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SAN MATEO COUNTY
FY 2026-27 STATE BUDGET ANALYSIS
June 29, 2026

Overview: The following is a list of the significant funding proposals included in the FY 2026-27 State Budget Agreement 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.	The Budget Act includes $80 million in one-time General Fund to compensate San Mateo, Mono, and Alpine Counties for their VLF in lieu payment shortfalls. Of this amount, $77 million is designated for San Mateo County and its 20 cities. Additionally, the final budget removed a provision from the Legislative Budget Plan that would have allowed the Department of Finance (DOF) to allocate up to $80 million more to San Mateo County for this purpose.	San Mateo County will not be made whole for another fiscal year. This will severely impact county public safety, social and health services.

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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 Status (UIS) Individuals to Fee for Service (FFS) Medi-Cal			The Governor's budget proposes a transition of individuals with unsatisfactory immigration status (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.	For San Mateo County, it will likely lead to Medi-Cal members transitioning from 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 final State budget projects savings of $472 million General Fund in 2026-27 from this change. Pending further details, the potential impacts to Health include further reductions in Medi-	Budget agreement includes $31 million for care coordination services, including navigation services, language access capabilities, integrating planning, member outreach, and various other enhancements to care planning and navigation. $8 million is also included for contracts with clinics and community-based organizations to provide culturally and linguistically appropriate care navigation services.	At a minimum, the shift from HPSM payment rates to fee-for-service only is expected to reduce revenue by $3.6 million in FY 26-27.

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				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 $3.6 million in FY 26-27.		
Six-Month Redeterminations			The May Revise reduced the number of those impacted by six-month redeterminations to 0 in FY 2026-27 and approximately 278,600 in FY 2029-30.	This will result in fewer individuals losing their Medi-Cal coverage, as a result of this specific requirement, in FY 2026-27 and reduce the $1.9 million impact anticipated in response to the Governor's January budget proposal.	No change.	No change.

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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.	The final budget agreement requires the 2027-28 May Revision budget proposal to determine the level of Medi-Cal premiums for individuals with unsatisfactory immigration status, to be set between $30 and $50 per month, effective July 1, 2027.	This may reduce the number of people who lose coverage. We will work with Human Services Agency to estimate number of those who may be affected.
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.	The final budget agreement maintains the current Medi-Cal asset limit test of $130,000 per person and $195,000 for a couple, declining to $21,000 for an individual and $31,000 for a couple beginning on July 1, 2027.	This may reduce the number of people who lose coverage. We will work with Human Services Agency to estimate number of those who may be affected.

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Full Scope Medi-Cal Coverage for Qualified Non-Citizens			The May Revise proposes to maintain Full Scope Medi-Cal benefits to qualified non-citizens (i.e. refugees, asylees, etc.) through July 1, 2027. This is a nine-month delay compared to the Governor's proposed budget.	This proposal will result in individuals with certain immigration status (i.e. refugees, asylees, etc.) losing their Medi-Cal coverage. This will lead to Medi-Cal beneficiaries losing their Medi-Cal benefits and qualifying for the local ACE and SMMC financial assistance programs, leading to an increase in ACE program administrative, prescription, and medical costs for services received outside of the SMMC and unreimbursed costs for services provided by SMMC.	No change.	No change.
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.	No change.	No change.
In-Home Supportive Services (IHSS)						

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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.	Rejected in final budget agreement.	No impact since rejected.

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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.	Rejected in final budget agreement.	No impact since rejected.

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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.	No change.	No change.	Rejected in final budget agreement.	No impact since rejected.

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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	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.	Conforms with Medi-Cal program. Maintains existing asset limits until July 1 ,2027. Effective July 1, 2027, there will be a lower asset limit, at $21,000 for individuals and $31,000 for couples, rather than the previously proposed $2,000 per individual and $3,000 per couple.	No major change.

			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.			
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 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.	No change.	No change.	No change.	No change.
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	While San Mateo County does not directly receive funding for Public Health Information Technology	**SaPHIRE System** – The Governor's May Revision maintains funding for the Surveillance and Public Health Information	While San Mateo County does not directly receive funding for Public Health Information Technology systems, Public Health Programs rely on	No change.	No change.

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	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.	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.	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	these systems on a regular basis for disease surveillance, monitoring, and reporting, so it is positive that these systems have been funded.		

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	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 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		May Revise proposal does include funding for the California Confidential Network for Contact Tracing (CalCONNECT). **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).			

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	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.	No change.	No change.
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.	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.	Provides $1.5 million General Fund to CalHHS to strengthen CARE Act referral and petition pipeline.	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.	Provides an additional one-time $20 million General Fund to support county behavioral health.	Might have available one-time funding for training and support for first responders, and homeless outreach workers. Unknown amount currently.
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	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 bear the full financial burden of offering this benefit which could also	Provides $42.2 million General Fund in 2026-2027 to continue mobile crisis benefit. (Ongoing funding remains subject to discussions). Restored BHRS Mobile Crisis revenue	Extends continuation of community-based mobile crisis response benefit until June 30, 2027. Becomes a county opt-in benefit after June 2027. Restored funding of $500.2K.

	participate must fund the non-federal share of the benefit. Additionally, the federal match (FMAP) will reduce from 85% to 50%.			impact funding for other initiatives.	estimated at $760K based on current FY 25-26 claims. Total program cost is $5.57 million.	
County Behavioral Health – Request					The various state associations made a request of $224M for FY 26-27 and $828M to fund behavioral health services for individuals who will lose Medi-Cal coverage and seek services from Counties. This was not funded.	We are continuing to assess the HR 1 impacts to those served by Behavioral Health and Recovery Services. Many of the eligibility provisions, such as work requirements, provide for exemptions for those who are severely mentally ill reducing the impact to this population.
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 2028. This allocation represents new resources, and the Governor's January budget	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.	Additional $50 million allocation statewide with spending authority through June 30, 2028.	TBD on allocation.

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		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	Rejected in final budget agreement.	No impact since rejected.

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				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	Impact to San Mateo County's WIC allocation, which is	The Governor's May Revision reflects a decrease of $71.7 million in	At this time, the impact to San Mateo County's approximately $3.7	No change.	No change.

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	$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. Decreases in the WIC Manufacturer Rebate Fund are driven by modified infant formula contracts and decreased program participation.	approximately $3.7M per year, is unknown.	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 decreasing as much as initially projected.	million yearly WIC allocation is unknown.		

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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 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.	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.	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 dental health professional shortage areas.	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.	No change.	No change.
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**

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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 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.	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.	No change.	No change.
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	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	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,	The final budget agreement includes trailer bill language (SB 125) that authorizes the Department of Health Care Services to seek renewal of the MCO Tax, in conformance with both changes made by H.R. 1 and the requirements of Proposition 35 (2024) (which amongst other provisions, places restrictions on the structure of the MCO tax). The final budget agreement	No change.

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	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 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.		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).	changes in TRI will impact the effect of the UIS transition from Medi-Cal managed care to Medi-Cal fee-for-service.	assumes revenues of $575 million in 2026-27, $2.3 billion in 2027-28 and 2028-29, and $1.7 billion in 2029-30 to support state spending on Medi-Cal and maintain certain existing rate increases.	
Medical Assistance			The budget includes a General	The enhanced Federal Medical	No change.	No change.

Percentage for Emergency Services			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.	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 previously modeled. 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.	The Legislature chose to preserve the optional adult acupuncture benefit, and the final budget signed into law fully maintains Medi-Cal coverage for acupuncture services going into the 2026–27 fiscal year.	No financial impacts since reduction denied.
Delays Dental Benefit Elimination					The budget delays the elimination of full-scope dental benefits for UIS individuals age 19 and older until July 1, 2027. Under the 2025 Budget Act, those benefits were scheduled to end July 1, 2026.	$2 million impact is delayed by one year.
Delays Clinic Payment Reductions					The budget delays the previously enacted elimination of the Prospective Payment System reimbursement methodology	$14 million impact is delayed by one year.

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					for Federally Qualified Health Centers for state-only funded services delivered to the UIS population, by 12 months from July 1, 2026, to July 1, 2027. The budget appropriates approximately $1 billion in 2026-27 to fund this delay.	
Indigent Care Funding Proposal					The various state associations made a request of $761M in FY 26-27 and $2.4B in FY 27-28 which was denied.	We had not planned for this funding so no additional impact beyond what has been stated in this document.
Appropriation for Designated Public Hospitals					The final budget agreement includes $250M general fund for grants to designated public hospitals.	Funding will be distributed through a grant system. The distribution methodology is not yet known.

HUMAN SERVICES AGENCY (SMC-HSA)						
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**
Caseload projections for Work Requirements for Medi-Cal, restrictions on immigrant eligibility and six month redeterminations as well as retroactive Medi-Cal Coverage	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. Please see study session materials from January 27, 2026 for additional details.	Reflects projected Medi-Cal expenditure reductions associated with H.R. 1 implementation, 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 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	The Final Budget provides $196.8 million in one-time GF for Medi-Cal county administration (H.R.1 eligibility workload) and reinstates the county-admin CPI adjustment. Immigrant-eligibility restricted-scope transition delayed to 7/1/2027 (9-month delay); $303 million GF maintains full-scope Medi-Cal for qualified non-citizens through 7/1/2027. Retroactive coverage shortened to 1 mo (ACA)/2	Approximately 52,000 San Mateo County Medi-Cal beneficiaries may be impacted by six-month redeterminations and work requirements. 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.

				more frequent renewals and documentation requirements. The 2026-27 May Revision is expected to increase county administrative and eligibility workload associated with Medi-Cal caseload processing, renewals, and compliance activities. While the State proposes partial funding support, counties may continue to experience fiscal pressure related to staffing, case management, and reimbursement timing, particularly in higher-cost jurisdictions such as San Mateo County.	mo (others), no sooner than 1/1/2027.	
Medi-Cal						
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	SMC-HSA's FY2025-26 allocation is about the same at $51 million. Administrative fiscal impacts are expected to be limited. While Medi-Cal	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.	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	The Enacted Budget provided $196.8 million one-time GF for county eligibility workload (H.R.1). Of the $196.8 million, $32.2 million restores cost-of-doing-business adjustment (available through June 2028); the remaining $164.7	HSA estimates a total of $9.3 million in one-time admin funding for additional county workload associated with the implementation of H.R. 1. As of June 2026, approximately 52,000 San Mateo County Medi-Cal beneficiaries may be impacted

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	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.	caseloads are projected to decline, increased eligibility and redetermination requirements will result in additional administrative cost.		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.	million eligible for 75% enhanced federal match. New Medi-Cal dashboard reporting requirements established via the trailer bill require monitoring H.R. 1 implementation by focusing on eligibility outcomes, denials, appeals, compliance rates, and exemptions from work requirements.	by six-month redeterminations and work requirements. 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.
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	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	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	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	The Enacted Budget restricted-scope transition for affected non-citizens is delayed to 7/1/2027 (a 9-month delay from the Governor's Budget); $303 million GF maintains full-scope coverage until then. UIS members moved to fee for-service effective 1/1/2027. Asset limit held at current	The enacted FY 2026–27 budget delays implementation of the amended UIS definition until FY 2027–28. As a result, the anticipated General Fund savings are deferred and are not expected to have a significant fiscal impact in FY 2026–27. Approximately 7,800 San Mateo County Medi-Cal beneficiaries may be impacted

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	significantly reduces federal funding for this population. The Governor's Budget proposes to move these individuals to restricted scope Medi-Cal.	related services only.	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.	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.	$130K/$195K, dropping to $21,000 (individual)/$31,000 (couple) on 7/1/2027, applied at first annual redetermination after that date. Dental-benefit elimination for UIS delayed to 7/1/2027; acupuncture elimination rejected. Monthly premium ($30-$50) to be set at 2027 May Revision, eff. 7/1/2027.	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 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	SMC-HSA anticipates lower administrative funding and higher operating costs, with the overall impact pending state guidance.	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 Revision estimates reductions of $357.6 million ($90.3 million General Fund) in	Approximately 56,700 San Mateo County Medi-Cal beneficiaries may be impacted by work and community engagement requirements. After applying estimated exemptions, approximately 26,700 individuals may be required to meet work requirements to maintain Medi-Cal eligibility.	The enacted trailer bill codified H.R. 1's work and community engagement requirements effective January 1, 2027, and — importantly — establishes new Medi-Cal dashboard reporting requirements to monitor implementation, including measures on individuals subject to work/community engagement requirements, compliance rates, and exemptions. Its funding is tied to county administration, $196.9 million Medi-Cal county admin	SMC fiscal impacts here are tied to those under Medi-Cal Administration funding. Approximately 52,000 San Mateo County Medi-Cal beneficiaries may be impacted by work and community engagement requirements. After applying estimated exemptions, approximately 26,000 individuals may be required to meet work requirements to maintain Medi-Cal eligibility. These changes are expected to increase eligibility

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	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.		2026-27, increasing to $9.6 billion ($2.4 billion General Fund) by 2029-30.	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.	investment, not as a discrete line item.	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, 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	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. HSA anticipates continued	The final bill applies a new six-month MAGI-expansion redetermination requirement to state-funded coverage population and modifies the 90-day cure period for both federally and state-funded MAGI populations; eligibility may be restored only for the month immediately preceding the month in which the required information is provided.	Approximately 52,000 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. These changes will certainly lead to fiscal pressures as well.

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		redeterminations .		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.	The Enacted 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.	HSA projects its FY 2026-27 allocation at $384K, reflecting an increase of $31k. No programmatic changes expected.
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	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.	The Enacted Budget proposes to fully restore funding to HVP in FY 2026-27 to $80.1 million, up from $73.3 million in FY 2025-26.	HSA projects its FY 2026-27 allocation at $114K, reflecting $44k increase. No programmatic changes expected.

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	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.	As part of the CalWORKs Single Allocation, the Enacted Budget baselined $1.63 billion in total funds, representing a modest $3.6 million (0.2%) increase over the FY 2025-26 allocation.	HSA estimates the final FY 2026-27 CalWORKs Single Allocation will remain generally consistent with prior estimates. The allocation change is minor and does not create a significant fiscal or program impact. Final component-level detail for Eligibility, Employment Services, Cal-Learn, and Cal-OAR is pending CDSS allocation documents.

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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.	As part of the CalWORKs Single Allocation, the Enacted Budget baselined $1.63 billion in total funds, representing a modest $3.6 million (0.2%) increase over the FY 2025-26 allocation.	Employment Services is one component of the overall CalWORKs Single Allocation. HSA estimates the final FY 2026-27 allocation change will be minor and does not create a significant fiscal or program impact. Final component-level detail is pending CDSS allocation documents.
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.	The Enacted Budget REJECTS the January-proposed 26% increase; MHSA appropriation set at $100.6 million (FY2025-26 level). Adds reappropriation authority of up to $20 million unspent FY2024-25 funds.	HSA's allocation will remain at $23K. The approved appropriation allows for the reallocation of unused prior-year funds. HSA's share could be $5K, bringing our total up to approximately $28K.
CalWORKs Maximum Aid Payment			The May Revision reflects a 1.8-percent increase to CalWORKs Maximum Aid Payment levels,	HSA anticipates no significant Net County Cost fiscal impact, as CalWORKs grant payments are funded	The Enacted Budget includes by 1.80% CalWORKs Maximum Aid Payment increase, effective 10/1/2026, ~$59.5 million in FY2026-27, funded by the Child Poverty	The increase is funded through the 1991 Realignment, with no anticipated direct impact on the General Fund for HSA. The proposal will increase

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			effective October 1, 2026, estimated to cost $59.5 million in 2026-27.	through State and federal sources. The proposal will increase monthly grant amounts for eligible CalWORKs recipients effective October 1, 2026.	and Family Supplemental Support Subaccount. No county share.	monthly grant amounts for eligible CalWORKs recipients effective October 1, 2026.
CalWORKs Housing Support Program					The Enacted Budget provides a $10 million one-time General Fund plus authority to reappropriate $35 million of unspent funds that were set to expire 6/30/2026 to FY2026-27 instead.	HSA estimates its FY 2026-27 allocation at $2.5 million, reflecting an increase of $243K.
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	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.	Enacted Budget funds 26,200 new child care slots statewide ($228 million GF for 22,770 slots + $41.4 million GF to backfill 3,430).	SMC-HSA's Stage 1 Child Care is not expected to be materially affected. A 2.01% increase applied to the current-year $489K Stage 2 State General Fund allocation would result in an estimated increase of approximately $9,800 in FY 2026-27, bringing the total Stage 2 allocation to approximately $499K.

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			payment program agencies by 1.5%.			
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 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	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.	The Enacted Budget provides $223 million one-time General Fund for CalFresh county administration to support ABAWD/H.R. 1 work-requirement implementation, with spending authority through June 30, 2029. After caseload-related base decreases, the net statewide increase is approximately $180 million. The Enacted Budget also provides a temporary three-year CalFresh county match waiver through FY 2028-29. The waiver caps each county's required contribution at its FY 2024-25 level, allowing counties to draw the full state/federal allocation once that contribution level is met. This provides partial fiscal relief as the federal administrative share drops from 50% to 25% beginning October 1, 2026.	HSA anticipates approximately $2.5 million in additional one-time CalFresh administration funding tied to ABAWD/H.R. 1 work-requirement implementation. The county match waiver provides partial fiscal relief by capping the required county contribution at the FY 2024-25 level, but it does not eliminate all county share exposure if the allocation is depleted.

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	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) benefit savings in FY 2026-27, with no new county administrative funding and nominal county administrative savings of $440,000 General Fund.	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 of the one-time $30 million General Fund augmentation for ABAWD administration, San Mateo County could	Enacted and funded within the $223 million CalFresh county-admin augmentation (not broken out separately), AB 152 waives the county match for the $20 million GF ABAWD Readiness allocation (CFL 25-26-78, available through June 2027) and establishes data collection and performance monitoring parameters.	Approximately 5,300 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. HSA anticipates approximately $2.5 million in additional admin funding tied to the one-time funding for ABAWD/H.R.1 work-requirement implementation.

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				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.	After the May Revision, the Legislature proposed $5 million General Fund for one-time CFAP automation changes, referred to as CFAP+, to help mitigate impacts from H.R. 1. The Enacted Budget did not include this funding. As a result, H.R. 1-related CalFresh/CFAP eligibility changes are expected to proceed without this additional automation support.	HSA anticipates an increased workload for staff due to the updated H.R. 1 eligibility rules, which will require managing benefit discontinuities, notices, and increased client contacts. Approximately 1,000 local clients are expected to lose CalFresh eligibility, resulting in higher call volume and office visits and additional operational and fiscal pressures, despite estimated statewide administrative savings.
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**

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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.	The Enacted Budget provides $15 million one-time General Fund for the Bringing Families Home Program in FY 2026–27 as part of a broader $100 million one-time investment in CDSS-administered housing programs. The funding supports the continuation of housing assistance provided through the program, and these funds, along with any reappropriated funds, will be available through June 2028.	SMC-HSA's current allocation is $1.7 million. A one-time General Fund allocation of $15 million in FY 2026–27 would provide an estimated additional $100,000 in funding. BFH contracts are expected to be fully expended by the end of the grant period on June 30, 2028. The additional funds would allow San Mateo County to continue providing Homelessness Prevention and Rapid Re-Housing (RRH) services to additional families, with the goal of preventing further involvement with child welfare.
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 administrative activities	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	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.	The Enacted Budget maintains funding for the FURS Program at $22.2 million ($20.9 million General Fund) in FY 2026–27, continuing the funding reduction enacted in the Budget Act of 2025. It also includes a slight funding increase to support additional county administrative activities associated with implementing the CWDA/ChildrenNow co-sponsored bill, AB 898 (Statutes of 2025), which requires counties to revisit	SMC-HSA expects FURS funding to remain flat at approximately $607,000, with no anticipated fiscal impact. HSA has an MOU with BHRS in which the FURS allocation is passed through to BHRS to support the county mobile response system. The enacted budget allows San Mateo County to maintain 24/7 mobile crisis response services for current and former foster youth and their caregivers, supporting placement stability and

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	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.	response system. The current MOU is through June 30, 2026			and update their FURS plans on a biennial basis.	reducing unnecessary psychiatric hospitalizations and law enforcement involvement.
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 2026-27 for	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.	The Enacted Budget maintains $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 TRS implementation. The year-over-year decrease reflects one-time CalSAWS and CWS-CARES programming costs in FY 2025-26. Implementation is scheduled for July 1, 2027, or upon automation completion.	SMC-HSA's operational planning and development are underway to support implementation. No direct client impact is anticipated until July 2027. No significant fiscal impact is projected at this time, though HSA will continue to monitor implementation, training, and automation readiness needs.

	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.	The Enacted Budget continues funding for FFPSA Part IV activities. A total of $48.6 million ($17.9 million General Fund and $16.5 million county funds) is proposed for FY 2026-27 FFPSA Part IV implementation activities, maintaining the planned transition to the Tiered Rate Structure (TRS), scheduled for July 1, 2027.	SMC-HSA expects funding to remain flat with no anticipated fiscal impact. Local implementation timelines remain fully consistent with the January proposal. HSA-CFS continues implementation planning for core prevention networks, including Differential Response and the Community Pathway framework to strengthen community-based service access. No operational changes anticipated.

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	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.	The Enacted Budget includes $900 million for HHAP Round 7 ($100 million less than the previous year's funding level),	Despite an increase from the January proposal, the Enacted Budget is lower than the previous year's funding

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(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.	representing a substantial increase over the Governor's earlier $500 million proposal. Administrative streamlining: no new application (supplement to Round 6), quarterly reporting, and HHAP 6 obligation deadline added.	level, resulting in approximately $500,000 less in SMC's HHAP 7 allocation. The statewide 10% reduction will likely result in less funding for the County in HHAP 7. These funds primarily support non-congregate shelter and homeless outreach. Administrative streamlining will simplify the Center on Homelessness (COH) administrative work. HSA will strategize to ensure the HHAP 6 obligation deadline is met.

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Housing and Disability Advocacy Program (HDAP)					The Enacted Budget provided a $25 million one-time General Fund allocation on top of the ongoing annual appropriation of $25 million GF (a dollar-for-dollar match is required).	HSA estimates its FY 2026-27 allocation at $530K, reflecting a 19.7% decrease of $129K.
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 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		The Department of Housing (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	No change.	No change.

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		lands. These projects may experience dela ys and subsequent cost increases, and increased re liance on local funds due to eliminating fu nding sources at the state level._		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 affor dable housing funding program focusing on funding units that reach people with lower incomes. No add itional funding fo r this program is available after 2026 if eliminated. This source of funding could help move forward approximately 3 00 units of new affordable		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	No change.	No change.

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		units that have already applied for County fundi ng. These projects may experience delays and subsequent cost increases, and increased reliance on local funds due to eliminated fun ding sources at the state level.		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 affordable housing. This is		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	No change.	No change.

		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		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		

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		housing shortage.		for affordable homeownership.		
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.		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	No change.	No change.

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				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 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		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	No change.	No change.

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		subsequent cost increases, and increased reliance on local funds due to eliminated funding sources at the state level.		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. Th ere is some residual fu nding that still remains, though significant	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.	No change.	No change.

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		portions of the funding have already been allocated. The governor's b udget has no new funds for this program.				
Veterans Housing and Homelessness Prevention (VHHP)	$0	The funding program supports buildin g affordable housi ng for low-income veterans. Funds have been fully allocated ac ross six funding rounds and fundi ng is no longer available. The G overnor'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	No change.	No change.

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				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	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.	The Enacted Budget continues funding for CWS/CMS at $357.3M ($180 million GF) for FY2026-27, including $1.5 million ($485K GF) for CWS/CMS duplicate-data cleanup for CARES conversion. CARES County Constituent Participation funding ~$36 million for FY2026-27.	HSA anticipates no change and for the allocation to remain consistent at $327K. SDTS and CFS continue to work together in the implementation of CARES. While there is no change in allocation, there has been tremendous effort to support ongoing implementation and upcoming go-live activities.

	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.					
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.	HSA anticipates no changes compared to January's proposal.	HSA anticipates no changes compared to January's proposal.	The Enacted Budget decreases in EBT theft reimbursements due to improved card security, from $37 million (cash) and $17 million (food) in the current year to $15.2 million (cash) and $7 million (food) in the budget year. With the shift in federal funding for CalFresh, the county's share of EBT system costs increases from $6.5 million in FY 2025–26 to $8.4 million in FY 2026–27, while total system costs remain about $46 million.	SMC-HSA's share of EBT system costs is projected to rise by 29% in FY 2026-27, 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.
CalSAWS			The May Revision proposes $491.0 million total funds ($177.7 million	Required CalSAWS system modifications associated with Medi-Cal eligibility,	The final budget agreement includes a new CalFresh data transparency provision, to use available data to assess	This could increase workload and overtime costs for HR.1 compliance.

			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.	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.	CalFresh service delivery, monitor the impact of administrative funding, support technical assistance, and help mitigate effects of federal policy changes. This requires county welfare departments and CalSAWS to provide requested data within 60 days, unless an extension is granted, when the information is available and legally shareable.	The Reporting Team in SDTS will be working closely with ESS staff to ensure CalSAWS reports for CalFresh are accurate. Additional queries may need to be developed to validate the CalSAWS reports and to provide the program with operational reports.

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	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.	No change.	No change.	No change.

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	remaining $300K for Sheriff's Office.					
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. 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: 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.	Sheriff's Office: The enacted FY 2026-27 state budget includes $50 million in one-time General Fund support for continued implementation of Proposition 36, of which $20 million represents new funding for counties. The remaining funding is directed to the Judicial Council for pretrial services and trial courts for increased workload and collaborative courts. This represents a change from the Governor's May Revision, which did not include dedicated funding for Proposition 36 implementation.	Sheriff's Office: The Sheriff's Office may benefit indirectly from the additional county behavioral health funding and expanded justice system capacity supported through the Proposition 36 allocation; however, no direct funding is provided to address Sheriff-specific workload increases. The operational impacts associated with Proposition 36, including enforcement, custody, transportation, and coordination with courts and treatment providers, remain ongoing and are not easily quantified at this time. Probation Department: While the Probation Department may indirectly benefit from our system partners receiving these funds, none of this funding is directly allocated for us. The 20 million that was returned to the pretrial budget will also not directly go our efforts in the pretrial space.

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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.	No changes.	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	The Sheriff's Office received $15.6 million in Organized Retail Theft Grant Program funding in FY 2023-24 to support	No changes.	No changes.	No changes.	No changes.

	prosecution grants, and over $110 million to permanently expand retail theft task forces.	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 in 2027-28) to expand	Minor or no direct impact to Sheriff's Office.	No changes.	No changes.	No changes.	No changes.

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	Military Department drug interdiction operations.					
In-lieu Vehicle License Fee (VLF) Payment Shortfall	N/A	N/A	N/A	N/A	The enacted FY 2026-27 state budget includes an $80 million one-time General Fund commitment to partially backfill the in-lieu Vehicle License Fee (VLF) payment shortfall affecting San Mateo, Mono, and Alpine Counties. However, the final budget agreement does not include the additional $80 million appropriation authority proposed by the Legislature, leaving San Mateo County without full restoration of the revenue loss. This item was not included in prior budget assessments.	The partial VLF backfill will result in continued General Fund pressure for San Mateo County and may impact future County budget decisions, including resource allocation to the Sheriff's Office. The direct impact to Sheriff operations cannot be determined at this time and will depend on County budget priorities and available resources.
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.	A one-time $50M 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

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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, 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	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 generation during peak demand.	San Mateo County utility customers may not be able to participate in DSGS compensation programs.	No change.	No change.

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	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.					

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Air Quality/Emissions					The final budget agreement includes $150 million General Fund for the California Air Resources Board's (CARB) Community Air Protection Program (Chapter 136, Statutes of 2017) which requires CARB and local air districts to develop and implement Community Emission Reduction Programs (CERPS) to reduce air pollution emissions and exposures for each community in the Program.	Not sure how this will impact our programs, but it sounds positive.
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.	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	This will partially support the climate credit and other programs.	No change.	No change.	No change.	No change.

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	and CPUC to update and implement statutory changes related to compliance carbon offset protocols and the California Climate Credit.					
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.	The final budget agreement includes modest augmentations to some of the state's existing affordable housing programs. This is likely due to an agreement the Administration made with the Legislature to place an $11.25 billion housing bond on the November 3, 2026 ballot. The Administration's funding provided for existing housing programs are meant as interim resources before any potential bond funds become available.	No direct impact to sustainability programs.
Climate Smart Agriculture	Funding nearly 3,000 climate smart agriculture projects across 300,000 acres resulting in the reduction of approximately 27.7 million metric tons of carbon dioxide. $14	This could help our carbon farming grant efforts.	No change.	No change.	No change.	No change.

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	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.	No change.	No change.
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	This could help fund projects with grants.	No change.	No change.	No change.	No change.

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	Program projects and climate adaptation projects.					
Transit	$1 billion for High-Speed Rail (HSR) 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	If and when HSR gets finalized, it will be beneficial 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.	No change.	No change.	The final budget agreement does not include any significant General Fund augmentations or fund shifts for transportation programs.	

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	portion of these funds can also be used to support transit operations.					
Climate Resilience						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Prop 4					Defers action on allocating funding from Prop 4 which includes the sections within the Climate Resilience Section of this document. As a result, funding for "wildfire mitigation, ground water recharge, drinking water, agricultural assistance, and other issues" will be negotiated through summer.	
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 complete various water resilience and water-related infrastructure projects.	This funding would help the County meet expanded state-mandated stormwater monitoring requirements, including trash reduction and the Coyote Point Beach Advanced Restoration Plan, and support the Countywide Drought Taskforce in	No change.	No change.	Deferred. To be determined – unclear from the brief/memo if changes were made or if action on this is being deferred.	Unclear.

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		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.	No change.	No change.	Deferred To be determined – unclear from the brief/memo if changes were made or if action on this is being deferred.	Unclear.
Extreme Heat Mitigation	$241 million to continue investments that support implementation of	This funding would help support community-led resilience	No change.	No change.	Deferred. To be determined – unclear from the brief/memo if changes were made or if	Unclear.

	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.	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.			action on this is being deferred.	
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	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.	Deferred. To be determined – unclear from the brief/memo if changes were made or if action on this is being deferred.	Unclear.

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	wildfire-vulnerable communities to reduce wildfire ignitions.					
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.	To be determined – unclear from the brief/memo if changes were made or if action on this is being deferred.	Unclear.
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	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	No change.	No change.

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			soon to be updated Bay-Delta Water Quality Control Plan.	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 occurring at California landfills. CalRecycle specifically received $1.95M for assisting local governments with mitigating illegal dumping.	As a host of a Class III landfill (Ox Mountain), the County may be subject to 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.	No change.	No change.	No change.	No change.
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;	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	The budget includes the $100 million grant program to support beverage container sorting and processing and the $50 million to support rural local jurisdiction recycling of beverage containers. It did not include the $75 million proposed in the May Revision for the Plastic	The $100 million may not benefit the County directly, but may provide funding for RethinkWaste, a JPA that the County is a part of that owns a recycling facility. This grant may be able to provide funds for upgrades to this facility to improve recycling and sorting, which will have

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			$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.	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.	Market Development Payment Program.	benefits for county ratepayers.

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	Do not anticipate any impact. Department already waives all planning and building permit fees for affordable housing projects.	The housing trailer bill (AB 179/SB 179) requires counties to waive specific non-utility impact fees as a condition of receiving state affordable housing grants if they are a lead applicant for a housing project that provides affordable multifamily rental or housing ownership programs. If counties choose not to waive these fees, the awarding state entity is authorized to reduce the grant award by the amount of development impact fees that the county was required to waive pursuant to this statute. This applies for state affordable	Planning and Building collects impact fees on behalf of other departments that use these fees to implement housing, parks, school, and other capital improvement and maintenance projects. These include Roadway Mitigation Fees that are transferred to DPW for roadway maintenance and improvements; housing impacts that are routed to DOH for housing projects; parks impact fees that are provided to County Parks for park improvements; and school impact fees that are collected by the various school districts within the unincorporated areas and are

			Housing Finance Agency.		housing opportunities released after July 1, 2027.	based on the scope of the development project approved by P&B. While P&B processing fees are waived for affordable projects, some but not all of these impact fees are not waived (e.g., affordable housing projects do not need to pay a housing impact fee, but to my knowledge, park and roadway impacts fees are not waived.) Waiving all impact fees for affordable housing projects could impact the ability of other departments and agencies to implement projects that offset the impacts of such development.

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	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	No impact.	The final budget agreement defers action on allocating funding from Proposition 4 (2024), allowing the Administration and the Legislature to continue negotiations through the summer.	

	use Prop 4 funding to make improvements to soon to be acquired parks (3) near the Central Valley.		investments in park expansion are also noted and may influence regional access and coordination over time.			

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.	Restoration of child support funding has been enacted in the 2026-2027 Budget. 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).and $1,486,215 that was lost in SFY 2020-2021 COVID Reduction.

Technology Services Department						
Subject	**Governor's Budget Proposal**	**Estimated SMC Impact**	**May Revision**	**Estimated SMC Impact**	**2026-27 State Budget Agreement**	**Estimated SMC Impact**
Sales and Use Tax Expansion			Taxation of Digital Prewritten Software and Software as a	At a high level, at least $5M/year based on amounts appropriated	Governor signed AB 122 expanding the scope of the state's sales and use tax to	At a high level, at least $5M/year based on amounts appropriated by County

ATTACHMENT A

to Digital Downloads			Service—$450 million in 2026-27, growing to $900 million in 2029-30. In addition, local sales tax revenue is projected to increase by $560 million in 2026-27 and by approximately $1.1 billion annually thereafter.	by County Departments in sub-account 5215. There may be additional exposure to sales and use tax for software purchases budgeted in fixed asset sub-account 7312. A Countywide analysis should be sponsored to assess full fiscal impact	include certain digital products. Beginning Jan. 1, 2027, electronically delivered prewritten software, including software-as-a-service (SaaS), is subject to the sales tax regardless of how it is delivered.	Departments in sub-account 5215. There may be additional exposure to sales and use tax for software purchases budgeted in fixed asset sub-account 7312. A Countywide analysis should be sponsored to assess full fiscal impact.