhausted, at which point it will sunset. Client services will remain status quo. Fiscal status shows $1.2M in available funding allocated to BFH contracts, which is expected to be fully expended by the end of the grant period, June 30, 2028 .	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.		
Family Urgent Response System (FURS)	The budget includes $22.2 million ($20.9 million General Fund) for FURS in FY 2026-27, continuing to reflect the reduction as passed in the Budget Act of 2025. This is a slight increase of funding to reflect additional county	Allocation is given to HSA-CFS, which are required to coordinate with Probation and BHRS for the mobile response team. HSA has an MOU with BHRS in which the FURS allocation is passed through to BHRS to	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.		

	administrative activities associated with the implementation of a CWDA/Children Now co-sponsored bill signed into law and effective January 1, 2026, which requires counties to revisit and update FURS plan on a biennial basis.	support the county-mobile response system. The current MOU is through June 30, 2026				
Tiered Rate Structure (TRS)	TRS will be implemented beginning July 1, 2027, or upon completion of automation, and will set rates based on a child's assessed needs and strengths using the Child and Adolescent Needs and Strengths (CANS) tool rather than placement type. The proposed budget includes $16.6 million ($11.1 million General Fund) in FY 2025-26 and $3.1 million ($2.3 million General Fund) in FY 2026-	SMC-HSA's operational planning and development are underway to support adequate ramp-up prior to implementation, with no client impact until July 2027. No fiscal impact is projected, as implementation expenditures are expected to decrease in line with reduced CWS-CARES funding.	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.		

	27 for implementation, with the year-over-year funding decrease reflecting one-time CalSAWS and CWS-CARES programming costs in FY 2025-26.					
Family First Prevention Services Act (FFPSA)	FFPSA permits the use of Title IV-E funding for preventive services. These services are designed to keep children at home with their families to prevent entry into foster care. The proposed budget, pursuant to the Budget Act of 2024, continues to have $222.4 million in General Fund available to counties to implement Part 1 prevention services, for expenditure through June 30, 2028. Funding continues for various components of Part IV	HSA-CFS is actively soliciting core child abuse prevention services in preparation for FFPSA implementation, including a continued commitment to Differential Response that provides intensive case management to families diverted from formal child welfare intervention, and the development of a Community Pathway enabling families and community partners to access prevention services and supports across	The May Revision continues funding for county administrative activities associated with Qualified Individual (QI) assessments, court authorization activities for congregate care placements, aftercare coordination, and required social worker activities supporting STRTP placements. A total of $48.6 million ($17.9 million General Fund and $16.5 million county funds) is proposed in FY 2026-27 for FFPSA Part IV implementation activities.	HSA-CFS continues implementation planning for FFPSA prevention services, including Differential Response and development of a Community Pathway to strengthen prevention-focused supports and community-based access to services across San Mateo County. While the May Revision reflects a minor statewide funding adjustment, SMC-HSA does not anticipate a significant operational or fiscal impact, and local implementation activities remain generally consistent with the January Budget Proposal.		

	implementation, including county administrative activities associated with social worker activities supporting the required review by Qualified Individuals, social worker activities related to obtaining court authorization for placement in congregate care facilities, and after-care services for youth stepping down from Short-Term Residential Therapeutic Programs. A total of $50.8 million ($18.9 million General Fund and $17.6 million county funds) is proposed in FY 2026-27 to support these activities.	SMC. Client impact remains status quo. SMC-HSA expects funding to remain flat with no anticipated fiscal impact.				
Housing and Homelessness						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Homeless Housing, Assistance Prevention	HHAP provides flexible funding to reduce homelessness	SMC-HSA anticipates a reduction of HHAP 7 funding	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's Proposal.		

(HHAP) Program	through shelter, outreach, rehousing, and capital investments; SMC has received an allocation of $24.3 million across six (6) HHAP funding rounds, supporting interim shelter operations, outreach, rental assistance, rapid rehousing, and permanent housing development. The FY 2026-27 proposed budget includes $500 million for the 7th round of Homeless Housing, Assistance and Prevention (HHAP 7), representing a 50% reduction from the prior HHAP allocations of $1.0 billion per funding round from HHAP rounds 3–6.	by 50%. HSA estimates a reduction of approximately $2.5 million based on reduced statewide funding. HHAP 7 implementation details and revised grant requirements have not yet been released, and a material reduction could significantly affect local homeless services and shelter capacity, reducing service levels for clients.		While there are no funding changes in the May Revise, it does include policy changes that could potentially impact the County's ability to access funding. The May Revise proposes that local jurisdictions must maintain a compliant housing element, aligned with state guidance to address encampments, advance pro-housing policies, and level local resources to scale HHAP investments. If the policy to prohibit local jurisdictions from applying development fees on projects, the County will need to utilize other resources as an investment in HHAP projects to access funding. In short, the May Revise is impacting local control and forcing local jurisdictions to align with state policies.		
State Low Income Housing Tax Credits	$0	State tax credits provide a critical gap funding source for affordable housing		The Department of Housing (DOH) anticipates no changes compared to January budget proposal in regard to funding. However, there are significant changes		

		projects in CA, augmenting the supply of federal low-income housing tax credit credits. No additional funding for this program is available after 2026 if eliminated. This source of funding could help move forward approximately 450 units of new affordable housing that have already applied for funding in the County, including 177 affordable housing units on County-owned lands. These projects may experience delays and subsequent cost increases, and increased reliance on local funds due to eliminating funding sources at the state level.		in regard to local control, particularly with the language focused on "encouraging local governments to provide development fee waivers" to reduce development costs. The May Revise infers that previous state financing has been applied to local government development fees rather than directly to construction costs. As proposed, the administration is prohibiting local governments that serve as a lead or co-lead application for state funding from imposing development fees on projects as a condition of state funding. If the Legislature increases this fund but keeps this policy change in place, it impacts the County's ability to apply certain development and asset management fees as a means to mitigate the staff expenses associated with these projects.		
Multi-Family Housing Program	$0	This is a highly competitive affordable housing funding program		DOH anticipates no changes compared to January budget proposal in regard to funding. However, there are significant		

		focusing on funding units that reach people with lower incomes. No addi tional funding for this program is available after 2026 if eliminated. This source of funding could help move forward approximately 30 0 units of new affordable units that have already applied for County fundin g. These projects may experience delays and subsequent c ost increases, and increased reliance on local funds due to eliminated fund ing sources at the state level.		changes in regard to local control, particularly with the language focused on "encouraging local governments to provide development fee waivers" to reduce development costs. The May Revise infers that previous state financing has been applied to local government development fees rather than directly to construction costs. As proposed, the administration is prohibiting local governments that serve as a lead or co-lead application for state funding from imposing development fees on projects as a condition of state funding. If the Legislature increases this fund but keeps this policy change in place, it will impact the County's ability to apply certain development and asset management fees as a means to mitigate the staff expenses associated with these projects.		
Affordable Housing and Sustainable Communities (AHSC) Program	$560 million	This funding is not part of the general fund budget, but it is important to note that $560M is being allocated from Cap-and-Trade (now called Cap and Invest) dollars to		DOH anticipates no changes compared to January budget proposal in regard to funding. However, there are significant changes in regard to local control, particularly with the language focused on "encouraging local governments to provide development fee waivers" to reduce development costs.		

		affordable housing. This is a long-term source of funding that continues to be available for affordable housing and transportation projects. This program could fill critical gaps in financing for 256 new affordable housing units that have already applied for County funding, including 98 new affordable housing units on County-owned lands. While this funding source remains available for a very limited number of projects that meet its eligibility requirements, it does not replace the need for additional state investments to meet the County's housing shortage.		The May Revise infers that previous state financing has been applied to local government development fees rather than directly to construction costs. As proposed, the administration is prohibiting local governments that serve as a lead or co-lead application for state funding from imposing development fees on projects as a condition of state funding. If the Legislature increases this fund but keeps this policy change in place, it will impact the County's ability to apply certain development and asset management fees as a means to mitigate the staff expenses associated with these projects. Especially if the County develops any of the county owned sites in its portfolio for affordable homeownership.		
CalHOME	$0	The source provides capital f unding for non-profits developers		DOH anticipates no changes compared to January budget proposal in regard to funding. However, there are significant		

		to increase the supply of affordable, for-sale, entry level homes for lower-income first-time homebuyers. The County has approximately 18 new homeownership units in its existing pipeline that could utilize this source of funding. These projects may experience delays and subsequent cost increases, and increased reliance on local funds due to eliminated funding sources at the state level.		changes in regard to local control, particularly with the language focused on "encouraging local governments to provide development fee waivers" to reduce development costs. The May Revise infers that previous state financing has been applied to local government development fees rather than directly to construction costs. As proposed, the administration is prohibiting local governments that serve as a lead or co-lead application for state funding from imposing development fees on projects as a condition of state funding. If the Legislature increases this fund but keeps this policy change in place, it will impact the County's ability to apply certain development and asset management fees as a means to mitigate the staff expenses associated with these projects. Especially if the County develops any of the county owned sites in its portfolio for affordable homeownership.		
Joe Serna	$0	Serna receives a small allocation annually from SB 2 document recording fees, but does not have any additional funding		DOH anticipates no changes compared to January budget proposal in regard to funding. However, there are significant changes in regard to local control, particularly with the language focused on "encouraging local		

		available. The County has approximately 52 new farmworker housing units in its existing pipeline that could utilize this source of funding. These projects may experience delays and subsequent cost increases, and increased reliance on local funds due to eliminated funding sources at the state level.		governments to provide development fee waivers" to reduce development costs. The May Revise infers that previous state financing has been applied to local government development fees rather than directly to construction costs. As proposed, the administration is prohibiting local governments that serve as a lead or co-lead application for state funding from imposing development fees on projects as a condition of state funding. If the Legislature increases this fund but keeps this policy change in place, it will impact the County's ability to apply certain development and asset management fees as a means to mitigate the staff expenses associated with these projects.		
Infill Infrastructure Grant (IIG) Program	$0	This is a funding program focusing on infrastructure improvements for affordable housing and mixed-use infill projects. The re is some residual fun ding that still remains, though significant portions of the funding have already	Reappropriation to make $7M in previously awarded and currently uncommitted funds available to assist with the construction of additional infill infrastructure and housing projects.	However, as previously noted, if the county is listed as a lead or co-lead on an application, it will limit our ability to apply development fees to the project.		

		been allocated. The governor's budget has no new funds for this program.				
Veterans Housing and Homelessness Prevention (VHHP)	$0	The funding program supports building affordable housing for low-income veterans. Funds have been fully allocated across six funding rounds and funding is no longer available. The Governor's budget has no new funds for this program.		DOH anticipates no changes compared to January budget proposal in regard to funding. However, there are significant changes in regard to local control, particularly with the language focused on "encouraging local governments to provide development fee waivers" to reduce development costs. The May Revise infers that previous state financing has been applied to local government development fees rather than directly to construction costs. As proposed, the administration is prohibiting local governments that serve as a lead or co-lead application for state funding from imposing development fees on projects as a condition of state funding. If the Legislature increases this fund but keeps this policy change in place, it impacts the County's ability to apply certain development and asset management fees as a means to mitigate the staff expenses associated with these projects.		
Automation						

Subject	Governor's Budget Proposal	Estimated SMC Impact	May Revision	Estimated SMC Impact	2026-27 State Budget Agreement	Estimated SMC Impact
CWS-CARES	The CWS/CMS budget continues to include $1.5 million in total funds ($485,000 General Fund) in FY 2025-26 for the removal of duplicate data in CWS/CMS to prepare for conversion to CARES. FY2026-27 funding is consistent with updated project estimates, which are currently under federal review. While the duplicate data cleanup funding ends in the current year, counties can use CARES County Constituent Participation funds for any additional cleanup needed in FY 2026-27.	HSA anticipates no change and for the allocation to remain consistent at $327K.	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.		
Electronic Benefits Transfer (EBT) Security	The proposed budget includes a decrease in EBT theft reimbursements due to improved card security, from	SMC-HSA's share of EBT system costs is projected to rise by 29% in FY 202627, while improved card	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.		

	$37M (cash) and $17M (food) in the current year to $15.2M (cash) and $7M (food) in the budget year. With the shift in federal funding for CalFresh, the county's share of EBT system costs increases from $6.5M in FY 2025–26 to $8.4M in FY 2026–27, while total system costs remain about $46M.	security is expected to reduce the budgeted EBT theft reimbursement by $43,500 to $106,500, potentially requiring a reallocation of local resources.				
CalSAWS			The May Revision proposes $491.0 million total funds ($177.7 million General Fund) in FY 2026-27 for CalSAWS automation efforts, reflecting an increase of $64.8 million total funds ($17.1 million General Fund) compared to the Governor's Budget.	Required CalSAWS system modifications associated with Medi-Cal eligibility, redeterminations, work and community engagement requirements, and other federal compliance changes are expected to increase county administrative workload related to system configuration, testing, implementation support, staff training, and workflow adjustments.		

PUBLIC SAFETY						
Probation						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**

AB 1869 Backfill for Lost Fines and Fees	Probation: The Governor's proposed FY 202627 state budget does not include funding to continue to backfill the counties for the lost fines and fees associated with AB 1869, which the county has been receiving in the amount of $1 million in the last 3 years. Of this $1 million, $781K is for Probation and the remaining $300K for Sheriff's Office.	The Probation Department will have a reduction in the revenue of $781K as a result of this lost funding from the state. This revenue is used to fund approximately 3.5 FTE adult probation officers.	The Budget does not include funding to continue backfilling counties $65 million for lost fine and fee revenue resulting from the passage of AB 1869.			
Prop 36 Implementation	Sheriff's Office: The Governor's proposed FY 2026-27 state budget does not allocate new or dedicated funding specifically for the implementation of Prop 36. As a result, any increased workloads will need to be addressed through existing resources and County budget decisions to support local frontline law enforcement operations. These activities include treatment referrals, supervision and accountability functions, jail-based programs, custody, transportation, and enforcement.	Sheriff's Office: The Sheriff's Office is impacted by the implementation of Prop 36, however the impacts are widespread and not easily quantified as of yet.	Sheriff's Office: No changes.	Sheriff's Office: No changes.		

	Overall, the Governor's proposal emphasizes maintaining existing behavioral health and treatment investments rather than establishing a discrete, ongoing funding stream to support Prop 36 implementation.					
Sheriff's Office						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Cannabis Regulation & Enforcement	Under Proposition 64, the FY 2026-27 budget allocates approximately $403.9 million statewide for Allocation 3 cannabis tax programs, with 20 percent ($80.8 million) designated for public safety-related activities; however, the Department of Cannabis Control budget primarily emphasizes state-led licensing, regulation, and enforcement against the illicit cannabis market.	These public safety funds are generally distributed through competitive or state-administered programs and do not provide direct or ongoing cannabis enforcement funding to the Sheriff's Office, which may benefit only indirectly through competitive grants or task force participation while needing to rely on County funding for core cannabis enforcement responsibilities.	The May Revision includes an additional statewide allocation of approximately $10.2 million in FY 2026-27 for Allocation 3 cannabis tax programs, with an additional $2.0 million allocation for the 20 percent designated for public safety-related activities.	No changes.		

Organized Retail Theft & Property Crime	The budget includes $397.6 million statewide to address organized retail theft, including $255 million in local law enforcement grants, $26 million for vertical prosecution grants, and over $110 million to permanently expand retail theft task forces.	The Sheriff's Office received $15.6 million in Organized Retail Theft Grant Program funding in FY 2023-24 to support prevention and response to organized retail theft, motor vehicle or motor vehicle accessory theft, or cargo theft. While the Sheriff's Office could experience limited indirect benefits through future competitive grant opportunities or participation in regional task forces, any impacts to FY 2025–27 grant funding are expected to be minimal and uncertain.	No changes.	No changes.		
Illicit Drug & Fentanyl Enforcement	The budget provides $109.7 million statewide to combat illicit drugs, including $75 million for drug interdiction efforts and $35 million for fentanyl enforcement, as well as an additional $30 million General	Minor or no direct impact to Sheriff's Office.	No changes.	No changes.		

	Fund ($15 million in 2026-27 and $15 million in 2027-28) to expand Military Department drug interdiction operations.					
District Attorney						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Victims Services	No impact.	No impact.	A one-time $25M funding to supplement decreasing federal funding supporting a variety of services for victims of crime.	Unknown. Currently receiving pass through federal funds from the California Governor's Office of Emergency Services (Cal OES) in the amount of $461,984.		

SUSTAINABILITY DEPARTMENT						
Climate Protection						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Energy Affordability	Additional $5.7 million and 18 positions from various special funds for the Office of Energy Infrastructure Safety, California Public Utilities Commission (CPUC), Public Advocate's Office, and California Energy Commission (CEC) to support new workload related to utility wildfire mitigation plan review,	This may help bring electric rates down or at least slow their increase.	May budget revision maintains the proposal to end the Demand Side Grid Support (DSGS) program, which is California's major "virtual power plant" program that pays homes and businesses to reduce electricity use or discharge battery storage during grid emergencies and peak demand periods. Ending or shrinking it could increase reliance on natural-gas	San Mateo County utility customers may not be able to participate in DSGS compensation programs.		

	oversight of transmission development and financing mechanisms, and various environmental regulation and reporting activities. $1.9 million ongoing Public Utilities Commission Utilities Reimbursement Account (PUCURA) and 8 positions to support oversight of voluntary participation in expanded regional power markets to ensure compliance with statutory requirements and ensure these markets lower energy costs for California customers, support grid reliability and resiliency during extreme events, and optimize the use of renewable and zero-carbon energy resources. $952,000 ongoing PUCURA and 4 positions to strengthen CPUC enforcement and oversight of political and promotional advertising to protect ratepayers from unreasonable utility costs and ensure accountability in utility practices.		generation during peak demand.			

K-12 Teaching Infrastructure and Training	$4 billion for modernization projects $100 million one-time Proposition 98 General Fund for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.	This could help schools pay for electrification and energy efficiency projects, especially kitchen electrification.	No change.	No change.		
Cap and Invest Program	A total of $5.7 million special funds and 17 positions to support new workload at CARB and CPUC to update and implement statutory changes related to compliance carbon offset protocols and the California Climate Credit.	This will partially support the climate credit and other programs.	No change.	No change.		
Housing Affordability	Up to $560 million annually from Cap-and-Invest auction proceeds for affordable housing administered by the Housing Development and Finance Committee as part of the Administration's modernization of the Affordable Housing and Sustainable Communities Program.	This will increase funding for housing close to job centers, reducing transportation emissions.	No change.	No change.		
Climate Smart Agriculture	Funding nearly 3,000 climate smart agriculture projects across 300,000 acres	This could help our carbon farming grant efforts.	No change.	No change.		

	resulting in the reduction of approximately 27.7 million metric tons of carbon dioxide. $14 million for the establishment of the Regional Farm Equipment Sharing Program.					
Clean Transportation	$200 million one-time special funds and statutory language to establish a new light-duty zero-emission vehicle (ZEV) incentive program.	This will help maintain demand for electric vehicles (EVs).	This proposal continues investments in the zero-emission vehicle sector.	The California Clean Fuel Reward (CCFR) program provides rebates for electric medium- and heavy-duty trucks to help fleets access and deploy zero-emission electric technology. This will help us meet GOCAP fleet transition goals.		
Active Transportation	Additional $650 million was provided to the Active Transportation Program between 2021-22 and 2025-26 for projects that encourage increased use of active modes of transportation, such as walking and biking, and increase the safety and mobility of non-motorized users. $1.1 billion for Active Transportation Program projects and climate adaptation projects.	This could help fund projects with grants.	No change.	No change.		
Transit	$1 billion for High-Speed Rail (HSR)	If and when HSR gets finalized, it will be beneficial	No change.	No change.		

	Budget proposes statutory changes to authorize the Metropolitan Transportation Commission (MTC) to provide short-term loans to transit agencies facing cash flow challenges, preserving essential services for Bay Area riders. $7.6 billion for high-priority transit and rail infrastructure projects that will improve rail and transit connectivity between state and local/regional services that are designed to provide options to opt-out of traffic congestion and reduce greenhouse gas emissions. A portion of these funds can also be used to support transit operations.	for SMC residents and businesses. The transit funding will help maintain transit ridership which would reduce greenhouse gas emissions and help us meet CCAP and GOCAP goals.				
Climate Resilience						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Water Quality and Safe Drinking Water and Tribal Water Infrastructure	$792 million to continue investments that improve water storage, replenish groundwater, improve conditions in streams and rivers, and	This funding would help the County meet expanded state-mandated stormwater	No change.	No change.		

	complete various water resilience and water-related infrastructure projects.	monitoring requirements, including trash reduction and the Coyote Point Beach Advanced Restoration Plan, and support the Countywide Drought Taskforce in coordinating and implementing the long-term, state-mandated Drought Resilience Plan.				
Coastal Resilience and Sea Level Rise (SLR)	$107 million to continue investments that help protect coastal communities against sea level rise, coastal flooding, and erosion.	As part of the Board of Supervisors' Sea Level Rise Policy for County Owned Assets, capital improvement projects may require both short-term mitigation and long-term adaptation plans. This funding could assist Sustainability, Public Works, or Planning in developing project-specific adaptation plans or implementing improvements that enhance	No change.	No change.		

		community resilience.				
Extreme Heat Mitigation	$241 million to continue investments that support implementation of the state's Extreme Heat Action Plan and build resilience to extreme heat across California, with a focus on those most vulnerable to its impacts.	This funding would help support community-led resilience projects, centers, and resources. Additionally, funds available for urban forestry projects could help the County sequester carbon and reduce emissions as outlined in the GOCAP while also reducing extreme heat.	No change.	No change.		
Wildfire Preparedness	$314 million to continue investments in various wildfire and forest resilience projects and programs. Wildfire Risk Reduction Related to Electricity Transmission -- $15.2 million for grants, in coordination with the Office of Energy Infrastructure Safety, to support cooperation in advancing fuel reduction around wildfire-vulnerable communities to reduce wildfire ignitions.	Reduce wildfire risk, increase community resilience, risk reduction to electricity transmission. This might help reduce electricity rates, which would help with building and vehicle electrification efforts which would lower greenhouse gas emissions to help us meet CCAP and GOCAP goals.	No change.	No change.		

Clean California Program			A one-time increase of $40 million General Fund to continue investment in the Clean California program that was launched in July 2021 with one-time funding. Since launch, the program has delivered marked improvements along California's highways and roadways through targeted litter abatement, proper waste disposal, and encampment resolution.	This program supports reduction of waste along highways and local streets and roads, parks, and transit centers. The program has a Local Grant Program to fund beautification and litter removal which could potentially benefit our stormwater efforts. This program also funds the Caltrans grant: Community Cleanup & Employment Pathway (CCEP) - SMC is listed as an awardee of this $501K award for this project: Green Workforce for Clean and Sustainable Streets.		
Healthy Rivers and Landscapes Program			An additional $25 million one-time General Fund to deliver environmental flows, habitat restoration, science, and monitoring to support the requirements of the soon to be updated Bay-Delta Water Quality Control Plan.	Though SMC is not covered by this specific Water Quality Control Plan, the County would benefit from any improvement to the Bay-Delta water quality. Additionally, it is beneficial to see support being added for water quality control requirements, as often these requirements are unfunded mandates.		
Waste Reduction & Special Districts						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Landfill Support, Response, and Enforcement	$5.1M allocated to address Subsurface Elevated Temperature (SET) events and other emerging issues	As a host of a Class III landfill (Ox Mountain), the County may be subject to	No change.	No change.		

	occurring at California landfills. CalRecycle specifically received $1.95M for assisting local governments with mitigating illegal dumping.	additional oversight and regulation. This will likely be in EHS' realm of authority. The Special Districts team coordinates the County's illegal dumping response, so may receive additional support from CalRecycle.				
Beverage Container Recycling			The May Revision includes over $200 million with $75 million to expand in-state manufacturing of recycling products; $60 million for a Plastic Market Development Payment Program; $5 million for Plastic Reclaimers and Manufacturers Grant. Additional $100 million for grant program to increase quality of beverage container sorting and processing. One time $50 million for rural recycling.	Depending on how these funds are disbursed and implemented, it could lead to an increase in domestic plastic recycling, which could make it more viable for haulers in our county to collect and process more plastics for recycling. The grant program for upgrading sorting and processing infrastructure could allow for some upgrading of infrastructure at Shoreway and Blue Line transfer station to better sort and process recycling.		

Planning and Building

Subject	Governor’s Budget Proposal	Estimated SMC Impact	May Revision	Estimated SMC Impact	2026-27 State Budget Agreement	Estimated SMC Impact
Development Impact Fees			Proposed trailer bill language attempts to incentivize local government development impact fee waivers for projects seeking competitive state affordable housing funding administered by the CHHA, including the Housing Development and Finance Committee, the Department of Housing and Community Development, and the California Housing Finance Agency.	Do not anticipate any impact. Department already waives all planning and building permit fees for affordable housing projects.		

PARKS						
Subject	**Governor’s Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Proposition 4	The state is setting aside $125 million in one-time Prop 4 funding to acquire and transform the Golden Gate Fields property into a regional shoreline park and recreation hub. The state’s State Parks Forward initiative will also use Prop 4 funding to make improvements to	No impact.	No direct fiscal impacts to Parks have been identified at this time. The May Revision’s continued emphasis on climate resilience, outdoor access, and Proposition 4 aligns with current Parks priorities and may present future grant opportunities. State investments in park expansion are also noted and may influence regional access and coordination over time.	No impact.		

	soon to be acquired parks (3) near the Central Valley.					

Child Support						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Child Support Services	General Fund Increase = $6 million Federal Fund Increase = $12 million	State DCSS will be allocating the $18 million two-year restoration cut to 21 of the most underfunded counties. San Mateo is not scheduled to receive any of the funding that was lost two years ago ($236,241).	No cuts to the program funding for local child support agencies have been made at this time.	No impact to current funding allocation but no backfill of lost funding of $236,241 from FY2024-2025. There is optimism that the restoration of $18 million will remain in the budget but there are still hurdles to overcome in the lead up to the legislature's passing of the budget bill.		