



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

**SAN MATEO COUNTY**  
**FY 2026-27 STATE BUDGET ANALYSIS**  
 January 10, 2026

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

**COUNTY-WIDE ISSUES**

<b>COUNTY-WIDE ISSUES</b>						
<b>VLF Shortfall</b>						
<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
VLF Shortfall	The proposed budget fails to include the \$119.2 million VLF shortfall for FY 24-25 for the County and its cities. It also fails to include the pending \$37 million owed from FY 23-24.	Failure to secure these critical funds will severely impact county public safety, social and health services.				

**HEALTH SYSTEM**

<b>HEALTH SYSTEM</b>						
<b>Medi-Cal and Realignment</b>						
<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
Caseload projections for work requirements for Medi-Cal, restrictions on immigrant eligibility and six-month	CHEAC provided updated estimates which we were able to apply to our numbers.	Estimating that approximately 36,200 to 53,700 San Mateo County residents could be impacted by these changes (could lose their Medi-Cal coverage). Please				

redeterminations as well as retroactive Medi-Cal Coverage		see study session materials from January 27, 2026 for additional details. ( <a href="#">County of San Mateo - File #: 26-047</a> )				
Health Realignment	Governor 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.				

**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.				
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.	<p>Minimal impact on ADS as the affected population is small.</p> <p>Frequent coordination between staff and State is needed for tight timelines on Medi-Cal determinations, IHSS start/end date.</p> <p>The funding cut is a state general fund saving, not a direct County cut.</p>				

IHSS Backup Provider System  Funding Elimination	Beginning 2026-27, the proposal would eliminate the system (\$3.5 million 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.				
<b>Public Health, Policy and Planning (PHPP)</b>						
<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
Future of Public Health (FoPH)	The Governor's January budget proposal maintains the \$276.1 million ongoing Future of Public Health (FoPH) General Fund investment in state and local public health infrastructure and workforce, providing \$188.2 million ongoing General Fund for local health departments.	Of this amount, San Mateo County Public Health will continue to receive \$3 million in annual ongoing funding.				
Public Health Information Technology Systems	<b>SaPHIRE System -</b> The Governor's January budget proposes 15 positions and \$24.5 million in 2026-27 General Fund	While San Mateo County does not directly receive funding for Public Health Information Technology systems,				

	<p>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 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.</p> <p><b>California Vaccine Management System (myCAvax)</b> - The Governor's January budget proposal does not include funding for the myCAvax system.</p> <p><b>CaICONNECT</b> - The Governor's January budget proposal does</p>	<p>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.</p>				
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	<p>not include funding for the California Confidential Network for Contact Tracing (CalCONNECT).</p> <p><b>CaIREDIE</b> - The Governor's budget does not include funding for the California Reportable Disease Information Exchange (CaIREDIE).</p> <p><b>CAIR</b> - The Governor's budget proposal does not include funding for the California Immunization Registry (CAIR).</p>					
<b>Behavioral Health and Recovery Services (BHRS)</b>						
<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
Mental Health Realignment	Realignment revenue for Mental Health is expected to increase by 5.5%.	Increase of \$2.64M.				
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.				
CARE Act	The budget includes \$31.8M for FY 2026-27 for implementation.	BHRS can claim these costs. Amount is unknown at this time.				

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.				
Community Mobile Crisis Benefit (Medi-Cal)	The Community Mobile Crisis benefit will sunset March 31, 2027. It then becomes an optional benefit. Counties that choose 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.				
<b>Ageing and Disability Services (ADS)</b>						
<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
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 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.				
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**Family Health Services (FHS)**

<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
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 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.	Impact to San Mateo County's WIC allocation, which is approximately \$3.7M per year, is unknown.				

	Decreases in the WIC Manufacturer Rebate Fund are driven by modified infant formula contracts and decreased program participation.					
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 as the 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 dental health professional shortage areas.	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, 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.				
<b>San Mateo Medical Center</b>						
<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
Hospital Quality Assurance Fee	The Governor's budget assumes \$1.3 billion	The reduction in revenues for the				

	<p>from the General Fund to support children's Medi-Cal coverage via the Hospital Quality Assurance Fee, representing a \$652 million decrease from the 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.</p>	<p>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.</p>				
<p>Managed Care Organization (MCO) Tax and Prop 35</p>	<p>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 ones, prompting a federal transition</p>	<p>The impact is currently unknown.</p>				

	<p>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.</p>					
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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	<p>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.</p>	<p>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.</p>				

<p>Unsatisfactory Immigration Status (UIS) amended definition</p>	<p>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.</p>	<p>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.</p>				
<p>Work and Community Engagement</p>	<p>Effective January 1, 2027, H.R. 1 establishes work and community engagement requirements for the ACA Adult 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</p>	<p>SMC-HSA anticipates lower administrative funding and higher operating costs, with the overall impact pending state guidance.</p>				

	counties regarding associated administrative impacts.					
Affordable Care Act Adult Expansion Six-Month Redeterminations	HR.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, growing to \$3.0 billion (\$474 million General Fund) by FY 2029-30.	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 required documentation. SMC-HSA anticipates additional staff training to meet the semiannual eligibility redeterminations.				

**California Work Opportunity and Responsibility to Kids (CalWORKs)**

<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
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).				

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 2026-27 to \$80.1M, up from \$73.3M in FY 2025-26.	SMC-HSA projects its FY 2026-27 allocation at \$114K, reflecting a 63.3% (\$44K) increase.				
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.				

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.				
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 Psych SW and VRS to clients.				
<b>Child Care</b>						
<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
Stage 1 & 2 Childcare	The budget allocates \$6.8B 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.				

<b>CalFresh</b>						
<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
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 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.	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.				
Able-Bodied Adults Without Depend (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	SMC-HSA anticipates the ABAWD time limits will increase workload and staffing needs while raising the risk of clients losing CalFresh benefits.				

	2026. This reduction in caseload is expected to generate CalFresh and CFAP benefit savings in FY 2026-27, with no new county administrative funding and nominal county administrative savings of \$440,000 General Fund.					
Newly excluded noncitizens	The proposed budget reflects CalFresh and California Food Assistance Program (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.				
<b>Children and Family Services (CFS)</b>						
<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>

<p>Bringing Families Home (BFH)</p>	<p>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.</p>	<p>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.</p>				
<p>Family Urgent Response System (FURS)</p>	<p>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 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.</p>	<p>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 support the county-mobile response system. The current MOU is through June 30, 2026.</p>				

<p>Tiered Rate Structure (TRS)</p>	<p>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.</p> <p>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 2026-27 for implementation, with the year-over-year funding decrease reflecting one-time CalSAWS and CWS-CARES programming costs in FY 2025-26.</p>	<p>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.</p>				
<p>Family First Prevention Services Act (FFPSA)</p>	<p>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</p>	<p>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</p>				

	<p>available to counties to implement Part 1 prevention services, for expenditure through June 30, 2028.</p> <p>Funding continues for various components of Part IV 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.</p>	<p>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 SMC. Client impact remains status quo. SMC-HSA expects funding to remain flat with no anticipated fiscal impact.</p>				
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**Housing and Homelessness**

<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
Homeless Housing, Assistance Prevention	HHAP provides flexible funding to reduce homelessness through shelter, outreach,	SMC-HSA anticipates a reduction of HHAP 7 funding by 50%.				

(HHAP) Program	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.	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.				
State Low Income Housing Tax Credits	\$0	State tax credits provide a critical gap funding source for affordable housing 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				

		<p>forward approximately 45 units of new affordable housing that has 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.</p>				
Multi-Family Housing Program	\$0	<p>This is a highly competitive affordable housing funding program focusing on funding units that reach people with lower incomes. No additional funding for this program is available after 2026 if eliminated. This source of funding could help move forward approximately 300 units of new affordable units that</p>				

		<p>have already applied for County 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.</p>				
<p>Affordable Housing and Sustainable Communities (AHSC)</p>	<p>\$560M</p>	<p>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 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</p>				

		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.				
CalHOME	\$0	The source provides capital funding for non-profits developers 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.				
Joe Serna	\$0	Serna receives a small allocation				

		<p>annually from SB 2 document recording fees but does not have any additional funding 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.</p>				
Infill Infrastructure Grant (IIG) Program	\$0	<p>This is a funding program focusing on infrastructure improvements for affordable housing and mixed-use infill projects. There is some residual funding that still remains, though significant portions of the funding have already been allocated. The Governor's budget has no new funds for this program.</p>				

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.				
<b>Automation</b>						
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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	HSA anticipates no change and for the allocation to remain consistent at \$327K.				

	any additional cleanup needed in FY 2026-27.					
Electronic Benefits Transfer (EBT) Security	The proposed budget includes a decrease in EBT theft reimbursements due to improved card security, from \$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.	SMC-HSA's share of EBT system costs is projected to rise by 29% in FY 202627, while improved card security is expected to reduce the budgeted EBT theft reimbursement by \$43,500 to \$106,500, potentially requiring a reallocation of local resources.				

**PUBLIC SAFETY**

<b>Probation</b>						
<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
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	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.				

	<p>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. 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.</p>					
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**Sheriff's Office**

<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
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,	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				

	and enforcement against the illicit cannabis market.	on County funding for core cannabis enforcement responsibilities.				
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.				
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 Fund (\$15 million in 2026-27 and \$15 million	Minor or no direct impact to Sheriff's Office.				

	in 2027-28) to expand Military Department drug interdiction operations.					
<b>District Attorney</b>						
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Victims Services	No impact.					

<b>SUSTAINABILITY DEPARTMENT</b>						
<b>Climate Protection</b>						
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Energy Affordability	Additional \$5.7 million and 18 positions from various special funds for the Office of Energy Infrastructure Safety, CPUC, Public Advocate's Office, and CEC to support new workload related to utility wildfire mitigation plan review, 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)	Will potentially help bring electric rates down or at least slow their increase.				

	<p>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.</p>					
<p>K-12 Teaching Infrastructure and Training</p>	<p>\$4 billion for modernization projects \$100 million one-time Proposition 98 General Fund for specialized kitchen equipment, infrastructure, and</p>	<p>This could help schools pay for electrification and EE projects, especially kitchen electrification.</p>				

	training to support schools in providing more freshly prepared meals made with locally grown ingredients.					
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.				
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.				
Climate Smart Agriculture	Funding nearly 3,000 climate smart agriculture projects across 300,000 acres resulting in the reduction of	This could help our carbon farming grant efforts.				

	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 ZEV incentive program.	This will help maintain demand for EVs.				
Active Transportation	An 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.				
Transit	\$1 billion for High-Speed Rail.  Budget proposes statutory changes to	If and when HSR gets finalized, it will be beneficial for SMC residents and businesses.				

	<p>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.</p> <p>\$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.</p>	<p>The transit funding will help maintain transit ridership which would reduce greenhouse gas emissions and help us meet CCAP and GOCAP goals.</p>				
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**Climate Resilience**

<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
<p>Water Quality and Safe Drinking Water and Tribal Water Infrastructure</p>	<p>\$792M to continue investments that improve water storage, replenish groundwater, improve conditions in streams and rivers, and</p>	<p>This funding would help the County meet expanded state-mandated stormwater monitoring requirements,</p>				

	complete various water resilience and water-related infrastructure projects.	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 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	This funding would help support community-led resilience projects, centers, and resources. Additionally, funds available for urban				

	California, with a focus on those most vulnerable to its impacts.	forestry projects could help the County sequester carbon and reduce emissions as outlined in the GOCAP while also reducing extreme heat.				
Wildfire Preparedness	<p>\$314 million to continue investments in various wildfire and forest resilience projects and programs.</p> <p>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.</p>	<p>Reduce wildfire risk, increase community resilience, risk reduction to electricity transmission</p> <p>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.</p>				
<b>Waste Reduction &amp; Special Districts</b>						
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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 additional oversight and regulation. This will				

	occurring at California landfills.  CalRecycle specifically received \$1.95M for assisting local governments with mitigating illegal dumping.	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.				
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**PUBLIC WORKS**

<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
Active Transportation Program (ATP)	An 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 and safe routes to school funding.	SMC can apply for grant funding which can make a project possible that would otherwise not take place. Safe Routes to School funding will help with school focused transportation projects and may help enhance the implementation of 15 mph school zones where appropriate.				
Transit and Intercity Rail Capital Program (TIRCP)		Cannot see direct nexus to SMC unincorporated areas.				
Hybrid and Zero-Emission Truck and Bus	\$200 million one-time special funds and statutory language to	SMC is working to replace vehicles and appropriate				

Voucher Incentive Project (HVIP)	establish a new light-duty ZEV incentive program.	trucks with Zero Emission Vehicles, which is expensive and the needed infrastructure must be designed, permitted, built, and coordinated with PG&E. Outside funding will be beneficial.				
Water Quality and Safe Drinking Water and Tribal Water Infrastructure	\$792M to continue investments that improve water storage, replenish groundwater, improve conditions in streams and rivers, and complete various water resilience and water-related infrastructure projects.	The County is responsible for two small water systems (CSA 7 in La Honda and CSA 11 in Pescadero). The customer bases are small and outside funding for both water systems would be helpful to the County.				
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.	The County is responsible for the closed Half Moon Bay landfill adjacent to coastal bluffs. A permanent solution for this landfill, including consideration of a clean closure project, is important and would require outside (grant funding). The County also is responsible for Mirada Road in the Miramar area that on the coast and requires long-term planning and resiliency.				

**CHILD SUPPORT SERVICES**

<b>Subject</b>	<b>Governor's Budget Proposal</b>	<b>Estimated SMC Impact</b>	<b>May Revision</b>	<b>Estimated SMC Impact</b>	<b>2026-27 State Budget Agreement</b>	<b>Estimated SMC Impact</b>
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 County is not scheduled to receive any of the funding that was lost two years ago (\$236,241).				