



**2026-27 End of Session
State Budget Highlights**
September 3, 2026

As the 2026-27 Legislative Session came to a close, the Legislature acted upon the remaining budget trailer bills, concluding negotiations that took place throughout the summer.

Below are some key highlights of the final budget action, by topic area, that may be of interest to California's rural counties. Some of these measures acted on by the Legislature are still awaiting the Governor's signature, as of this writing.

Forest and Public Lands Stewardship

The Budget Act of 2026 includes the smallest investment in wildfire mitigation and forest resilience since 2019 at \$447.5 million. Of these funds, \$118 million is set to come from the Greenhouse Gas Reduction Fund (GGRF), an increase of \$80 million from the Governor's Proposed 2026-27 May Budget Revision. Of note for counties, \$70 million of the GGRF is slated for local assistance programs.

In addition, \$329.5 million in additional funds from Proposition 4 were approved for various wildfire mitigation programs.

The final package also includes a 2-year extension of provisions to provide parity in sheepherder and goat herder wages. The provisions previously expired on July 1, 2026, and would have severely impacted prescribed grazing operations for fuels treatment had they not been reinstated.

Finally, the Budget Act of 2026 includes permanent state income tax exemptions for residents that receive grant assistance to fire harden their properties.

Healthcare and Social Services

Below are highlights from the August 2026 end-of-session budget package:

H.R. 1 / County Indigent Care

- **Does not include the requested \$100 million in county bridge funding** to help counties prepare their indigent care systems for increased demand resulting from the federal H.R. 1 Medicaid changes.
- **Does not include the requested AB 85 trailer bill changes** intended to provide counties greater flexibility to retain and use local indigent care resources as the number of uninsured Californians increases.
- The AB 85 proposal sought to temporarily modify the existing state redirection of county health realignment revenues, allowing counties to retain a greater share of those funds to support their statutory responsibility to provide care to medically indigent adults.
- The Administration rejected the AB 85 proposal based on its General Fund cost.
- While neither of the county funding proposals were adopted, the final package does include funding to begin tracking H.R. 1's effects on the uninsured population and county health systems.

Federal H.R. 1 / Medi-Cal Implementation

- Provides additional resources to the Department of Health Care Services (DHCS) to implement the federal Medicaid changes enacted through H.R. 1.
- Includes \$17.5 million for DHCS state operations and an additional \$15.549 million appropriation for implementation of federal Medicaid eligibility provisions.

Uninsured Population and Health Care Utilization Reporting

- Provides \$1 million to the California Health and Human Services Agency (CalHHS) to partner with the University of California to evaluate changes in insured and uninsured populations and health care utilization associated with H.R. 1.
 - The evaluation will examine impacts on emergency departments, clinics, county hospitals, and county indigent health programs, among other health care settings.
 - Research must include county surveys, interviews with providers and beneficiaries, and analysis of health care enrollment data.

- CalHHS must submit a report to the Legislature's budget committees by March 31, 2027.

While this does not provide immediate fiscal relief, the reporting requirement should help document H.R. 1's impacts on counties and inform future state budget discussions regarding indigent care funding.

State-Only Dialysis Coverage

- Provides \$8 million from the Health Care Affordability Reserve Fund to support outpatient maintenance dialysis for individuals with chronic dialysis needs/end-stage renal disease, including medically necessary transportation. Funding is expected to increase to approximately \$37 million in subsequent years.

988 Behavioral Health Crisis System

Increases funding for the 988 State Suicide and Behavioral Health Crisis Services Fund from approximately \$32 million to \$57 million, an increase of \$25 million.

Land Use

Included in the Budget Act of 2026 is \$20 million in Greenhouse Gas Reduction Fund (GGRF) available to the State Resources Board for grants to local governments for planning related changes needed to implement various legislative mandates, including updates to environmental justice elements, regional transportation planning and community emissions reduction plans. Funds must be appropriated in consultation with the Office of Land Use and Climate Innovation, the Department of Housing and Community Development, and other applicable state agencies.

Water and Wildlife

The Budget Act of 2026 includes \$2.5 million to compensate livestock producers for losses related to gray wolf presence. The final package also includes an additional \$2.5 million to augment gray wolf management resources for the California Department of Fish and Wildlife.

To learn more about the trailer bill content, visit the [Department of Finance](#) website. View the language of 2026 Budget Act Chaptered Trailer Bills [here](#).