



SUMMARY OF THE ENACTED STATE BUDGET 2025-2026

<p>OVERALL BUDGET</p>	<ul style="list-style-type: none"> • In January, the Governor’s Budget showed the state was in a better financial position than in recent years, with a balanced budget and a small surplus expected for 2025–26 • The Governor’s Proposed Budget says that new federal tariffs and rising Medi-Cal costs have created a budget shortfall of about \$11.8 billion in 2025-26. It also says the budget doesn’t reflect the impact of substantial cuts from recently passed federal legislation. • The current budget plan includes a mix of spending cuts, borrowing, raising revenue, and moving money around to close the gap.
<p>DEPT. OF DEVELOPMENTAL SERVICES (DDS) AND REGIONAL CENTERS</p>	<ul style="list-style-type: none"> • End implicit bias training, saving \$5.6 million • A reduction to the Self-Determination Program, saving \$22.5 million in 2025-26 and \$45.5 million annually after • End the rate reform hold harmless policy in February 2026 instead of June 2026, saving \$75 million • A cut in funding because of the new requirements to use electronic visit verification, do annual audits, and follow HCBS rules for quality incentives in the rate models, saving \$221.7 million
<p>HEALTH</p>	<ul style="list-style-type: none"> • Starting on or after 1/1/26, stop allowing undocumented adults 19 years or older to sign up for full state-funded health coverage. Saves \$77.9 million in 2025-26 and \$3.3 billion by 2028-29. <ul style="list-style-type: none"> ○ This freeze would not apply to: <ul style="list-style-type: none"> ▪ undocumented individuals who are pregnant ▪ people who are considered “qualified non-citizens” but are still within the five-year waiting period, or ▪ people who say they are “permanently residing under color of law”, a particular immigration category. • Starting 7/1/27, make undocumented individuals 19 years or older pay premiums of \$30/month for their Medi-Cal, saving \$695.7 million in 2027-28 and \$675 million in 2028-29 and annually after • In July 2026, stop paying clinics special higher rates (called “Prospective Payment System rates”) for services provided to undocumented individuals, when those services are paid for by the state only. Instead, clinics will be paid the regular Medi-Cal rates – either the standard fee-for-service rate or the rate negotiated by managed care plans. Saves \$1 billion in 2026-27 and \$1.1 billion in 2027-28 and annually after • Starting 7/1/26, the state will stop paying for regular dental care for undocumented individuals aged 19 years and older, saving \$308 million in 2026-27 and \$336 million annually after. Emergency dental services will still be covered for these individuals.



<p>HEALTH (CONTINUED)</p>	<ul style="list-style-type: none"> • Starting 1.1.26 or after, reinstate Medi-Cal asset limit for seniors and adults with disabilities of \$130,000 for individuals and \$195,000 for couples, saving \$61.3 million in 2025-26, \$562.9 million in 2026-27, and \$827.4 million annually after • Collect drug rebates together (in a group or total amount) for undocumented individuals, saving \$370 million in 2025-26 and \$600 million annually after • Stop covering GLP-1 medications when they are used for weight loss, saving \$85 million in 2025-26 and growing to \$790 million by 2028-29 • Stop Proposition 56 supplemental payments to providers of dental care, saving \$362 million in 2026-27 and annually after • End the Workforce and Quality Incentive Program for skilled nursing facilities and pause the rule that requires them to have backup power for at least 96 hours, saving \$168.2 million in 2025-26, \$280 million in 2026-27, and \$140 million annually after • Increase managed care organization tax and provider payments to support Medi-Cal, by \$9 billion in 2024-2025, \$4.2 billion in 2025-26, and \$2.8 billion in 2026-27
<p>IHSS</p>	<ul style="list-style-type: none"> • Reduce funding by \$40.5 million that was set aside to help counties pay penalties for late IHSS reassessments under the Community First Choice Options program
<p>CHILDCARE AND EDUCATION</p>	<ul style="list-style-type: none"> • Fully expand universal transitional kindergarten (TK) to make it accessible to all four-year-olds in the 2025-26 school year, \$2.1 billion annually • Provides \$515 million to support expanded learning programs, \$480 million in one-time funds to improve literacy skills, \$30 million for Special Olympics over three years, and \$10 million for tools to screen for reading difficulties
<p>HOUSING</p>	<ul style="list-style-type: none"> • Create a new California Housing and Homelessness Agency to coordinate efforts impacting housing and homelessness, which will include the Dept. of Housing and Community Development, the CA Interagency Council on Homelessness, the CA Housing Finance Agency, the Civil Rights Department, and the Housing and Development and Finance Committee • Provide \$416.6 million in one-time federal funds to help with long-term recovery from natural disasters in 2023 and 2024 • Provide \$200 million over two years from Proposition 35 for rental help and housing support for people with serious behavioral health issues who are homeless or at risk of homelessness, to help them find and keep stable housing • Allocate \$209.4 million one time for housing programs with the Dept. of Social Services, including \$83.8 million for the Home Safe Program, \$81 million for the Bringing Families Home Program, and \$44.6 million for the Housing Disability Advocacy Program



Note: a new term is being used in budget documents, “unsatisfactory immigration status”, which means individuals whose immigration status is undocumented. You may start to see this phrase in other places.

Budget Resources

- [2025-2026 May Revision](#)
 - <https://ebudget.ca.gov/2025-26/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf>