

# Overview of 2026-2027 State Budget

OFFICE OF THE COUNTY EXECUTIVE

July 14, 2026



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[marincounty.gov/legislative](https://marincounty.gov/legislative)

# California's State Budget Process

STATE FISCAL YEAR: JULY 1 TO JUNE 30



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# Revenues and Expenditures: Big picture

## BALANCED SPENDING PLAN

- Legislature and Governor agreed to more conservative revenue estimate than Legislature's June 15 budget plan
- Final budget act **balances the state's budget** for next two fiscal years
  - Higher than expected revenues from “AI boom”/IPOs
  - Reduced investment overall
  - New revenue sources = tax on software, MCO tax, limit on business tax credits
- \$6.4B allocated to **Projected Surplus Temporary Holding Account** – *first time this account has been used since created in 2024*



# H.R. 1 Impacts on Counties

FINAL ALLOCATIONS TO COUNTIES EXPECTED IN THE FALL

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- **CalFresh** → **\$223M** in General Fund (+federal matching) to counties
  - Marin estimate = \$692K
  - CalFresh county match waiver extended through FY 28-29
- **Medi-Cal** → **\$197M** in General Fund to counties
  - Marin estimate = \$4M
  - Budget omits proposed administrative requirements



# H.R. 1 Impacts on Counties cont.

## FINAL ALLOCATIONS TO COUNTIES EXPECTED IN THE FALL

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- **\$20M for child welfare** (Emergency Response, an extension of Flexible Family Supports) through 2028
  - **Marin estimate = \$111K** to offset 2011 realignment usage
- **Delays proposed reduction in dental benefits** from July 1, 2026 to July 1, 2027
  - Affects adults 19+ regardless of immigration status + Prog 56 Dental Supplement Payments
  - Preserves access to services for low-income residents, expected to significantly help impacts to Marin Community Clinics



# Indigent Care & Medi-Cal Eligibility

NO INVESTMENT FOR INDIGENT CARE IN FINAL BUDGET

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- **No funding** for CSAC's "PATH" proposal for emergency only Medi-Cal program to provide indigent care (*\$125M proposed in Legislature's budget plan*)
  - Marin budget update = County Medical Services Program (CMSP) FY 2026-27 fee waived (*estimated \$567K - \$1.5M*)
- **\$303.1M** in state backfill to provide **full-scope Medi-Cal** to qualified non-citizen populations through June 30, 2027
  - Preserves coverage continuity and expected to reduce downstream impacts on safety-net providers



# Other HHS/Public Safety Programs

FINAL BUDGET REJECTS GOVERNOR'S PROPOSED REDUCTIONS

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- **Maintains funding** for the state's share of costs for **In Home Supportive Services (IHSS)** hours-per-case growth
- Adult Protective Services (APS) eligibility remains at 60+
- **\$42.2M** to continue **Mobile Crisis Benefit** → funding is temporary
- **\$20M** for Prop 36 implementation for county behavioral health to expand assessment, treatment
- **\$50M** for **Victims of Crime Act (VOCA)** *up from \$0 in Jan budget and \$25M in May Revision*



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# Housing, Transportation, Infrastructure

## INCREASED INVESTMENT FROM EARLIER BUDGET PROPOSALS

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- **\$900M** for **Homeless Housing, Assistance and Prevention (HHAP) Round 7**; eligibility renewed from HHAP 6 reducing admin. burden
- Additional **\$100M in one-time funding** for county-administered programs including Home Safe, Housing Support Program, etc.
- Adopts trailer bill language that limits counties' ability to impose **Development Impact Fees** on affordable housing grants from state programs
- **\$11.25B housing bond** ("Prop 1") placed on the November ballot





# Natural Resources and Climate

## NEGOTIATIONS CONTINUE FOR KEY PROGRAMS

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- Final budget **defers action on allocating Prop 4 funding** (*May Revision proposed allocating \$2.25B*)
- No agreement reached on **Greenhouse Gas Reduction Fund** expenditure plan – will be negotiated through trailer bill process
  - Limited funding available
  - Proposed state funded EV tax credits, backfill funding for CAL FIRE budget
- No funding to local governments for implementation of CARB's **Advanced Clean Fleet regulations**



# Additional Programs

## ELECTIONS, FOODBANKS

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- **\$34M to counties** for elections administration to expedite vote counting, voter outreach and education
- \$108M for CalFood (*supports emergency food network, funding not directed at counties*)





Thank you



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