



## 2026-27 May Revision Budget Proposal May 14, 2026

**TO:** CSAC Board of Directors  
County Administrative Officers and County Executive Officers

**FROM:** Graham Knaus, CSAC Chief Executive Officer  
Kimberly Rodriguez, CSAC Chief Legislative Advocate

**RE: 2026-27 May Revision Budget Proposal**

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In January, the Administration presented a 'workload budget' without major new spending initiatives, with the intent of making major changes in the May Revision when updated revenue numbers are available.

The Governor's January budget proposal projected state General Fund revenues to be more than \$40 billion higher across the budget window (fiscal years 2024-25, 2025-26, and 2026-27) than previously forecasted at the enacted 2025 Budget Act. While the budget was balanced in 2026-27, with total General Fund expenditures of \$248.3 billion and a discretionary reserve of \$4.5 billion, the Administration projected a General Fund deficit of roughly \$22 billion in 2027-28, growing to approximately \$67 billion by 2029-30. Rather than attempting to address the deficits in January, the Administration waited until May Revision when updated revenue numbers are available to determine whether the state is able to provide new investments while also balancing the budget in 2026-27 and 2027-28.

The state's fiscal position has continued to improve since the Governor's January Budget. The Administration estimates revenues from the Big Three sources (personal income, corporate, and sales and use taxes) are \$16.5 billion higher than projected in January over the budget window (2024-25, 2025-26, and 2026-27), primarily due to a \$13.6 billion increase in personal income tax revenues boosted by a 2025 spike in capital gains realizations.

Outside of the constitutionally required spending for Proposition 98 (education) and Proposition 2 (reserves), the May Revision does not propose any significant new ongoing expenditures. Instead of committing to higher spending in 2026-27, the Administration allocated \$9.7 billion into the Projected Surplus Temporary Holding Account to set aside funds in 2026-27 to spend in 2027-28. This maneuver helps the Administration achieve a positive operating balance in 2027-28.

While revenue projections have continued to increase, the Administration's commitment to balance the budget for the next two fiscal years and address the projected ongoing budget deficits resulted in the proposal for both revenue and spending solutions.

### **Understanding the Proposed Changes to the Sales and Use Tax, Part 1:**

One of the proposed revenue solutions is **California's first application of the sales and use tax on an intangible good**. The Administration proposes to expand the sales and use tax base to include digital prewritten software sales, one of the only expansions to the state's narrow pool of tax-eligible sales in recent memory.

Expanding the sales and use tax to digital prewritten software sales is estimated to yield an increase in revenue to the state's General Fund by \$450 million in 2026-27 and \$900 million in 2027-28 and annually thereafter. This proposal also increases local sales tax revenues by \$560 million for cities and counties in 2026-27, and \$1.1 billion in 2027-28 and annually thereafter.

During the press conference today, the Administration suggested counties use local sales tax revenues to address the impacts of H.R. 1. However, most of the sales and use tax revenue is not a general-purpose discretionary revenue source, and some local sales tax revenue is allocated to both counties and cities.

Our rough estimates indicate that counties could receive up to \$459 million of the \$560 million in new sales tax funding in 2026-27. Of this amount, CSAC estimates that in the aggregate approximately \$13 million is estimated to be general purpose 1% Bradley-Burns Uniform Local Sales and Use Tax revenue *for counties* in 2026-27, increasing to \$26 million in 2027-28 and annually thereafter.

In addition, some of the increased revenue from optional local add-on taxes (transactions and use taxes approved by voters at the local level, with varying rates and uses by jurisdiction) could be used for discretionary purposes by counties. However, the approximate amount is unknown at this time but would be less than the amount included in the table later in this publication given that this funding is the total for both cities and counties that have local add-on taxes. Regardless, this proposal is not sufficient to mitigate the fiscal impacts of H.R.1.

Further, addressing the state's fiscal condition by expanding the sales and use tax base to generate more revenue is an important policy change. Close followers of CSAC's legislative advocacy over the years will recall our many campaigns to oppose legislation that enacts more sales and use tax *exclusions* that would reduce local sales and use tax revenue. More information on the sales and use tax proposal is included under the State's Fiscal Condition and Future Uncertainty section below.

## CSAC Priority Issues: Status Update

- **H.R. 1 Implementation Impacts to Counties**
  - CSAC is leading a [county coalition effort](#) to advocate for funding to mitigate the impacts of H.R. 1, estimated to cost counties up to \$9.5 billion annually.
  - The countywide H.R. 1 budget request calls for \$1.9 billion General Fund in 2026-27 and \$4.5 billion in 2027-28 to address county funding needs for indigent care, eligibility, public hospitals, and behavioral health.
  - The May Revision only provides \$87 million General Fund in 2026-27 and only partially addresses one component of the request (county eligibility).
  - CSAC will continue advocating for H.R. 1 implementation funding to prevent the safety net from crumbling.
  - Read more about H.R. 1 in the Health and Human Services section below.
  
- **In-Home Supportive Services (IHSS) Cost Growth**
  - The May Revision maintains the IHSS cost shift proposal from January that CSAC will continue to [strongly oppose](#).
  - Under this proposal, counties are facing increased costs of \$233.6 million starting in 2027-28 and growing over time.
  - Read more about IHSS in the Health and Human Services section below.
  
- **Homeless Housing, Assistance, and Prevention Program (HHAP)**
  - The May Revision maintains the prior commitment of \$500 million for HHAP in 2027-28, and includes trailer bill language that outlines the enhanced accountability requirements.
  - CSAC [continues to advocate](#) for \$1 billion ongoing for HHAP and for funding to be implemented in a manner that will allow the September 1, 2026, goal distribution date to be met.
  - Read more about the HHAP Program in the Homelessness section below.
  
- **Proposition 36 (2024)**
  - The 2025 Budget Act appropriated \$100 million General Fund one-time for Proposition 36 implementation.
  - Neither the Governor's budget proposal nor the May Revision includes any new funding to address county costs to implement Proposition 36 in 2026-27 or thereafter.
  - Read more about Proposition 36 in the Administration of Justice section below.

The subsequent sections of this publication provide statewide revenue and expenditure summary charts as well as descriptions of specific budget proposals by policy area. For questions on these and other items of importance, please [contact the CSAC legislative affairs staff](#).

The Governor's May Revision budget proposal for 2026-27 will likely be reflected in Budget Bill vehicles [AB 1563 \(Gabriel\)](#) and [SB 879 \(Laird\)](#), although these bills were not updated at the time of this publication. See the Department of Finance's [Governor's May Revision Budget Summary for 2026-27](#) or the [recording of the press conference](#) for additional information and charts detailing the state budget proposal. To refresh your memory regarding the Governor's January budget proposal, see [CSAC's Budget Action Bulletin from January 9, 2026](#).

## General Fund Revenue Sources Comparison

*Current year - Dollars in Millions*

	2025-26			
	Jan. 10, 2026 Budget Proposal	May Revision	\$ Change	% Change
Personal Income Tax	\$ 137,840	\$ 146,847	\$ 9,007	6.5%
Sales and Use Tax	\$ 34,401	\$ 34,588	\$ 187	0.5%
Corporation Tax	\$ 41,702	\$ 43,287	\$ 1,585	3.8%
Insurance Tax	\$ 4,370	\$ 4,510	\$ 140	3.2%
Alcoholic Beverages Taxes and Fees	\$ 417	\$ 413	\$ (4)	-1.0%
Cigarette Tax	\$ 35	\$ 35	\$ -	0.0%
Motor Vehicle Fees	\$ 46	\$ 46	\$ -	0.0%
Other	\$ 9,251	\$ 8,616	\$ (635)	-6.9%
<b>Subtotal</b>	\$ 228,062	\$ 238,342	\$ 10,280	4.5%
Transfer - Budget Stabilization Account/Rainy Day Fund	\$ 7,100	\$ 7,100	\$ -	0.0%
<b>Total</b>	\$ 235,162	\$ 245,442	\$ 10,280	4.5%

*Budget Year - Dollars in Millions*

	2026-27			
	Jan. 10, 2026 Budget Proposal	May Revision	\$ Change	% Change
Personal Income Tax	\$ 142,202	\$ 145,609	\$ 3,407	2.4%
Sales and Use Tax	\$ 35,095	\$ 35,629	\$ 534	1.5%
Corporation Tax	\$ 43,528	\$ 45,017	\$ 1,489	3.4%
Insurance Tax	\$ 4,612	\$ 4,728	\$ 116	2.5%
Alcoholic Beverages Taxes and Fees	\$ 419	\$ 415	\$ (4)	-1.0%
Cigarette Tax	\$ 34	\$ 34	\$ -	0.0%
Motor Vehicle Fees	\$ 46	\$ 46	\$ -	0.0%
Other	\$ 4,472	\$ (5,025)	\$ (9,497)	-212.4%
<b>Subtotal</b>	\$ 230,408	\$ 226,453	\$ (3,955)	-1.7%
Transfer - Budget Stabilization Account/Rainy Day Fund	\$ (3,023)	\$ (3,579)	\$ (556)	18.4%
<b>Total</b>	\$ 227,385	\$ 222,874	\$ (4,511)	16.7%

General Fund Revenue Sources Comparison continued

*Year-over-Year Comparison - Dollars in Millions*

	2025-26 compared to 2026-27 at May Revision			
	2025-26	2026-27	\$ Change	% Change
Personal Income Tax	\$ 146,847	\$ 145,609	\$ (1,238)	-0.8%
Sales and Use Tax	\$ 34,588	\$ 35,629	\$ 1,041	3.0%
Corporation Tax	\$ 43,287	\$ 45,017	\$ 1,730	4.0%
Insurance Tax	\$ 4,510	\$ 4,728	\$ 218	4.8%
Alcoholic Beverages Taxes and Fees	\$ 413	\$ 415	\$ 2	0.5%
Cigarette Tax	\$ 35	\$ 34	\$ (1)	-2.9%
Motor Vehicle Fees	\$ 46	\$ 46	\$ -	0.0%
Other	\$ 8,616	\$ (5,025)	\$ (13,641)	-158.3%
<b>Subtotal</b>	\$ 238,342	\$ 226,453	\$ (11,889)	-5.0%
Transfer - Budget Stabilization Account/Rainy Day Fund	\$ 7,100	\$ (3,579)	\$ (10,679)	-150.4%
<b>Total</b>	\$ 245,442	\$ 222,874	\$ (22,568)	-155.4%

## The State's Fiscal Condition and Future Uncertainty

### The Revenue Picture

As noted above, in January the Administration projected state General Fund revenues to be more than \$40 billion higher across the budget window (2024-25, 2025-26, and 2026-27) than previously forecasted at the enacted 2025 Budget Act. The Administration indicated that these changes mainly stem from stronger-than-expected cash receipts, a better-performing stock market, and a more optimistic economic outlook than what was assumed in the 2025 Budget Act.

Before accounting for tax policy proposals, the Administration estimates General Fund revenues across the three-year budget window (2024-25, 2025-26, and 2026-27) to be \$16.8 billion higher in the May Revision than assumed in the Governor's Budget. This is primarily driven by a \$13.6 billion increase in personal income tax revenue boosted by a 2025 spike in capital gains realization. The Administration indicates this new revenue forecast reflects a slightly upgraded stock market outlook, combined with a relatively unchanged economic outlook. At the same time, the May Revision acknowledges a weakened fiscal outlook due to global and federal uncertainties and impacts of global conflicts and delayed tariff impacts.

### How is the State Budget Balanced?

The May Revision estimates General Fund expenditures of \$246.6 billion in 2026-27, approximately \$1.8 billion less than proposed in the Governor's January budget. The May Revision does not propose any significant new ongoing expenditures and instead provides a spending plan that balances the budget for both fiscal years 2026-27 and 2027-28, while maintaining substantial reserves for both years. The Administration achieved this primarily due to the higher revenues described above and from various revenue and spending solutions. Combined, these solutions result in an operating reserve of \$4.5 billion in 2026-27 and \$2.1 billion in 2027-28.

To help balance the budget across these two fiscal years, the May Revision proposes to transfer \$9.7 billion into the Projected Surplus Temporary Holding Account (Surplus Holding Account) in 2026-27 to be used in 2027-28. The Surplus Holding Account allows the state to set aside a portion of anticipated surplus funds and allocate them in the subsequent fiscal year to protect against overcommitting projected resources until revenues are realized and expenditures are finalized. This is the first time this account has been used since it was created in 2024.

### Spending Solutions

The May Revision proposes spending reductions and reforms, as well as General Fund offsets to balance the budget. Overall spending reductions and reforms account for \$411 million in total spending solutions in 2026-27, growing to \$711.9 million by 2029-30. These include changes to the Medi-Cal asset test limits and increased monthly premiums for adults

with unsatisfactory immigration status. Additionally, the Administration proposes total General Fund offset spending solutions of \$390.7 million in 2026-27 decreasing slightly to \$256.5 million by 2029-30. This includes shifting \$211.9 million of funding to the Behavioral Health Services Fund instead of relying on the General Fund. These solutions are discussed in further detail in the Health and Human Services section.

### Revenue Solutions

In the May Revision, the Administration proposes several revenue solutions that are projected to bring in approximately \$3.6 billion General Fund in 2026-27, growing to \$5.1 billion in 2027-28, and decreasing slightly to \$4.4 billion in 2029-30. These solutions include the following:

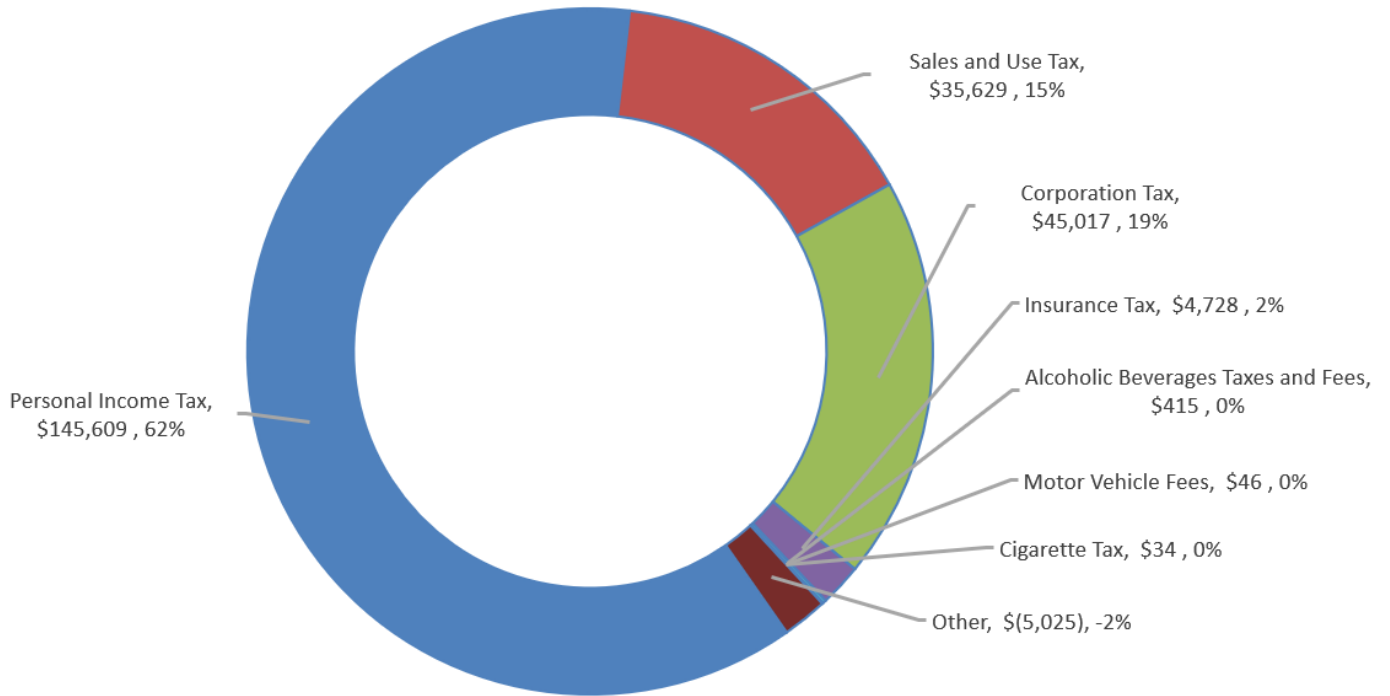
- *Permanent Credit Limitation for Businesses*—The proposal would permanently limit business credit use to \$5 million or 50 percent of tax liability, whichever is greater, increasing revenues by \$850 million in 2026-27, growing to \$1.8 billion in 2029-30. This proposal would be effective beginning in tax year 2027 when the current temporary credit limitation and net operating loss suspension is lifted.
- *2027 Managed Care Organization (MCO) Tax*—The May Revision proposes to revise and extend the MCO Tax due to new requirements of H.R. 1 effective January 1, 2027, resulting in increased revenues of \$575 million in 2026-27, \$2.3 billion each in 2027-28 and 2028-29, and \$1.7 billion in 2029-30. See the Health and Human Services section for more details about this proposal.
- *Digital Prewritten Software Tax*—Discussed in more detail below, this proposal results in state General Fund revenues of \$450 million in 2026-27 and \$900 million in 2027-28 and annually thereafter. This proposal also increases local sales tax revenues for counties and cities by \$560 million in 2026-27 and \$1.1 billion in 2027-28 and annually thereafter.

Revenue and Expenditure Charts

**General Fund Revenue Sources in 2026-27**

General Fund, dollars in millions – Total GF Revenues: \$226.5 billion

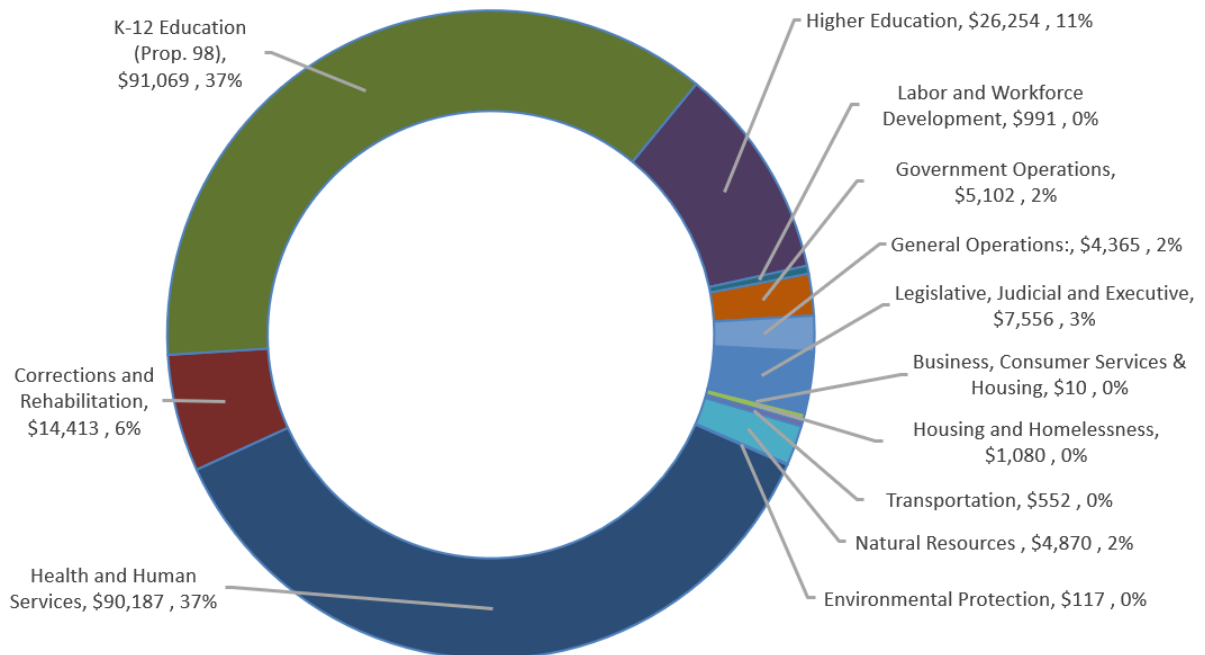
Percentages less than one percent round to zero percent



**Expenditures by Agency in 2026-27**

General Fund, dollars in millions – Total expenditures: \$246.6 billion

Percentages less than one percent round to zero percent



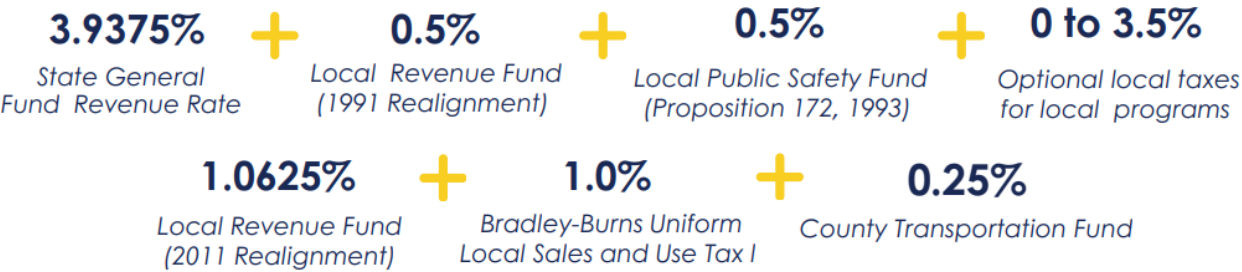
**Understanding the Proposed Changes to the Sales And Use Tax, Part 2**

Effective January 1, 2027, the May Revision proposes to apply the sales and use tax to digital prewritten software sales, regardless of how the project is delivered to the purchaser, whether on a disc or physical medium, electronic transmission and local hosting (download), or remote access through the internet, including Software-as-a-Service (SaaS), where the customer accesses the software hosted by the vendor but never takes possession of it. This would increase both state and local sales tax revenues.

As demonstrated by the graphic below, allocation of the statewide sales and use tax is split between the state and local governments and funds a broad variety of state and county services. As illustrated, a majority of the sales and use tax revenue is not a general-purpose discretionary revenue source. Therefore, of the estimated increase in local sales tax revenues of \$560 million in 2026-27, and \$1.1 billion in 2027-28 and annually thereafter, comes with the following strings attached:

- 1) Estimated local sales and use tax revenue increases as a result of this change for the Bradley-Burns Uniform Local Sales and Use Tax category are not exclusive to counties, these revenues will be split between cities and counties.
- 2) Of the five sales tax allocation categories for local governments (excluding the optional local add-on taxes that vary by jurisdiction), only one category (the Bradley-Burns Uniform Local Sales and Use Tax) is general purpose. All other categories are nondiscretionary in nature and must be used for specified purposes.

**Statewide Sales and Use Tax Rate, Purpose, and Allocation**



**= 7.25% - 10.75%**  
**Total State and Local Base Sales and Use Tax**

Therefore, of the estimated increase in local sales tax revenues of \$560 million in 2026-27 and \$1.1 billion in 2027-28, using data obtained from the [California Department of Tax and Fee Administration](#), CSAC estimates that in the aggregate approximately \$13 million is estimated to be general purpose 1% Bradley-Burns Uniform Local Sales and Use Tax revenue *for counties* in 2026-27, increasing to \$26 million in 2027-28 and annually thereafter. This estimate is displayed in the tables below.

In addition, some of the increased revenue from optional local add-on taxes (transactions and use taxes approved by voters at the local level, with varying rates and uses by jurisdiction) could be used for discretionary purposes by counties. However, the approximate amount is unknown at this time but would be less than the amount included in the table below given that this funding is the total for both cities and counties that have local add-on taxes. Trailer bill language to effectuate this change was not available at the time of this publication and is expected to be made available within the next two weeks.

The Administration suggests this additional sales tax revenue can be used by counties to offset increased costs due to H.R. 1. However, as noted above, additional revenues counties receive due to the tax proposal are not discretionary and therefore must be used for specific purposes, such as countywide transportation purposes and realigned public safety and existing health and welfare programs.

**Estimated Sales and Use Tax Revenue Increases by Category**

<i>Dollars in millions<sup>1/</sup></i>	2026-27 <sup>2/</sup>	2027-28 <sup>3/</sup>
State General Fund	\$ 450	\$ 900
Local Revenue Fund: 2011 Realignment	\$ 121	\$ 243
Local Revenue Fund: 1991 Realignment	\$ 57	\$ 114
Local Public Safety Fund (Prop. 172, 1993)	\$ 57	\$ 114
County Transportation Funds	\$ 29	\$ 57
Bradley-Burns Uniform Local Funds	\$ 114	\$ 229
Optional Local Add-Ons	\$ 182	\$ 363
<i>Subtotal (local only)</i>	\$ 560	\$ 1,120
<b>Total</b>	\$ 1,010	\$ 2,020

*1/ Estimated revenue increases by fiscal year and category provided by the California Department of Finance*

*2/ Half-year implementation beginning January 1, 2027*

*3/ Full-year implementation in 2027-28*

**Approximate City/County Proportion of Bradley-Burns 1% Uniform Sales Tax**

Using data from 2024-25, this table displays the approximate split between cities and counties of the Bradley-Burns Uniform 1% category of the sales and use tax.

<i>whole dollars</i>	2024-25	Approximate % of total
Total Bradley-Burns Uniform 1% tax revenue <sup>1/</sup>	\$ 9,324,691,480	
<i>City Portion</i> Bradley-Burns Uniform 1% tax revenue <sup>2/</sup>	\$ 8,093,837,630	86.8%
<i>County Portion</i> Bradley-Burns Uniform 1% tax revenue <sup>2/</sup>	\$ 1,044,627,924	11.2%

1/ Includes the City and County of San Francisco

2/ Does not include the City and County of San Francisco as funds cannot be disaggregated.

[Data obtained from the California Department of Tax and Fee Administration](#)

**Estimated City/County Proportion of Increased Revenue**

Based on the approximate proportions of the split between the cities and counties of the Bradley-Burns Uniform 1% category of the sales tax in the previous table, this table applies this proportion to the estimated increased revenue that would result from expanding the sales and use tax base to digital prewritten software sales.

<i>dollars in millions</i>	2026-27	2027-28	Estimated % of total
Total estimated revenue increase for Bradley-Burns 1%	\$114	\$229	
<i>City Portion</i> Bradley-Burns Uniform 1% tax revenue <sup>2/</sup>	\$99	\$199	86.8%
<i>County Portion</i> Bradley-Burns Uniform 1% tax revenue <sup>2/</sup>	\$13	\$26	11.2%

For more information about the sales and use tax, see CSAC’s issue brief on the [sales and use tax](#).

**Questions? Contact:**

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## **DISASTER RESPONSE AND RECOVERY**

The Governor's May Revision proposes a \$100 million investment, including \$56 million General Fund and \$44 million in existing National Mortgage Settlement funds, to create a Disaster Rebuilding Fund. These funds will be used to expand access to construction and renovation financing through a combination of programs including loan loss guarantee and interest rate buydown, among other tools.

The May Revision includes \$15.8 million in 2026-27, and \$13.3 million in 2027-28 and ongoing, in General Fund and reimbursement authority to implement AB 247 (Chapter 681, Statutes of 2025) to develop a payroll system to track and pay incarcerated firefighting hand crews and pay the federal minimum wage to incarcerated firefighters on an active fire incident.

## **WATER, DROUGHT, AND FLOOD**

### **Flood Protection**

The Governor's May Revision proposes \$14 million in one-time General Fund for the Department of Water Resources' (DWR) Delta Levees Program. This funding is intended to address habitat mitigation requirements for levee projects conducted under the program.

### **Drinking Water**

Support for the State Water Board's Safe and Affordable Funding for Equity and Resilience (SAFER) program from the 2026-27 Cap-and-Invest Expenditure Plan is unchanged compared to the Governor's January budget proposal, including \$92 million for 2026-27. However, CSAC is concerned that funding for this and other Cap-and-Invest funded programs could be reduced by as much as 50% as a consequence of the current version of California Air Resources Board (CARB) amendments to Cap-and-Invest regulations that are expected to give much greater allowances to manufacturing activities.

### **Water Supply**

In anticipation of the State Water Resources Control Board (State Water Board) adopting an updated Bay-Delta Water Quality Control Plan at the end of the year, the Governor's May Revision includes \$25 million in one-time General Fund assistance for implementation of the Healthy Rivers and Landscapes Program, an initiative tied to the Administration's pending Delta Conveyance Project (DCP). This funding is to establish environmental flows, habitat restoration and for monitoring associated with mitigation efforts on the part of DCP participants.

The May Revision also proposes \$9.5 million in ongoing General Fund support for DWR 24-hour river forecasting and snow course monitoring activities that are necessary to gauging water supplies throughout the year. This allocation is intended to offset reductions in federal funding beginning in 2025-26 and ongoing.

## AGRICULTURE

The Governor's May Revision includes \$1 million in one-time special funds to mitigate human-wildlife conflict. This is far below the \$18 million in 2026-27 and \$15 million ongoing to establish a permanent program at the California Department of Fish and Wildlife for human-wildlife conflict mitigation that was requested by a [coalition of groups \(including CSAC\)](#) earlier in the year, and much less than the \$30.8 million in one-time funding requested by this coalition for wolf-livestock coexistence.

The May Revision also includes \$10.5 million in General Fund to offset a \$10.5 million reduction in federal funding to support invasive pest detection activities.

In addition, the May Revision calls for \$5.1 million in one-time General Fund and \$2.8 million ongoing General Fund support to the California Department of Food and Agriculture to implement the Animal Care Program mandated by Proposition 12 (2018). This allocation may be subject to impacts from ongoing federal farm bill negotiations, which could include pre-emption of Proposition 12 requirements by Congress.

## CANNABIS

The Governor's May Revision projects that \$414.1 million will be available from the Cannabis Tax Fund, an increase of \$10.2 million from the original January proposed budget. Of this amount, an additional \$2 million apiece is being dedicated to the illegal cannabis cultivation remediation and public safety programs under Allocation 3, bringing both up to \$82.8 million for 2026-27.

## SOLID WASTE AND RECYCLING

The Governor's May Revision proposes over \$225 million from the Beverage Container Recycling Fund (BCRF) to improve the Beverage Container Recycling Program (BCRP). The BCRP incentivizes the recycling of eligible beverage containers through California Redemption Value (CRV) deposits paid by consumers; however, the BCRF has accumulated significant balances in part because many consumers are unable to redeem containers due to inadequate access to convenient redemption sites. These investments include:

- \$75 million over three years for incentives and investments to expand in-state manufacturing and recycling.
- \$100 million one-time for grant funding to upgrade sorting and processing infrastructure.
- \$50 million one-time for a rural recycling incentive program.

## CLIMATE BOND

The May Revision has added an additional wetlands provision to planned Proposition 4 (2024) expenditures, increasing the total expenditure for 2026-27 to \$2.25 billion, [compared to the \\$2.1 billion in the Governor's January budget proposal](#). CSAC will continue to work with

the Administration, Senate, and Assembly to allocate additional bond funds for groundwater sustainability, agricultural, drinking water, water quality, and water supply projects. Additional bond allocations are more urgent due to potential impacts to the SAFER program, as discussed above.

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**LOCAL PUBLIC SAFETY***Proposition 47 Savings Estimate*

The Governor's May Revision includes an estimated total state savings of \$89.1 million in 2026-27, a slight decrease from the Governor's January budget proposal's estimated net savings of \$81.3 million. Each year, state savings from the implementation of Proposition 47 are allocated through grants to public agencies for various recidivism reduction programs such as mental health and substance use treatment services (65% of savings), truancy and dropout prevention (25% of savings), and the remaining 10% of savings for victims' services. The Governor's May Revision notes that with the passage of Proposition 36 (2024), the savings associated with Proposition 47 are projected to decrease. Most importantly for counties, there is zero funding included in the May Revision to implement Proposition 36.

*Community Corrections Performance Incentives Grant (SB 678)*

The Community Corrections Performance Incentive Grant, established by SB 678 (Chapter 608, Statutes of 2009) was created to provide incentives for counties to reduce the number of individuals on felony probation who are admitted to state prison. The Governor's May Revision includes \$132.2 million General Fund in 2026-27 for probation departments.

As a reminder, in recent years, annual funding was held constant due to the COVID-19 pandemic's effect on probation populations, law enforcement practices, and court processes. However, the formula was modified beginning in 2025-26 with the enactment of SB 157 (Chapter 111, Statutes of 2025), which established a fixed statewide annual allocation of \$103.7 million General Fund. This allocation will be *reduced* if counties exceed their baseline return-to-prison rates and the amount will be *increased* in a separate, variable component, if counties exceed performance expectations, calculated as an average of 2022 and 2023 performance. Since inception, counties have received over \$1.5 billion for reducing state prison admissions.

*Additional Budget Adjustments:*

- *Vertical Prosecution Grant Program to Combat Human Trafficking*—\$10 million one-time General Fund for the Board of State and Community Corrections (BSCC) to administer a competitive Vertical Prosecution grant program aimed at preventing human trafficking.
- *Missing and Murdered Indigenous People (MMIP) Grant Program*—\$10 million one-time General Fund for the BSCC to administer a competitive grant program for federally recognized Indian tribes supporting efforts to identify, collect case-level data, publicize, and investigate and solve cases involving MMIP. To date, the BSCC has allocated \$37.3 million for MMIP grants—\$4 million in 2022-23, \$16 million in 2023-24, and \$17.3 million in 2024-25.

*Victims of Crime Act (VOCA)*

Federal VOCA allocations have significantly declined in recent years. In response, the 2024 and 2025 Budget Acts both included one-time state funding to mitigate the local impacts statewide. Notably, the Governor's May Revision includes \$25 million one-time General Fund to supplement decreasing federal funding to support an array of services and programs for victims of crime. This one-time augmentation is aimed at alleviating service level reductions.

#### *Incompetent to Stand Trial (IST) Population*

The Department of State Hospitals (DSH) noted in January that the IST waitlist has been reduced from roughly 2,000 individuals in 2022 to fewer than 300, and the number of state and community-based treatment beds has increased from approximately 1,400 to over 2,300. The Governor's May Revision does not include updated figures, nor does it include any changes to the DSH's IST Growth Cap program imposed upon counties.

#### **California Department of Corrections and Rehabilitation (CDCR)**

The May Revision includes total funding of approximately \$14.6 billion (\$14.2 billion General Fund and \$400 million other funds) for CDCR. Of this amount, approximately \$4.2 billion General Fund is for health care programs, which provide incarcerated individuals access to mental health, medical, nursing, and dental care services.

#### *Prison Population*

The May Revision projects that the adult incarcerated population will continue its overall long-term downward trend over the next few years. Spring projections estimate the average daily adult incarcerated population for 2025-26 to be 90,126, an increase of 1.1% from the fall 2025 projections, and 87,611 in 2026-27, a decrease of less than 0.01% from the fall projections. Over the longer term, the population is projected to decline to 85,210 incarcerated individuals by June 30, 2030. Notably, the number of adult incarcerated individuals age 55 and older has grown to 21%, or more than 19,000 incarcerated individuals. Older incarcerated individuals tend to have complex needs that drive higher costs. In 2024, individuals 60 and older represented 14% of the prison population but accounted for approximately 27% of health system expenses.

#### *Proposition 36*

As referenced above, Proposition 36 is expected to increase CDCR's population. Based on spring projections, it is estimated to grow by 592 in 2025-26 and 1,547 upon full implementation. The active average daily population of individuals on parole is projected to be 33,785 in 2025-26, declining to 33,125 in 2026-27. The parole population is projected to decline further to 31,028 by June 30, 2030.

#### *Prison Closures*

The declining adult prison population has allowed CDCR to eliminate its reliance on contract prison capacity and terminate the lease of the California City Correctional Facility (California City). CDCR has also closed three adult institutions, including the Deuel Vocational Institution

(Tracy), California Correctional Center (Susanville), and Chuckawalla Valley State Prison (Blythe), and will close a fourth institution, the Correctional Rehabilitation Center (Norco) by October 2026. Other additional facility closures have contributed to overall savings. The cumulative savings from *all* closures will reach approximately \$4.9 billion by 2027-28.

#### *Corcoran State Prison Honor Housing*

The May Revision includes support for implementation of a new honor housing unit at Corcoran State Prison in Kings County in September 2026. Per CDCR, this housing unit will have an enhanced focus on normalization and dynamic security, which helps create a physically and socially safe space where the incarcerated population can focus on programming, education, and rebuilding family connections without the fear of violence, bullying, or other negative pressures.

This effort is the first-of-its-kind behavioral-based housing for a Level III security population within CDCR. The May Revision includes \$9.7 million General Fund and 49 positions in 2026-27, and \$12.6 million and 65 positions in 2027-28 and ongoing for this effort. The reactivation of this site as an honor housing unit will be done in conjunction with the deactivation of facilities at California State Prison, Solano and Avenal State Prison, while also reactivating different housing units at Avenal State Prison and a facility at the California Institution for Men. Combined, this results in a systemwide reduction of 75 beds.

### **California Department of Justice (DOJ)**

The May Revision includes total funding of approximately \$1.4 billion (\$514.2 million General Fund) to support the DOJ.

#### *Additional Budget Adjustments:*

- *Antitrust Litigation Funding* - \$14.3 million special Funds in 2026-27, declining to \$10.5 million in 2029-30, to address an anticipated increase in antitrust workload.
- *Medi-Cal Fraud and Elder Abuse: Federal Grant Authority*—\$16.2 million ongoing (\$4.1 million False Claims Act Fund and \$12.1 million Federal Trust Fund) to accept a federal grant award from the Office of Inspector General to support expanded investigations, enforcement activities, and prosecutions related to Medi-Cal fraud and elder abuse.
- *Completing Organized Retail Criminal Enterprise Investigations*—\$2.2 million one-time General Fund to provide DOJ with resources to resolve 27 existing cases stemming from the original funding provided in 2022-23.
- *Fingerprint System Modernization*—\$4.3 million Fingerprint Fees Account funds in 2026-27, \$5.5 million in 2027-28, and \$1.1 million in 2028-29 and ongoing to upgrade biometric identification systems to cloud-based infrastructure.

- *Legal Services Revolving Fund Ongoing Workload*—\$10.8 million ongoing Legal Services Revolving Fund to maintain current service levels and address increased demand for legal services from client agencies.

### **Judicial Branch**

For the Judicial Branch, the May Revision includes total funding of \$5.3 billion (\$3.3 billion General Fund) in 2026-27, of which \$3 billion is provided to support trial court operations.

#### *Additional Budget Adjustments:*

- *Language Access in the California Courts*—\$20 million Trial Court Trust Fund annually in 2026-27 and 2027-28 to address rising court interpreter costs and support language access and interpreter services in all case types in the trial courts.
- *Appellate Court Security*—\$1.6 million Appellate Court Trust Fund annually in 2026-27 through 2029-30 to continue resources for appellate court security previously funded on a limited-term basis.
- *State Court Facilities Construction Fund (SCFCF) Backfill*—A reduction of \$10 million General Fund annually in 2026-27 and 2027-28 to reflect the updated General Fund backfill need of the SCFCF based on current revenue estimates.

### **Office of Emergency Services (CAL OES)**

The Governor's May Revision includes \$3.2 billion (\$567.8 million General Fund) and 1,927.8 positions for Cal OES. Among its other roles, Cal OES serves as the state administering agent for federal homeland security, emergency management, and victim services grants, including the VOCA funding.

#### *Additional Budget Adjustments:*

- *Next Generation 9-1-1 (NG 9-1-1) Transition*—\$141.9 million one-time State Emergency Telephone Number Account funds to continue the NG 9-1-1 deployment and transition the architecture from a regional model to a unified statewide system model. The new statewide architecture resolves existing interoperability challenges, creates one cohesive network with public-safety-grade resiliency, and significantly reduces operational complexity for Public Safety Answering Points (PSAPs). The one-time funding requested would: (1) begin the transition to a unified model, (2) maintain the services of the current regional providers as the transition takes place, (3) update the call handling equipment used by the PSAPs that are beyond their expected lifespan as well as systems that are not NG 9-1-1 compliant, and (4) implement a modern, reliable system for the greater Los Angeles region prior to the 2028 Olympic and Paralympic Games and a safer future for large-scale events and beyond.
- *Southern Emergency Operations Facility*—\$12.5 million ongoing General Fund to hire and onboard staff and bring the Southern Emergency Operations facility online to full functionality to absorb Southern Region staff and operations once the facility in Orange County is complete.

- *Nonprofit Security Grant Program*—\$40 million one-time General Fund to support physical security enhancements to nonprofit organizations that have historically been targets of hate-motivated violence.

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## Government Finance and Administration

### Annual Tax Relief for New Small Businesses

To encourage the formation of new small businesses, the May Revision proposes to reduce the \$800 annual tax paid by limited liability companies, limited partnerships, and limited liability partnerships in their first year to \$400 during the 2027, 2028, and 2029 tax years. The Administration anticipates this proposal will benefit approximately 250,000 new businesses each year. This proposal results in \$100 million less General Fund revenue per year.

### Pensions

The May Revision proposes \$9.6 billion (\$5.2 billion General Fund) for CalPERS contributions, a slight decrease of \$107.2 million (\$66.8 million General Fund) from the January Budget proposal. Of that amount, the May Revision includes a proposed \$3 billion in one-time pension contributions to CalPERS under Proposition 2.

### Labor and Workforce Development

The May Revision proposes an increase of \$40.4 million (\$15.2 million General Fund) for employee compensation. The cost increases are attributed to increasing health care costs and dental premiums for active state employees.

### Workers' Compensation

Counties are facing [rapid increases](#) in premiums for the Subsequent Injuries Benefits Trust Fund (SIBTF) workers' compensation program, which are rapidly outpacing increases in traditional workers' compensation costs. SIBTF premiums have increased as high as 621% over a five-year period.

The Governor's January budget proposal included \$12.7 million and 57 positions for the Department of Industrial Relations (DIR) to address case growth from the SIBTF program. In addition to funding positions to respond to the backlog, the January budget proposal included a statement calling for comprehensive reform of the SIBTF program, highlighting the rapid growth of claim payments, which are expected to grow to \$1.3 billion in 2029-30, from \$87 million just ten years prior.

Trailer bill language for comprehensive SIBTF reform was [introduced](#) soon after the January budget proposal. CSAC is actively engaging on SIBTF reform efforts, [supporting](#) the trailer bill and [opposing](#) a competing measure for not doing enough, AB 1567 (Ortega). For more information on the issue and CSAC's involvement, please see our [bulletin article](#) from March 2026.

### Public Employment Relations Board (PERB)

In the January Budget Proposal BAB, CSAC reported a proposed \$8.5 million General Fund increase for PERB, 30 new positions in 2026-27, and 78 new positions over the next two fiscal

years, due in large part to passage of two laws in 2025 that expand PERB's authority to apply to private sector employers, AB 1340 (Chapter 335, Statutes of 2025) relating to bargaining among transportation network companies (e.g. *Uber* or *Lyft*), and AB 288 (Chapter 139, Statutes of 2025), which provides PERB with new authority to adjudicate unfair labor practice charges that are not timely resolved by the National Labor Relations Board (NLRB).

AB 288 had been signed into law because the NLRB was unable to meet and establish a quorum. Since the January Budget proposal, new NLRB commissioners have been appointed, making the law inoperative. As a result, the May Revision proposes a reduction of 21 positions from the January proposal and \$4.8 million less than had been proposed in January.

### **Educational Revenue Augmentation Fund (ERAF)**

The May Revision budget proposal once again does not include funding to backfill the insufficient ERAF amounts in affected counties—San Mateo, Alpine, and Mono. The amount needed to backfill these counties in the 2026-27 fiscal year is \$122.3 million. Furthermore, the 2025 Budget Act arbitrarily cut the backfill by one third, appropriating only \$79 million to backfill these counties, which was \$39.4 million less than the total amount needed. This funding is still owed to counties to fully fund the backfill. Given the significant impact of not fully funding the backfill, San Mateo, Alpine, and Mono counties and their cities sued the state seeking full payment of the backfill. CSAC will [continue to advocate](#) for fully funding the backfill in the enacted budget.

### **State-Mandated Local Programs**

For 2026-27, the Governor's January budget proposes to suspend one new state-mandated program: Disclosure Requirements and Deferral of Property Taxation (22-TC-06). The May Revision does not propose to suspend additional mandates.

### **Broadband**

The Public Utilities Commission [requests](#) reappropriation of \$68 million first authorized in 2021-22 for last-mile grants and \$870,000 and two positions to fund California Environmental Quality Act (CEQA) reviews of those projects. Last-mile funds have been delayed in prior budget acts to prioritize middle-mile projects and address overall budget deficits.

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## Health and Human Services

### H.R. 1 Implementation

H.R. 1 represents a fundamental shift of fiscal responsibility for safety net programs from the federal government to states and counties. In response, CSAC [leads a county coalition](#) to advocate for county H.R. 1 implementation needs. Significant coalition actions include the development of a cost estimate demonstrating counties are facing up to [\\$9.5 billion in increased costs](#) at full implementation and the release of a [multiyear state budget request](#). The budget request encompasses indigent care, public hospital systems, county eligibility, and county behavioral health and calls for \$1.9 billion in 2026-27 and \$4.5 billion in 2027-28.

Unfortunately, the Governor’s May Revision only provides funding for one component of this request, county eligibility, and even this funding is significantly lower than the amount counties are requesting. The table below compares the General Fund request from county governments for 2026-27 and what is proposed by the Administration in the May Revision. Further details about the county eligibility funding can be found in the Medi-Cal and CalFresh sections below.

#### County H.R. 1 Implementation Funding 2026-27

	County Request (GF)	May Revision (GF)
<b>Indigent Care</b>	\$761 million	\$0
<b>Public Hospital Systems</b>	\$500 million	\$0
<b>County Eligibility</b>	\$373 million	\$104 million
<b>County Behavioral Health</b>	\$224 million	\$0
<b>Total</b>	<b>\$1.9 billion</b>	<b>\$104 million</b>

CSAC will continue to work with counties and county affiliates to advocate for the multiyear budget request. These resources are critical to county efforts to maintain safety net services and sustain the health and well-being of vulnerable families and individuals.

### Realignment

The Governor's May Revision includes revenue assumptions for 1991 Realignment and 2011 Realignment. The projections for 2025-26 and 2026-27 indicate revenue growth for both Realignments in each year. For 1991 Realignment, the estimates for both years indicate that all of the sales tax growth would go to caseload growth and there would only be general growth for vehicle license fee revenues. Sales tax revenues for 1991 have fallen short of base the last two years and there is a significant amount of caseload that is owed. It does not appear that there will be sufficient revenues in 2025-26 and 2026-27 to fully cover the

amount of caseload that will be owed at that time. The Realignment revenue tables, including specific projections by subaccount, are included in the appendix at the end of this publication.

## HEALTH

### Medi-Cal

The Medi-Cal budget includes \$194.4 billion (\$48.6 billion General Fund) in 2025-26. This is less than the projected spending in the Governor's January Budget proposal of \$196.7 billion (\$46.4 billion General Fund) in 2025-26. The May Revision projects spending of \$216.7 billion (\$44.9 billion General Fund) in 2026-27, compared to projected spending in the Governor's January Budget proposal of \$222.4 billion (\$48.8 billion General Fund). Medi-Cal is projected to cover approximately 14.4 million members in 2025-26 and 13.9 million members in 2026-27—more than one-third of the state's population.

Overall, enrollment in Medi-Cal is declining from a high point of over 15.5 million members in July 2023 to a projected average enrollment of 13.9 million members in 2026-27. This is due to the ending of COVID-19 eligibility flexibilities, an enrollment freeze for adults with Unsatisfactory Immigration Status (UIS) that began in January 2026, the reinstatement of an asset test, and the impacts of H.R. 1 eligibility changes.

### H. R. 1 Impacts

The Governor's May Revision reflects a number of state, not local, impacts related to H.R. 1 implementation, some of which reduce state spending while others increase state spending. Significant H.R. 1 policies that impact spending and enrollment include work and community engagement requirements, limitations of federal cost sharing for certain immigrant populations, and implementing six-month eligibility redeterminations.

In total, these changes result in state General Fund costs of about \$1.5 billion in 2026-27 (an increase of \$363.1 million General Fund compared to the Governor's January Budget proposal). The May Revision projects disenrollments from Medi-Cal due to H.R. 1 policy changes of 44,000 in 2026-27, increasing to 1.3 million in 2029-30. This reflects a decrease in the projected disenrollments by 470,000 in 2026-27 and 446,000 in 2029-30, compared to the Governor's January Budget proposal. The decrease in disenrollments reflects changed assumptions of the number of Medi-Cal enrollees who would be exempt from work and community engagement requirements due to their medical condition or being compliant with CalFresh work requirements.

The May Revision proposes a nine-month delay in the policy proposed in the Governor's January Budget proposal to shift certain lawfully present immigrants from full-scope Medi-Cal to limited-scope Medi-Cal, to July 1, 2027. This change results in costs of \$668.1 million General Fund in 2026-27 and savings of \$294 million General fund in 2029-30 and ongoing.

*County Administration*

The Governor's May Revision includes a one-time augmentation of \$57 million General Fund in 2026-27 (\$229 million total funds) to assist with county implementation of the work and community engagement requirements required by H.R. 1. The proposal also outlines potential state surge staffing capacity that would be available as an option to assist counties with increased workload funded at \$16.7 million General Fund (\$33 million total funds) in 2026-27, 2027-28, and 2028-29. Total Medi-Cal county administration funding in the May Revision for 2026-27 is \$705.3 million General Fund (\$2.8 billion total funds). In the H.R. 1 budget request, counties are requesting increases of \$270 million General Fund in 2026-27 and \$344 million General Fund in 2027-28 for Medi-Cal county eligibility work. The May Revision provides a fraction of the total General Fund needed for counties to perform this critical work.

*Managed Care Organization (MCO) Tax*

H.R. 1 places limitations on the use of Medicaid Provider Taxes, including the Managed Care Organization (MCO) tax. The May Revision proposes to revise and renew the MCO tax, to conform with both changes made by H.R. 1 and the requirements of Proposition 35 (which amongst other provisions, places restrictions on the structure of the MCO tax). The May Revision 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.

*Transition of Unsatisfactory Immigration Status (UIS) Population to Fee-for-Service*

In response to recent federal guidance, the May Revision proposes to shift UIS Medi-Cal enrollees from managed care to fee-for-service. (Federal funding is available for emergency and pregnancy-related services, the state pays for all other costs.) The May Revision projects savings of \$538.8 million (\$471.6 million General Fund) in 2026-27 and \$1.5 billion (\$1.2 billion General Fund) ongoing as a result of this proposal.

**Budget Balancing Solutions**

In order to balance the General Fund, the May Revision proposes a number of budget balancing solutions in the Med-Cal program.

- *Medi-Cal Efficiencies* – establishment of utilization management policies for certain Medi-Cal services and changes to certain Medi-Cal managed care incentive policies. Results in savings of \$68 million General Fund in 2026-27 increasing to \$552 million General Fund in 2029-30
- *Increased Monthly Premiums for UIS Adults* – increases to monthly premiums adopted in the 2025 Budget Act by \$20 per month, a total of \$50 per month, effective July 1, 2027. This is projected to reduce General Fund spending by \$427.3 million General Fund in 2027-28 decreasing to \$314.3 million General Fund in 2029-30 and thereafter.

- *Medi-Cal Asset Test Limits* – a reduction to the asset test limit for enrollment in Medi-Cal from the current level of \$130,000 per individual and \$65,000 per additional member of the household to \$2,000 for an individual and \$3,000 for a couple (this returns to the limits in prior years before increases in the asset test limit were made in recent budgets). The May Revision projects savings of \$278.3 million General Fund in 2026-27 and \$495.6 million General Fund ongoing.
- *Enhanced Care Management and Community Supports* – savings of \$68.3 million General Fund in 2026-27 and \$158.0 million General Fund ongoing due to changes in the criteria and requirements for these Medi-Cal programs.
- *Program of All-Inclusive Care for the Elderly (PACE) Rate Cap* – implementation of a cap on PACE rates, effective January 2027. The May Revision projects savings of \$33.7 million General Fund in 2026-27 and \$80.9 million General Fund ongoing.
- *Medical Loss Ratio Remittances* – the shift of remittances from Medi-Cal managed care plans to the state when they do not meet state requirements for spending on direct health care services, from supporting the Medi-Cal program to the General Fund. The May Revision projects annual savings of \$25 million General Fund.
- *Elimination of the Medi-Cal Acupuncture Benefit* – a General Fund reduction of \$5.4 million General Fund in 2026-27 and \$13.1 million General Fund ongoing.

### **Covered California State Subsidy Program**

The May Revision proposes \$110 million in increased special fund spending (totaling \$300 million per year) to expand the state premium subsidy program to enrollees up to 200% of the federal poverty level.

### **Behavioral Health Services Act (BHSA) State Directed Spending**

The May Revision proposes spending \$315.9 million from the Behavioral Health Services Fund for several state departments to implement the state-directed activities under the Behavioral Health Services Act. Relatedly, the May Revision proposes to use \$211.9 million from the Behavioral Health Services Fund in lieu of General Fund in 2026-27, \$229.1 million in 2027-28, and \$226.4 million in 2029-30 for activities under the BH-CONNECT waiver workforce initiative and other state programs.

### **Hospitals in Immediate Distress**

The May Revision proposes \$50 million General Fund in 2026-27 to provide short-term support for hospitals in immediate and significant financial distress. This is in addition to the \$25 million General Fund that was recently provided for this purpose by the state in AB 108 (Chapter 8, Statutes of 2026). Criteria for awarding these funds is not yet available. Under the recently enacted AB 108, grant funding is available for hospitals that have less than ten days' cash on hand, have exhausted other financial options, have a payer mix of at least 50% public health care programs or uninsured patients, and are a not-for-profit or public hospital.

### **Community Based Mobile Crisis**

The May Revision maintains the Governor's January budget proposal to make Medi-Cal mobile crisis services a county optional benefit beginning April 1, 2027, shifting approximately \$170 million to counties annually to maintain the benefit. CSAC is part of a [large coalition opposed](#) to this proposed cost shift to counties.

### **Public Health Information Technology Systems**

The California Department of Public Health (CDPH) operates and maintains several IT systems that are used by the state and local health jurisdictions for public health purposes such as contact tracing during disease outbreaks (CalCONNECT), reporting of laboratory results (SaPHIRE), and recording immunization data (myCAVax/CAIR3). The Governor's January budget included funding for the SaPHIRE system, but no funding for the operation of the other systems nor funding for the development of a new disease surveillance and monitoring system.

The Governor's May Revision includes \$113.3 million from various fund sources to maintain these critical public health information technology systems in 2026-27.

## **HUMAN SERVICES**

### **In-Home Supportive Services**

The In-Home Supportive Services (IHSS) program provides assistance and services to eligible older or disabled individuals to help them remain safely in their homes. For 2026-27, the Governor's May Revision includes \$33.7 billion for IHSS, of which \$12.7 billion is from the General Fund. The estimated average monthly caseload is 875,179 recipients in 2026-27. The Governor's May Revision continues the three January budget proposals (IHSS Cost Shift, IHSS Backup Provider System, IHSS Residual) to achieve savings within the IHSS program and includes one new cost savings proposal.

#### *IHSS Cost Shift*

The Governor's May Revision continues the January Budget proposal to [remove the state's share of cost for IHSS hours per case growth](#). This would go into effect in 2027-28 and result in state General Fund savings of \$233.6 million by shifting these costs to counties.

CSAC is [strongly opposed](#) to this cost shift and has testified against it at budget committee hearings. Both the Senate and Assembly budget frameworks have outlined their intent to reject this proposal.

For background, the county IHSS maintenance of effort (MOE) was restructured in 2019-20. Since that time, counties share in the costs of program growth through an annual 4% inflation factor and 35% of the non-federal share of costs for locally negotiated wage and benefit increases. The primary purpose of the 2019-20 MOE rebase was to ensure that

county IHSS costs can fit within historic Realignment growth and not take away funding from other critical health and human services programs that counties fund with Realignment. Any cost shift to counties for IHSS will not be sustainable within Realignment and be even more challenging while counties are grappling with increased safety net program costs as a result of the implementation of H.R. 1.

#### *IHSS Collective Bargaining*

The Governor's May Revision includes a proposal related to the Realignment withholding for county IHSS collective bargaining. The [proposed trailer bill language](#) would require the penalty to be assessed on October 1, 2026, if certain conditions are met. For any county where a factfinding report was issued prior to June 30, 2026, that county would have 90 days to reach an agreement with the IHSS provider union. If no agreement is reached in that timeframe, then the penalty would be assessed regardless of whether the county has an expired MOU.

#### *IHSS Asset Test Limit*

The Governor's May Revision aligns IHSS with the proposed reinstatement of the Medi-Cal asset test limit to achieve savings of \$62.6 million General Fund in 2026-27. This asset test limit proposal is further described in the Health section of the Budget Action Bulletin.

#### *Conforming IHSS with Medi-Cal Immigrant Eligibility*

The Governor's May Revision aligns IHSS with the delayed transition of lawfully present immigrants to restricted scope Medi-Cal resulting in increased costs of \$30.8 million General Fund in 2026-27. This immigrant eligibility proposal is further described in the Health section of the Budget Action Bulletin.

### **CalFresh**

The CalFresh program is California's version of the federal Supplemental Nutrition Assistance Program (SNAP), which provides federally funded food benefits for eligible families. The May Revision includes \$3.7 billion (\$1.6 billion General Fund) in total CalFresh and other nutrition assistance expenditures. This is in addition to \$11.6 billion in food benefits provided directly by the federal government to eligible recipients. The average monthly caseload for CalFresh is projected to be three million households in 2026-27. An estimated 560,000 individuals are estimated to lose benefits due to H.R. 1.

#### *County Administration*

The Governor's May Revision includes a one-time augmentation of \$30 million General Fund in 2026-27 to assist with county implementation of the expanded work requirements for Able-Bodied Adults Without Dependents (ABAWDs) required by H.R. 1. It also indicates that the required reassessment of the CalFresh county administration methodology will inform county funding needs in 2027-28.

In the county H.R. 1 budget request, counties are requesting increases of \$103 million General Fund in 2026-27 and \$58 million in 2027-28 for CalFresh county eligibility work. The May Revision provides a fraction of the total General Fund needed for counties to perform this critical work.

### **Adult Protective Services**

The Adult Protective Services (APS) program serves older and dependent adults when there are reports of abuse and neglect. The Governor's May Revision would revert the APS expansion that was adopted in 2021-22 to achieve savings of \$70 million General Fund ongoing. Under that expansion, which CSAC supported, eligibility for APS services was expanded to those who are aged 60 or older. This proposal would instead go back to the previous age requirement of 65 and older.

### **County Administration**

There are three programs under the California Department of Social Services (CDSS) where counties receive a funding allocation for county administration of the program – IHSS, CalFresh, and CalWORKs. Each of these programs has a statutorily required timeline for reassessments of the funding methodology. The Governor's May Revision contains a proposal to stagger the timing of these reassessment dates so that CDSS would only be required to conduct one program reassessment per year. With the changes in the [proposed trailer bill language](#), CalFresh would occur in 2027-28, CalWORKs in 2028-29, and IHSS in 2029-30.

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

The CalWORKs program is California's version of the federal Temporary Assistance for Needy Families (TANF), which provides temporary cash assistance to low-income families with children to meet basic needs as well as welfare-to-work services to help families become self-sufficient. The Governor's May Revision includes \$6.9 billion in total funding in 2026-27 for CalWORKs program expenditures.

#### *CalWORKs Grant Increase*

The Governor's May Revision includes a 1.8% increase to CalWORKs Maximum Aid Payment levels, beginning October 1, 2026, with an estimated cost of \$59.5 million. The projected increased costs would be funded by the Child Poverty and Family Supplemental Support Subaccount within 1991 Realignment.

### **Child Welfare and Foster Care**

Child welfare services and foster care provide a range of services for children who are at risk of or have been victims of abuse and neglect. The Governor's May Revision includes \$1.1 billion General Fund for services to children and families. Total funding for children's programs is more than \$10.5 billion when federal funding and 1991 and 2011 Realignment revenues are included.

**Aging**

The Governor's May Revision contains [trailer bill language](#) related to a proposed updated Intrastate Funding Formula (IFF) for Area Agencies on Aging (AAAs). The language outlines changes to the administration base allocation and the five factors that will be considered in the updated IFF. Unless the IFF is implemented with increased funding, some AAAs will see increased funding while others will see decreases.

**Childcare**

The May Revision includes \$7.5 billion (\$5 billion General Fund) for childcare and development programs administered by CDSS. This includes a total of \$65.1 million General Fund in 2026-27 to increase allowable in-contract administration costs for alternative payment program agencies by 1.5% of their total contract amount. This also includes a one-time increase of \$28 million federal funds for childcare facilities affected by natural disasters in 2023 and 2024.

The Governor's May Revision includes the following General Fund solution to balance the budget:

- Childcare COLA – A 30% reduction to the projected 2026-27 childcare cost-of-living adjustment (COLA) of 2.87%, resulting in a 2.01% COLA for DSS administered childcare programs.

**HOMELESSNESS****Homeless Housing, Assistance and Prevention (HHAP)**

The May Revision maintains the planned \$500 million for additional funding for the HHAP program that was committed to in last year's [SB 131](#) (Chapter 24, Statutes of 2025), contingent on enhanced accountability and performance requirements. The May Revision proposes [trailer bill language](#) that details new requirements that counties, cities, and Continuums of Care (CoCs) must meet to be eligible to receive the initial allocation of the \$500 million in additional funding, including but not limited to:

- Housing element compliance: City and county applicants must have a compliant housing element. If an applicant does not, HCD will withhold disbursement until the housing element becomes compliant.
- Prohousing Designation: City applicants and county applicants in which those cities are located must obtain a Prohousing Designation. If a local jurisdiction has not secured the designation before new funds are allocated, it must do so within 12 months. If it fails to meet that deadline, HCD may reallocate any remaining or unobligated HHAP funds to other eligible direct recipients in the same region.
- Encampment guidance compliance: Applicants must document compliance with current state guidance on addressing encampments when funding becomes available.

- Local match requirement: City applicants and county applicants in which those cities are located must demonstrate the availability of local matching funds equal to an as-yet-undetermined percentage of their total allocation. Sources of the matching funds include, but are not limited to, dedicated local funding sources for homelessness, affordable housing, or supportive services, new funding sources for homelessness, impact fee deferrals or waivers, land donations, local contributions to rental assistance, housing, or supportive services, and limited uses of state-originated funding such as Behavioral Health Services Act, Homekey, and Community Care Expansion.

CSAC will [continue to advocate](#) for \$1 billion for HHAP in 2026-27 and ongoing and for Round 7 to be implemented in a manner that allows that funding to be distributed by the September 1, 2026, goal date.

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## Housing, Land Use, and Transportation

### Housing and Land Use

Despite an improved revenue forecast released with the May Revision, the Governor is not proposing any significant funding augmentations for the state's housing program. This is likely due to the Legislature considering the placement of a \$10 billion housing bond on the November ballot. The Administration appears to be leaving room in budget negotiations with the Legislature for a limited term augmentation of funding for existing housing programs to provide interim resources before any potential bond funds become available. Instead of new funding, the state is proposing to incentivize or require counties to waive development impact fees.

### Impact Fees

Included below are descriptions of the proposals. For background, counties impose impact fees to fund development related essential infrastructure and services such as water, sewer, fire protection, parks, flood control, and libraries. These fees are strictly cost recovery tools, not revenue sources, and they enable the infrastructure necessary for new housing and economic development. Development impact fees, which are based on required nexus studies and are not arbitrarily set, are the primary and often sole funding source for some counties that lack broad revenue streams and therefore cannot build or improve facilities without this fee revenue.

The May Revision budget proposes trailer bill language that would incentivize and in certain cases compel, counties to waive development impact fees that would typically be assessed on affordable housing projects. The proposed trailer bill would apply to notices of state affordable housing funding that are released after July 1, 2027.

### Incentive Route

For projects that are seeking state funding from competitive housing programs, the proposal would allow project applicants to count any development fees deferred, reduced or waived by a county as a local funding match. It is important to note that this portion of the proposal is focused on improving the projects evaluation 'score' in a competitive grant program and doesn't guarantee the project will receive state funding.

### Required Route

For state grants for affordable housing projects where the county is an applicant or co-applicant, the county would be required to waive development impact fees that it imposes for the project to be eligible. The Administration's primary target for this proposal is grants made by the Homekey program, but it is expansively worded and applies to a wider array of affordable housing programs. Critically, this criterion does not apply to formula-based or block grant allocation programs. Additionally, the language does not require impact fees imposed by schools, utility districts and other special districts to be waived. We are still

assessing the potential impact of this requirement but note that it could lead to counties refusing to become lead or co-applicants on these types of housing development projects.

### **Transportation**

The May Revision is not proposing any significant General Fund augmentations or fund shifts for transportation programs. As part of last year's budget, a significant amount of prior Transportation funding augmentations were reduced or shifted to other funding sources, primarily the Cap-and-Invest program (formerly called the Cap-and-Trade program). Changes to the Cap-and-Invest program recently proposed by the California Air Resources Board (CARB) cast significant doubt on the state's ability to deliver on these past commitments. It appears the May Revision doesn't display the impact the potential revenue reductions would have on prior Cap-and-Invest funding commitments made to transportation programs.

Of relevance to counties, the Administration is proposing a one-time augmentation to a litter removal program.

### Clean California

The May Revision proposes a one-time increase of \$40 million General Fund to the Clean California program, which is administered by Caltrans. The program provides grants to counties, cities, tribes, special districts and community groups to fund clean-up projects to beautify and improve streets and roads, tribal lands, parks, pathways, and transit centers. Typically, the grant programs have a local match requirement of between 0% to 50% of the total grant amount requested. Over the course of the program, 18 counties have received approximately \$45 million in grant funding for clean-up projects.

### **Public Works**

#### California Environmental Quality Act (CEQA) Net Fee Assessment

The May Revision proposes statutory changes to authorize the Governor's Office of Land Use and Climate Innovation to assess a fee on documents submitted to the State Clearinghouse to support the costs of the State Clearinghouse system. The State Clearinghouse is responsible for facilitating the submittal and public hosting of all California Environmental Quality Act (CEQA) documents that counties are required to submit to the state. This fee authority is intended to support the modernization of the Clearinghouse's CEQAnet and CEQA Submit functions. The goal is to improve the speed and efficiency of document submission and improve information access to streamline the environmental review process for all public agencies. We note that this fee would impact county public works projects that are required to submit CEQA documentation, such as negative declaration, mitigated negative declaration and complete environmental impact reports.

### **Formula Funding for Local Streets and Roads**

The May Revision includes updated estimates of the fuels-based taxes and other fees that are the primary sources for supporting local transportation. Estimates of these revenues indicate a potential year-over-year increase of 2% in gasoline excise tax revenue and 3% in diesel excise tax revenue from 2025-26 to 2026-27. However, CSAC notes that any drop in fuel consumption driven by the overall economy and geopolitical instability may result in revenue decreases. These revenue streams fully fund county Highway User Tax Account allocations and provide approximately 70% of county Road Maintenance and Rehabilitation Account (RMRA) allocations. Transportation Improvement Fee revenues, which fund approximately 30% of county RMRA allocations, are estimated to grow by approximately 7%. CSAC will provide counties with detailed revenue estimates for 2025-26 and 2026-27 later next week.

### **Questions? Contact:**

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**1991 Realignment Estimate at 2026-27 May Revision**

*\$s in Thousands*

Amount	2024-25 State Fiscal Year (Actual)						
	CalWORKs MOE	Health	Social Services	Mental Health	Family Support	Child Poverty	Total
<b>Base Funding</b>							
Sales Tax Account	\$752,888	\$0	\$2,521,108	\$339,629	\$615,671	\$523,432	\$4,752,728
Vehicle License Fee Account	367,663	1,286,756	216,223	195,932	14,949	526,818	2,608,341
<b>Subtotal Base</b>	<b>\$1,120,551</b>	<b>\$1,286,756</b>	<b>\$2,737,331</b>	<b>\$535,561</b>	<b>\$630,620</b>	<b>\$1,050,250</b>	<b>\$7,361,069</b>
<b>Growth Funding</b>							
Sales Tax Growth Account:	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Caseload Subaccount	-	-	-	-	-	-	-
General Growth Subaccount	-	-	-	-	-	-	-
Vehicle License Fee Growth Account	-	11,691	0	23,713	-	27,944	63,348
<b>Subtotal Growth</b>	<b>\$-</b>	<b>\$11,691</b>	<b>\$-</b>	<b>\$23,713</b>	<b>\$-</b>	<b>\$27,944</b>	<b>\$63,348</b>
<b>Total Realignment 2024-25</b>	<b>\$1,120,551</b>	<b>\$1,298,447</b>	<b>\$2,737,331</b>	<b>\$559,274</b>	<b>\$630,620</b>	<b>\$1,078,195</b>	<b>\$7,424,418</b>
	<b>2025-26 State Fiscal Year (Projected)</b>						
<b>Base Funding</b>							
Sales Tax Account	\$752,888	\$76,685	\$2,521,108	\$339,629	\$538,986	\$523,432	\$4,752,728
Vehicle License Fee Account	367,663	1,127,598	216,223	219,645	185,798	554,763	2,671,690
<b>Subtotal Base</b>	<b>\$1,120,551</b>	<b>\$1,204,283</b>	<b>\$2,737,331</b>	<b>\$559,274</b>	<b>\$724,784</b>	<b>\$1,078,195</b>	<b>\$7,424,418</b>
<b>Growth Funding</b>							
Sales Tax Growth Account:	\$0	\$0	\$94,858	\$0	\$0	\$0	\$94,858
Caseload Subaccount	-	-	(94,858)	-	-	-	(94,858)
General Growth Subaccount	-	-	-	-	-	-	-
Vehicle License Fee Growth Account	-	18,731	-	37,994	-	44,772	101,497
<b>Subtotal Growth</b>	<b>\$-</b>	<b>\$18,731</b>	<b>\$94,858</b>	<b>\$37,994</b>	<b>\$-</b>	<b>\$44,772</b>	<b>\$196,355</b>
<b>Total Realignment 2025-26</b>	<b>\$1,120,551</b>	<b>\$1,223,014</b>	<b>\$2,832,189</b>	<b>\$597,268</b>	<b>\$724,784</b>	<b>\$1,122,967</b>	<b>\$7,620,773</b>
	<b>2026-27 State Fiscal Year (Projected)</b>						
<b>Base Funding</b>							
Sales Tax Account	\$752,888	\$54,787	\$2,615,966	\$339,629	\$560,884	\$523,432	\$4,847,586
Vehicle License Fee Account	367,663	1,146,329	216,223	257,639	185,798	599,535	2,773,187
<b>Subtotal Base</b>	<b>\$1,120,551</b>	<b>\$1,201,116</b>	<b>\$2,832,189</b>	<b>\$597,268</b>	<b>\$746,682</b>	<b>\$1,122,967</b>	<b>\$7,620,773</b>
<b>Growth Funding</b>							
Sales Tax Growth Account:	\$0	\$0	\$163,240	\$0	\$0	\$0	\$163,240
Caseload Subaccount	-	-	(163,240)	-	-	-	(163,240)
General Growth Subaccount	-	-	-	-	-	-	-
Vehicle License Fee Growth Account	-	15,798	-	32,044	-	37,761	85,603
<b>Subtotal Growth</b>	<b>\$-</b>	<b>\$15,798</b>	<b>\$163,240</b>	<b>\$32,044</b>	<b>\$-</b>	<b>\$37,761</b>	<b>\$248,843</b>
<b>Total Realignment 2026-27</b>	<b>\$1,120,551</b>	<b>\$1,216,913</b>	<b>\$2,995,429</b>	<b>\$629,312</b>	<b>\$746,682</b>	<b>\$1,160,729</b>	<b>\$7,869,616</b>

<sup>11</sup> Excludes \$14 million in Vehicle License Collection Account moneys not derived from realignment revenue sources.

**2011 Realignment Estimate at 2026-27 May Revision\***

(Dollars in Millions)

	2024-25	2024-25 Growth	2025-26	2025-26 Growth	2026-27	2026-27 Growth
<b>Law Enforcement Services</b>	<b>\$3,432.1</b>		<b>\$3,452.4</b>		<b>\$3,556.7</b>	
Trial Court Security Subaccount	\$646.8	2.0	\$648.9	10.4	\$659.3	8.3
Enhancing Law Enforcement Activities Subaccount <sup>1</sup>	\$489.9	401.6	\$489.9	424.2	\$489.9	438.8
Community Corrections Subaccount	\$1,964.7	15.3	\$1,979.9	78.2	\$2,058.1	62.0
District Attorney and Public Defender Subaccount	\$81.5	1.0	\$82.5	5.2	\$87.7	4.1
Juvenile Justice Subaccount	\$249.2	2.0	\$251.2	10.4	\$261.7	8.3
<i>Youthful Offender Block Grant Special Account</i>	\$235.4		\$237.4		\$247.2	
<i>Juvenile Reentry Grant Special Account</i>	\$13.8		\$13.9		\$14.4	
<b>Growth, Law Enforcement Services</b>		<b>421.9</b>		<b>528.4</b>		<b>521.5</b>
<b>Mental Health<sup>2</sup></b>	<b>1,120.6</b>	1.9	<b>1,120.6</b>	9.7	<b>1,120.6</b>	7.7
<b>Support Services</b>	<b>5,293.9</b>		<b>5,329.9</b>		<b>5,513.8</b>	
Protective Services Subaccount	3,064.3	17.0	3,081.3	87.1	3,168.5	69.1
Behavioral Health Subaccount	2,229.6	18.9	2,248.5	96.8	2,345.3	76.8
<i>Women and Children's Residential Treatment Services</i>	(5.1)		(5.1)		(5.1)	
<b>Growth, Support Services</b>		<b>37.8</b>		<b>193.6</b>		<b>153.6</b>
<b>Account Total and Growth</b>	<b>\$10,306.3</b>		<b>\$10,624.8</b>		<b>\$10,866.1</b>	
<b>Revenue</b>						
1.0625% Sales Tax	9,372.1		9,661.6		9,877.4	
General Fund Backfill <sup>3</sup>	42.8		49.1		60.0	
Motor Vehicle License Fee	891.5		914.1		928.7	
<b>Revenue Total</b>	<b>\$10,306.3</b>		<b>\$10,624.8</b>		<b>\$10,866.1</b>	

\*This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

<sup>1</sup>Base Allocation is capped at \$489.9 million. Growth does not add to the base.

<sup>2</sup>Base Allocation is capped at \$1,120.6 million. Growth does not add to the base.

<sup>3</sup>Reflects General Fund backfill pursuant to Chapter 413, Statutes of 2014; Chapter 54, Statutes of 2018; Chapter 690, Statutes of 2019; Chapter 78, Statutes of 2020; Chapter 82, Statutes of 2021; Chapter 225, Statutes of 2022; Chapter 251, Statutes of 2022; Chapter 442, Statutes of 2023; Chapter 833, Statutes of 2023; Chapter 56, Statutes of 2023; Chapter 17, Statutes of 2025; Chapter 27, Statutes of 2025; Chapter 86, Statutes of 2025; and Chapter 212, Statutes of 2025.

FY26/27 Interim Redirection Calculation							
CMSP	26-27 Realignment		Maintenance of Effort	60% Realignment + 60% MOE	Jurisdictional Risk Limitation	Adjustment to CMSP Board	Redirection
	Sales Tax	VLF					
Alpine	\$ 61,193.30	\$ 131,117.95	\$ 21,465.00	\$ 128,265.75	\$ 13,150.00	\$ 115,115.75	\$ 13,150.00
Amador	\$ 929,215.16	\$ 1,862,769.14	\$ 278,460.00	\$ 1,842,266.58	\$ 620,264.00	\$ 1,222,002.58	\$ 620,264.00
Butte	\$ 6,794,903.59	\$ 12,768,723.52	\$ 724,304.00	\$ 12,172,758.67	\$ 5,950,593.00	\$ 6,222,165.67	\$ 5,950,593.00
Calaveras	\$ 1,048,998.38	\$ 2,018,087.89	\$ -	\$ 1,840,251.76	\$ 913,959.00	\$ 926,292.76	\$ 913,959.00
Colusa	\$ 852,277.79	\$ 1,626,510.67	\$ 237,754.00	\$ 1,629,925.48	\$ 799,988.00	\$ 829,937.48	\$ 799,988.00
Del Norte	\$ 955,566.44	\$ 1,863,870.29	\$ 44,324.00	\$ 1,718,256.44	\$ 781,358.00	\$ 936,898.44	\$ 781,358.00
El Dorado	\$ 3,878,503.65	\$ 7,402,768.83	\$ 704,192.00	\$ 7,191,278.69	\$ 3,535,288.00	\$ 3,655,990.69	\$ 3,535,288.00
Glenn	\$ 929,908.23	\$ 1,804,886.65	\$ 58,501.00	\$ 1,675,977.53	\$ 787,933.00	\$ 888,044.53	\$ 787,933.00
Humboldt	\$ 7,006,366.95	\$ 13,156,354.34	\$ 589,711.00	\$ 12,451,459.37	\$ 6,883,182.00	\$ 5,568,277.37	\$ 6,883,182.00
Imperial	\$ 6,891,894.94	\$ 12,897,649.41	\$ 772,088.00	\$ 12,336,979.41	\$ 6,394,422.00	\$ 5,942,557.41	\$ 6,394,422.00
Inyo	\$ 1,273,113.50	\$ 2,460,409.96	\$ 561,262.00	\$ 2,576,871.28	\$ 1,100,257.00	\$ 1,476,614.28	\$ 1,100,257.00
Kings	\$ 3,340,554.83	\$ 6,302,281.11	\$ 466,273.00	\$ 6,065,465.36	\$ 2,832,833.00	\$ 3,232,632.36	\$ 2,832,833.00
Lake	\$ 1,404,966.40	\$ 2,690,741.13	\$ 118,222.00	\$ 2,528,357.72	\$ 1,022,963.00	\$ 1,505,394.72	\$ 1,022,963.00
Lassen	\$ 958,619.42	\$ 1,905,170.54	\$ 119,938.00	\$ 1,790,236.78	\$ 687,113.00	\$ 1,103,123.78	\$ 687,113.00
Madera	\$ 3,341,857.20	\$ 6,247,095.47	\$ 81,788.00	\$ 5,802,444.40	\$ 2,882,147.00	\$ 2,920,297.40	\$ 2,882,147.00
Marin	\$ 7,942,755.58	\$ 15,072,422.41	\$ 1,196,515.00	\$ 14,527,015.79	\$ 7,725,909.00	\$ 6,801,106.79	\$ 7,725,909.00
Mariposa	\$ 533,654.53	\$ 1,040,446.82	\$ -	\$ 944,460.81	\$ 435,062.00	\$ 509,398.81	\$ 435,062.00
Mendocino	\$ 2,080,093.29	\$ 3,954,195.48	\$ 347,945.00	\$ 3,829,340.26	\$ 1,654,999.00	\$ 2,174,341.26	\$ 1,654,999.00
Modoc	\$ 586,358.90	\$ 1,144,265.49	\$ 70,462.00	\$ 1,080,651.83	\$ 469,034.00	\$ 611,617.83	\$ 469,034.00
Mono	\$ 739,736.13	\$ 1,522,416.10	\$ 409,928.00	\$ 1,603,248.14	\$ 369,309.00	\$ 1,233,939.14	\$ 369,309.00
Napa	\$ 3,308,007.60	\$ 6,287,694.86	\$ 546,957.00	\$ 6,085,596.68	\$ 3,062,967.00	\$ 3,022,629.68	\$ 3,062,967.00
Nevada	\$ 2,085,234.87	\$ 3,960,299.85	\$ 96,375.00	\$ 3,685,145.83	\$ 1,860,793.00	\$ 1,824,352.83	\$ 1,860,793.00
Plumas	\$ 919,597.33	\$ 1,721,777.71	\$ 66,295.00	\$ 1,624,602.02	\$ 905,192.00	\$ 719,410.02	\$ 905,192.00
San Benito	\$ 1,232,783.28	\$ 2,385,246.64	\$ -	\$ 2,170,817.95	\$ 1,086,011.00	\$ 1,084,806.95	\$ 1,086,011.00
Shasta	\$ 5,933,199.25	\$ 11,047,073.20	\$ 184,049.00	\$ 10,298,592.87	\$ 5,361,013.00	\$ 4,937,579.87	\$ 5,361,013.00
Sierra	\$ 189,176.24	\$ 371,273.14	\$ 7,330.00	\$ 340,667.63	\$ 135,888.00	\$ 204,779.63	\$ 135,888.00
Siskiyou	\$ 1,592,272.26	\$ 3,062,479.10	\$ 287,627.00	\$ 2,965,427.02	\$ 1,372,034.00	\$ 1,593,393.02	\$ 1,372,034.00
Solano	\$ 8,249,026.11	\$ 15,466,858.89	\$ 115,800.00	\$ 14,299,011.00	\$ 6,871,127.00	\$ 7,427,884.00	\$ 6,871,127.00
Sonoma	\$ 13,793,227.07	\$ 25,738,316.76	\$ 438,234.00	\$ 23,981,866.70	\$ 13,183,359.00	\$ 10,798,507.70	\$ 13,183,359.00
Sutter	\$ 3,211,640.80	\$ 6,144,890.59	\$ 674,240.00	\$ 6,018,462.83	\$ 2,996,118.00	\$ 3,022,344.83	\$ 2,996,118.00
Tehama	\$ 2,136,289.98	\$ 4,099,851.99	\$ 446,992.00	\$ 4,009,880.38	\$ 1,912,299.00	\$ 2,097,581.38	\$ 1,912,299.00
Trinity	\$ 840,571.87	\$ 1,661,130.28	\$ 292,662.00	\$ 1,676,618.49	\$ 611,497.00	\$ 1,065,121.49	\$ 611,497.00
Tuolumne	\$ 1,640,757.69	\$ 3,165,230.92	\$ 305,830.00	\$ 3,067,091.17	\$ 1,455,320.00	\$ 1,611,771.17	\$ 1,455,320.00
Yuba	\$ 2,695,894.60	\$ 5,012,896.28	\$ 187,701.00	\$ 4,737,895.13	\$ 2,395,580.00	\$ 2,342,315.13	\$ 2,395,580.00
Yolo	\$ 1,949,583.18	\$ 4,212,510.01	\$ 1,081,388.00	\$ 4,346,088.71	\$ 943,110.00	\$ 3,402,978.71	\$ 943,110.00
CMSP Board	\$ 60,092,398.71	\$ 185,797,900.55	\$ -	\$ 147,534,179.56	NA	NA	\$ 245,890,299.26
<b>SUBTOTAL</b>	<b>\$ 161,420,199.05</b>	<b>\$ 378,007,613.97</b>	<b>\$ 11,534,612.00</b>	<b>\$ 330,577,455.01</b>	<b>\$ 90,012,071.00</b>	<b>\$ 93,031,204.46</b>	<b>\$ 335,902,370.26</b>

Article 13 60/40	26-27 Realignment		Maintenance of Effort	FY 10-11 Total Realignment		MOE Capped at 14.6% of 10-11 Realignment	Redirection
	Sales Tax	VLF		Sales Tax	VLF		
Placer	\$ 1,963,611.44	\$ 4,073,089.69	\$ 368,490.00	\$ 1,223,351.24	\$ 3,475,002.90	\$ 368,490.00	\$ 3,843,114.68
Sacramento	\$ 17,938,161.38	\$ 37,854,633.14	\$ 7,128,508.00	\$ 11,073,547.81	\$ 32,428,453.58	\$ 6,351,292.20	\$ 37,286,452.03
Santa Barbara	\$ 4,453,372.83	\$ 9,778,823.71	\$ 3,794,166.00	\$ 2,695,565.51	\$ 8,405,681.53	\$ 1,620,782.07	\$ 9,511,787.16
Stanislaus	\$ 6,106,151.15	\$ 12,985,748.68	\$ 3,510,803.00	\$ 3,756,009.76	\$ 11,132,596.16	\$ 2,173,736.46	\$ 12,759,381.78
<b>SUBTOTAL</b>	<b>\$ 30,461,296.80</b>	<b>\$ 64,692,295.22</b>	<b>\$ 14,801,967.00</b>	<b>\$ 18,748,474.32</b>	<b>\$ 55,441,734.17</b>	<b>\$ 10,514,300.74</b>	<b>\$ 63,400,735.65</b>

Article 13 Formula	26-27 Realignment		Health Realignment Indigent Care %	Total Revenue FY 26-27	Total Costs FY 26-27	Savings	Calculated Redirection
	Sales Tax	VLF					
Merced*	\$ 3,215,598.83	\$ 6,508,334.65	43.41%				\$ 4,221,159.52
Tulare	\$ 5,728,688.72	\$ 11,616,750.58	47.88%	\$ 10,586,028.82	\$ 247,748.16	\$ 10,338,280.66	\$ 8,270,624.53
<b>SUBTOTAL</b>	<b>\$ 8,944,287.55</b>	<b>\$ 18,125,085.23</b>		<b>\$ 10,586,028.82</b>	<b>\$ 247,748.16</b>	<b>\$ 10,338,280.66</b>	<b>\$ 12,491,784.05</b>

Article 13 Permanent	26-27 Realignment		Permanent Calculation %	Total Revenue FY 26-27	Total Costs FY 26-27	Savings	Calculated Redirection
	Sales Tax	VLF					
Fresno*	\$ 13,356,961.28	\$ 28,693,430.63	44.38%				\$ 18,661,963.93
Orange*	\$ 32,344,874.97	\$ 62,892,196.41	52.02%				\$ 49,542,324.53
San Diego*	\$ 38,273,019.51	\$ 70,338,922.13	49.33%				\$ 53,578,270.81
San Luis Obispo*	\$ 2,430,568.76	\$ 5,307,181.18	44.45%				\$ 3,439,429.85
Santa Cruz*	\$ 2,976,467.50	\$ 6,624,111.86	46.61%				\$ 4,474,830.04
<b>SUBTOTAL</b>	<b>\$ 89,381,892.02</b>	<b>\$ 173,855,842.21</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 129,696,819.16</b>

DPH	26-27 Realignment		Health Realignment Indigent Care %	Total Revenue FY 26-27	Total Costs FY 26-27	Savings	Calculated Redirection
	Sales Tax	VLF					
Alameda	\$ 20,855,798.69	\$ 46,165,462.84	81.68%	\$ 978,663,018.49	\$ 934,779,436.79	\$ 43,883,581.71	\$ 35,106,865.37
Monterey	\$ 4,316,456.66	\$ 9,503,346.28	51.19%	\$ 309,341,686.14	\$ 305,311,268.11	\$ 4,030,418.02	\$ 3,224,334.42
Riverside	\$ 17,184,862.32	\$ 36,542,184.18	84.44%	\$ 886,092,927.45	\$ 775,440,056.06	\$ 110,652,871.39	\$ 45,367,118.06
Santa Clara	\$ 17,978,450.12	\$ 39,368,379.28	85.00%	\$ 2,107,781,073.62	\$ 1,985,820,354.14	\$ 121,960,719.49	\$ 48,744,804.99
<b>SUBTOTAL</b>	<b>\$ 60,335,567.79</b>	<b>\$ 131,579,372.58</b>		<b>\$ 4,281,878,705.70</b>	<b>\$ 4,001,351,115.10</b>	<b>\$ 280,527,590.60</b>	<b>\$ 132,443,122.84</b>

DPH Permanent	26-27 Realignment		Permanent Calculation %	Total Revenue FY 26-27	Total Costs FY 26-27	Savings	Calculated Redirection
	Sales Tax	VLF					
Contra Costa	\$ 10,684,278.46	\$ 23,457,925.89	0.00%				\$ -
Kern	\$ 9,053,681.97	\$ 19,537,046.86	66.26%				\$ 18,944,216.92
Los Angeles	\$ 165,994,411.59	\$ 369,459,384.61	0.00%				\$ -
San Bernardino	\$ 20,330,736.89	\$ 40,804,513.34	58.54%				\$ 35,788,575.48
San Francisco	\$ 31,664,267.75	\$ 70,474,839.47	0.00%				\$ -
San Joaquin	\$ 7,843,860.36	\$ 16,035,562.74	0.00%				\$ -
San Mateo	\$ 7,432,008.32	\$ 16,370,620.92	0.00%				\$ -
Ventura	\$ 7,043,372.03	\$ 15,301,381.90	80.62%				\$ 18,014,340.62
<b>SUBTOTAL</b>	<b>\$ 380,717,752.95</b>	<b>\$ 834,600,020.89</b>					<b>\$ 72,747,133.03</b>

<b>26-27 Interim Redirection</b>						<b>\$ 746,681,964.99</b>
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