



# 2025–26 Governor's May Revise: County Impacts and Outlook

Presentation by:

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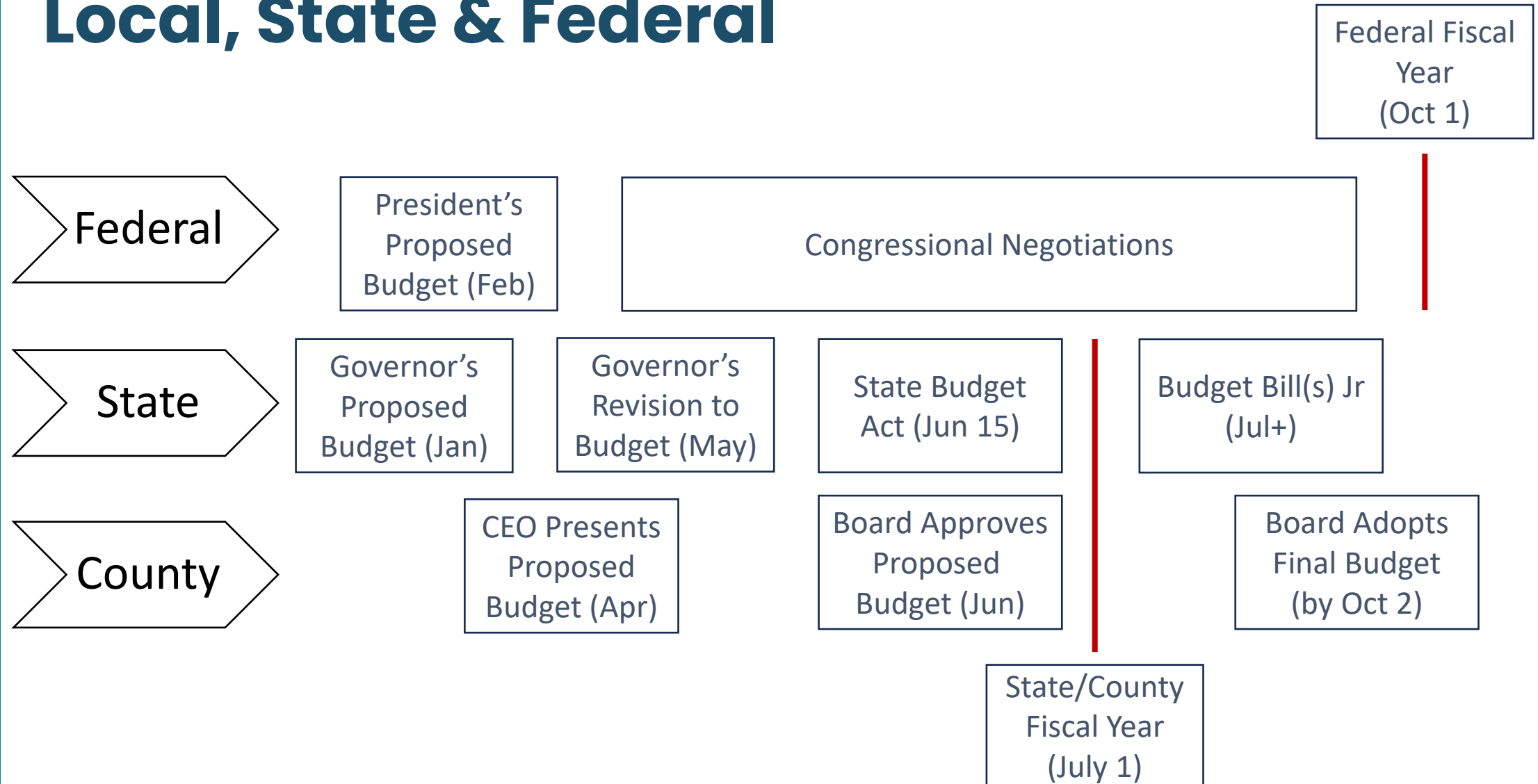
Marcus Pimentel, County Budget Manager

Mónica Morales, Health Services Agency Director

Randy Morris, Human Services Department Director

May 20, 2025

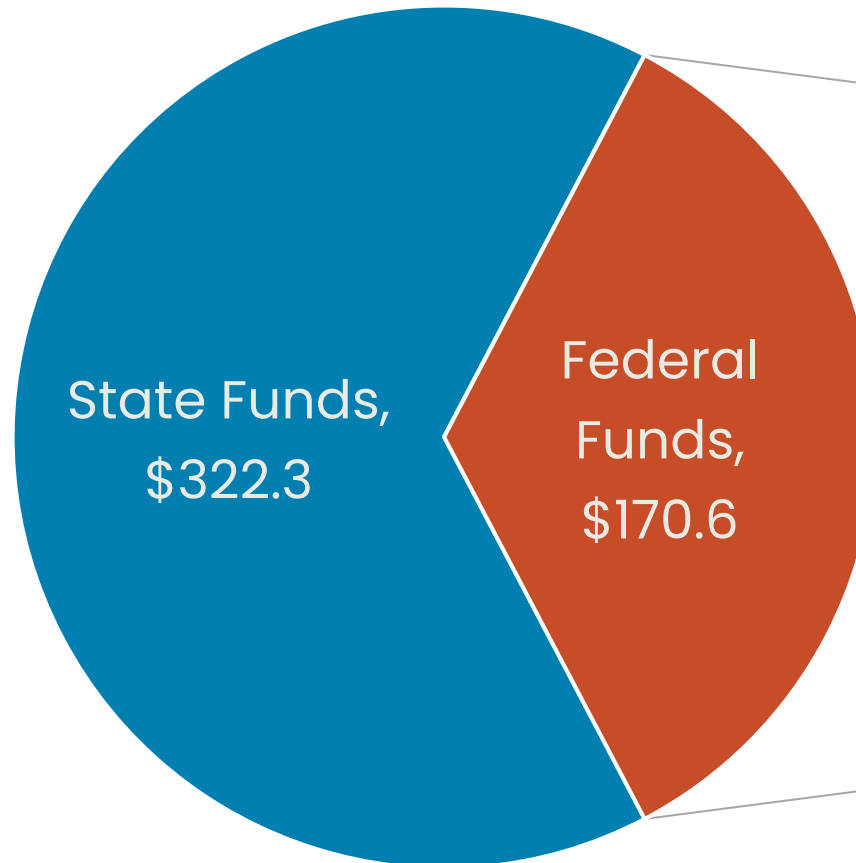
# Budget Timelines: Local, State & Federal



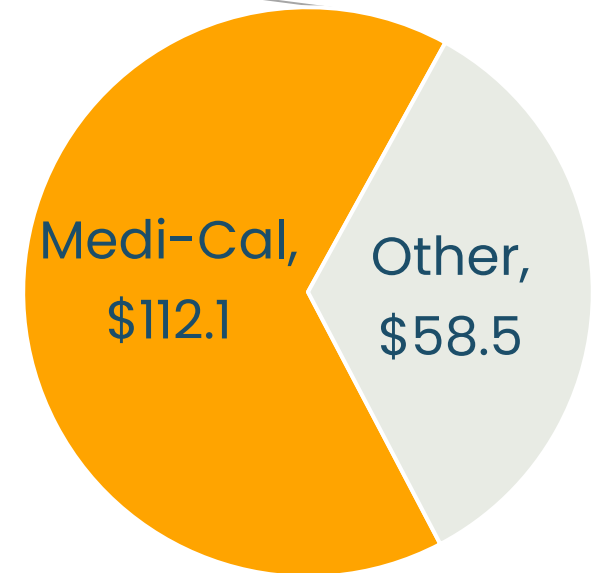
# Federal & State Funding Risks

## State Budget

- Federal funds make up over one-third of the State Budget
- 112.1 Billion in Medi-Cal is from Federal Sources

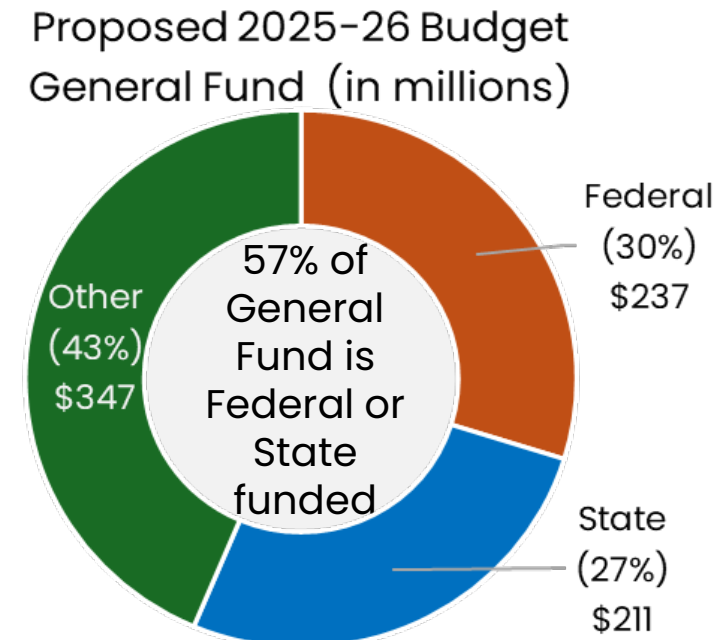
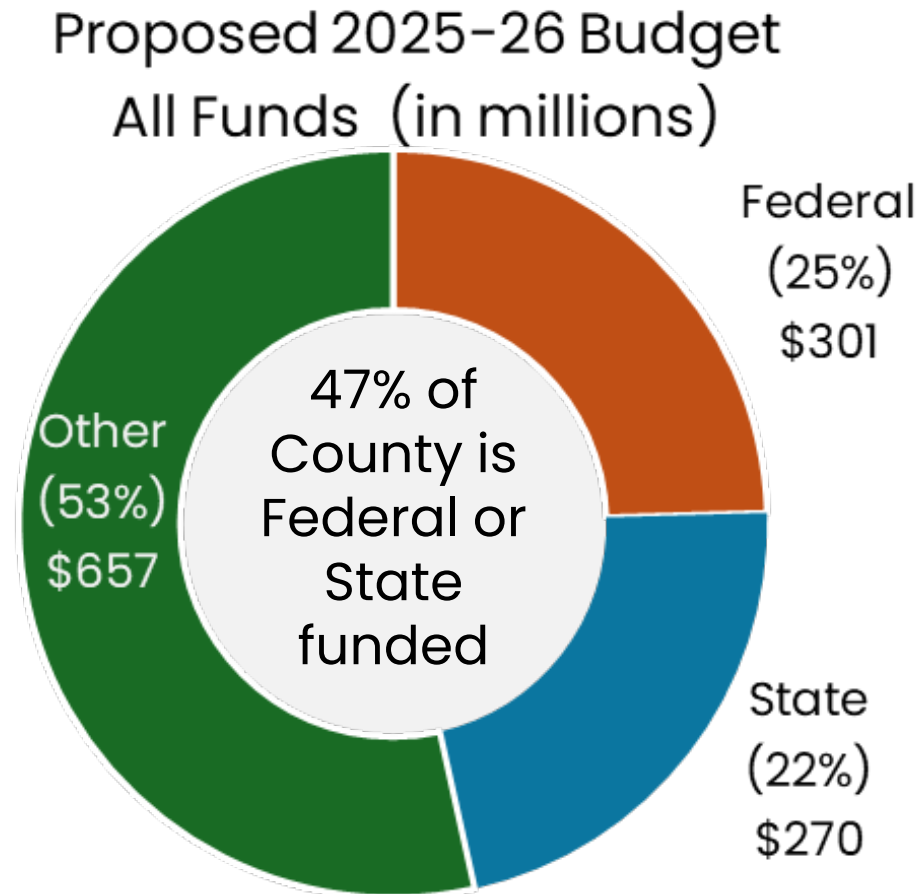


## State Use of Federal Funds



# County Reliance on State & Federal Funding

- The County's exposure to federal funding and policy risk is significant
- Federal funds make up nearly a quarter of the county wide budget and 30% of the General Fund



Included in Federal are budgets for State Medi-Cal & Disaster pass throughs

# Federal Policy REAL Impacts

- **Passport Identification Restrictions**

- Destroy passport application forms that utilize a gender “X” marker
- Replace them with a new form that does not have an option outside of a gender binary

- **Voter Eligibility and Elections Administration**

- Require proof of citizenship to register to vote in federal races
- Mandate all mail-in ballots must be received by Election Day

- **Building Resilient Infrastructure and Community Grant**

- Phase 2 would have provided \$20 million for wildfire risk reduction and \$420,000 to improve Pajaro River levee at the wastewater treatment plant

- **Health Services Grants Eliminated**

- Access to health (\$78k lost)
- Microenterprise Home Kitchen Operation pilot project (\$26k lost)
- Access to immunizations for COVID-19, flu and other vaccine-preventable diseases (\$330k lost)
- Detection and prevention of emerging infectious diseases (fully expended)
- 5.7 FTEs saved with other funding sources

# Federal Budget Proposals

## • 2025 Budget

- Medicaid (MediCal) changes:
  - More frequent eligibility determinations
  - Work requirements
  - Budget neutral demonstration waivers
  - Limit retroactive coverage to one month before application date
  - Freeze provider tax rates

## • 2026 Budget

- 22% funding cut to education, health, housing and labor programs
- >40% funding cut to U.S. Department of Housing and Urban Development
- Program eliminations:
  - Head Start
  - Low Income Home Energy Assistance Program
  - Community Development Block Grant
  - Preschool Development Block Grant
  - Teen pregnancy prevention

# Federal Budget Potential Local Impacts

- Reduced eligibility for public assistance within Medi-Cal, CalFresh and CalWORKS
- At risk funding for housing voucher and like funding that supports 4,000 people
- Reductions within FEMA for individual and agency disaster support

## **Community Impact\*:**

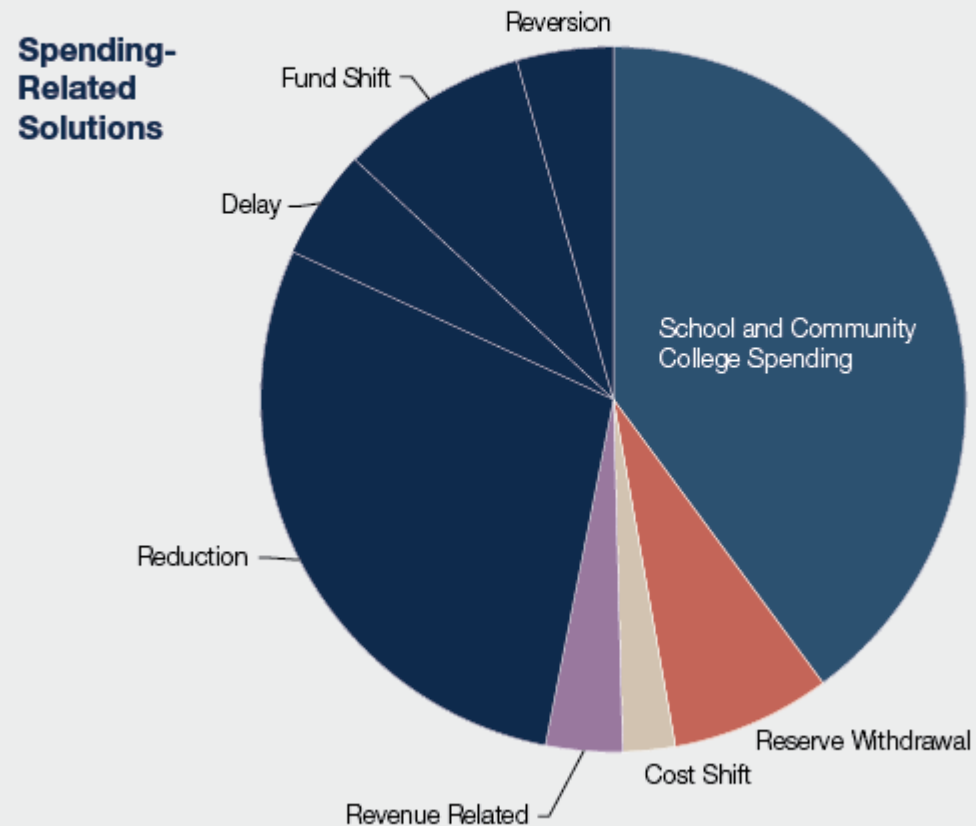
- 30,000 (1 in 3) county Medi-Cal enrollees at risk
- Current recipients:
  - 86,541 in Medi-Cal
  - 43,488 in CalFresh food assistance
  - 4,336 in CalWORKS cash aid

# State Fiscal Outlook

- 321.9B total Budget, \$226.4B General Fund
  - \$12B deficit addressed through spending cuts, loans, and fund shifts
  - Prioritizes long-term savings with cuts to ongoing programs

Figure 1

## How the May Revision Addresses the Deficit





# State Budget Potential Local Impacts

- **Proposed Reductions:**
  - Freeze on Medi-Cal Expansion for undocumented adults
  - Cuts to long-term care, IHSS travel/overtime, and dental for adults 19+
  - Reduces clinical/behavioral health and childcare investments
- **No Funding for Proposition 36 Implementation**



# QUESTIONS?

## THANK YOU

