



COUNTY OF MENDOCINO

Board of Supervisors

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June 19, 2026

The Honorable Monique Limón
Senate President Pro Tempore
1021 O Street, Suite 8518
Sacramento CA, 95814

The Honorable John Laird
Chair, Senate Committee on Budget
and Fiscal Review
1021 O Street, Suite 8720
Sacramento CA, 95814

The Honorable Roger Niello
Vice Chair, Senate Committee
on Budget and Fiscal Review
1021 O Street, Suite 7110
Sacramento CA, 95814

The Honorable Mike McGuire
State Capitol
1021 O Street, Suite 8518
Sacramento, CA 95814

RE: County of Mendocino 2026-27 State Budget Priorities

Dear President Pro Tempore Limón, Senator Laird, and Senator Niello, and Senator McGuire,

The County of Mendocino values the Legislature's partnership and commitment to prioritize resources that support counties in delivering the services California's communities rely on. There is no bigger priority for the County of Mendocino than to address the fiscal challenges the state and counties face and meet our shared responsibility to protect the safety and well-being of Californians.

While building reserves and addressing budget deficits are necessary, the County of Mendocino continues to stress that the budget must also mitigate impacts on California's communities, particularly those associated with H.R. 1. Without additional support from the state, we will be forced to mitigate these impacts at the expense of other essential public services, including public safety, fire response, elections and more, leaving counties facing significant challenges in delivering the services Californians need and deserve.

As you negotiate a final budget agreement, the County of Mendocino respectfully requests the following to be included in the final 2026-27 State Budget.

County HHS H.R. 1 Impacts

As passed on June 15, 2026, via AB 109, the Legislature's budget plan provides additional funding above the May Revision to support counties in protecting safety net services for vulnerable Californians, including funding for the county eligibility

workforce, indigent care and public hospital systems. Without these investments, we will be unable to provide critical medical care and nutrition assistance on behalf of the state and millions of Californians will suffer.

(1) County Indigent Care Programs: Adopt the Legislature's Action that Provides \$125 million General Fund for an Indigent Care/Emergency Only Medi-Cal Program

AB 109 provides \$125 million General Fund in 2026-27 for the creation of an emergency only program for the indigent care population that will lose full-scope Medi-Cal due to H.R. 1 community engagement requirements. This funding will help ensure continued access to health care services for hundreds of thousands of Californians while the state develops a long-term approach to meeting the health care needs of medically indigent individuals.

(2) Public Hospital Systems: Adopt the Legislature's Action that Provides \$250 million General Fund for Public Hospital Systems

Regarding the fiscal challenges that public hospitals will face under H.R. 1, AB 109 provides \$250 million in 2026-27 for public hospital system support. This funding will enable public hospitals to continue to provide quality services to all members of their communities, regardless if they receive state or federal health care.

(3) County Eligibility Workforce: Adopt the Legislature's Action that Provides \$459 million General Fund for County Eligibility Work

AB 109 increases investments beyond what was included in the May Revision to help people maintain their Medi-Cal coverage and CalFresh benefits. Taken together, the Legislature is providing \$459 million General Fund for county eligibility workload and administration related to H.R. 1 implementation in 2026-27, with multi-year expenditure authority.

Funding for Distressed Hospitals

Adopt the Legislature's Action to Fund up to \$190 million General Fund, Upon Approval of the Department of Finance, for Additional Loans Through the Existing Distressed Hospital Loan Program

Hospitals in California, particularly those in rural areas, are facing significant financial pressures, due to the impacts of H.R. 1, which will reduce health care coverage and increase uncompensated care, limit bargaining power with health plans, and challenge maintaining their workforce.

In-Home Supportive Services (IHSS)

Adopt the Legislature's Action to Reject the IHSS Cost Shift Proposal

AB 109 rejects the Administration's proposal that would shift costs to counties for hours per case growth within the IHSS program. This cost shift is estimated to result in increased county costs of \$360.6 million starting in 2027-28 and growing each year. The

County of Mendocino opposes this proposal because it would undermine the existing IHSS fiscal structure, misdiagnose the cause of hours growth, and negatively impact IHSS recipients and providers.

Medi-Cal Mobile Crisis Benefit

Adopt the Legislature's Action to Reject the Administration's Proposal to Make Mobile Crisis a County-Optional Medi-Cal Benefit and Instead Provide \$125 million from the 988 Special Fund and \$53 million in Proposition 35 (MCO Tax) Funding for Mobile Crisis Services

Medi-Cal mobile crisis is currently a statewide benefit, preventing hospitalizations and law enforcement encounters with people who need behavioral health services in the community. The Administration's proposal to make it a county-optional benefit would shift the costs to counties, which are already struggling with flat realignment funding and the impacts to county finances from H.R. 1. [Describe how this funding and/or lack thereof will impact your county]

Homeless Housing, Assistance, and Prevention (HHAP) Program

Build Upon the Legislature's Action to Fund HHAP at \$900 million General Fund in 2026-27 by Reinstating Intent Language to Fund an Additional \$1 billion General Fund for HHAP in 2027-28, and Pass Trailer Bill Language (TBL) to Streamline Distribution of Funding by September 1, 2026

AB 109 provides an additional \$400 million General Fund for Round 7 of HHAP, in addition to the \$500 million already appropriated. The \$900 million General Fund in total funding is almost the full amount counties advocated for in 2026-27. The Legislature's budget plan also includes placeholder TBL to implement the funding. The County of Mendocino looks forward to working with you and the Legislature to ensure that there is streamlined distribution of Round 7 funding by September 1, 2026, and that new funding requirements are appropriate, realistic, and not administratively burdensome.

Proposition 36

Build Upon the Legislature's Action on Proposition 36 Funding

AB 109 allocates \$50 million one-time General Fund to support the implementation of Proposition 36 and language that indicates the allocation will be determined in future legislation.

The inclusion of funding for local implementation of Proposition 36 in the Legislative Plan is a strong first step in recognizing the will of the voters in passing the initiative and the ongoing challenges counties face in delivering necessary services. However, the County of Mendocino must continue to reinforce the dire need for ongoing funding across multiple impacted county departments, with a particular demand for recovery support services and building out treatment capacity.

Victims of Crime Act (VOCA)

Adopt the Legislature's Action to Provide \$50 million for VOCA Funding

AB 109 includes \$50 million one-time General Fund to supplement funding for VOCA, an increase of the \$25 million General Fund proposed in the May Revision, to support counties and other service providers in maintaining critical victim services for thousands of survivors statewide.

Indigent Defense

Adopt the Legislature's Action to Provide \$5 million one-time General Fund for an Indigent Defense Pilot Program

AB 109 provides \$5 million one-time General Fund for an indigent defense pilot program, geared towards supporting counties in disproportionately impacted areas of the state, who have demonstrated a willingness to improve their systems of indigent defense.

Development Impact Fees

Adopt the Legislature's Action to Defer the Development Impact Fee Proposal

The Legislature's budget plan defers action on the Administration's Development Impact Fee TBL proposal, which would discourage or prohibit county development impact fees assessed on affordable housing projects. The County of Mendocino imposes 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.

Sustainable Aviation Fuel Tax Credit

Reject the Sustainable Aviation Fuel Tax Credit Proposal's Inclusion in the Final Budget Agreement

The Legislature's budget plan adopts the Administration's Sustainable Aviation Fuel Tax Credit proposal, which would divert diesel excise tax revenues away from the roads, bridges, freight corridors, and local streets they are intended to support. This proposal is estimated to reduce diesel excise tax revenues by as much as \$165 million per year initially, growing to \$300 million annually over time. This translates to an annual reduction of between \$25 million to \$90 million in state funds counties receive through the Local Streets and Roads program. Some estimates suggest that revenue reductions could be even higher depending on how many oil refiners take advantage of the program.

Workers' Compensation – Subsequent Injuries Benefits Trust Fund (SIBTF)

Adopt the SIBTF TBL as Introduced by the Administration in January

The Legislature's budget plan adopts the Administration's SIBTF proposal as placeholder TBL. The County of Mendocino is in support of the SIBTF TBL and believes it is critical to adopt the language as it read when it was introduced in January.

Thank you for considering the County of Mendocino's position on the above budget issues. We urge the Legislature and Administration to meet this moment and stand with counties to protect the essential services millions of Californians rely on every single day.

Respectfully,



Bernie Norvell, Chair
Mendocino County Board of Supervisors

CC : Honorable Members, Senate Committee on Budget and Fiscal Review
Mariana Corona Sabeniano, Chief of Staff, Office of Senate President pro Tempore
Monique Limón
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Misa Lennox, Policy Director, Office of Senate President pro Tempore, Monique Limón
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