



LOS ANGELES COUNTY

ENACTMENT OF THE 2025 STATE BUDGET ACT AND OUTCOME OF ADVOCACY ITEMS AND ITEMS OF INTEREST

EXECUTIVE SUMMARY



JULY 31, 2025

OVERVIEW

The following summary provides a final update on the Fiscal Year (FY) 2025-26 State Budget process.

On June 27th, Governor Gavin Newsom signed into law Senate Bill (SB) [101](#), the main budget bill, as well as two budget bill jr.'s, Assembly Bill (AB) [102](#) and [SB 103](#). On July 29, 2025, the Governor signed a third budget bill jr., [AB 104](#), which includes technical changes to the State Budget. These four budget bills, along with 22 budget trailer bills, include the major provisions of the FY 2025-26 State Budget, also referred to as the 2025 State Budget Act.

The 2025 State Budget Act addresses a \$12.3 billion State General Fund (SGF) deficit. However, despite the challenging fiscal environment with a multibillion-dollar shortfall and intense negotiations, the County was successful in advocating to preserve key funding and safeguard public health, safety, and opportunity for all Angelenos. The County's advocacy efforts also contributed directly to the preservation or restoration of critical funding and services, including:

- **Wildfire Disaster Relief** – Secured approximately \$600 million in State disaster relief funding to support the County's recovery from the 2025 fires. This funding will help offset property tax losses for two years, significantly reducing the County's financial risk if federal aid is delayed or denied. The County worked closely with legislative and administration leaders to strategically secure this funding ahead of State budget negotiations to intentionally avoid competition with other statewide budget priorities.
- **Wildfire Preparedness** – Secured two-year funding to sustain operations of the LA County Fire Camps.
- **CalWORKs Single Allocation** – Rejection of the Governor's proposed \$94.7 million reduction.

- **Child Welfare Programs** – While partial reductions remain, the County helped preserve funding levels that support the Emergency Child Care Bridge Program (\$63.7 million) and Family Urgent Response System (\$22 million), both essential for foster youth and their caregivers.
- **Homelessness and Housing Services** – Helped secure \$83.8 million for Home Safe, \$81 million for Bringing Families Home, and \$44.6 million for the Housing and Disability Advocacy Program in one-time investments.

Because the 2025 State Budget Act was approved in late June, it does not reflect the impact of the substantial cuts in federal spending included in H.R. 1, the federal omnibus tax and spending bill (also referred to as "reconciliation") enacted on July 4, 2025.

DOF reports that “because the Budget was approved in late June, it does not reflect the impact of the substantial cuts in federal spending included in the federal omnibus tax and spending bill signed in early July (otherwise known as “reconciliation”). The Administration continues to evaluate the impacts of this measure and will work with the Legislature if any changes to the Budget are necessary.”

The CEO Legislative Affairs and Intergovernmental Relations Branch will continue to monitor any developments and provide updates.

FINAL OUTCOME OF ALL STATE BUDGET ITEMS

Below is a summary, final outcome, and County impact analysis of each of the State budget items the County sponsored, had an official advocacy position on, or that are of major interest to the County.

COUNTY-SPONSORED STATE BUDGET ITEMS

- [Los Angeles County Fire Camp Contract](#) – The County sponsored a budget request of \$4.8 million annually to maintain the State’s fire suppression services contract with the County. The Legislature’s Budget proposed \$4.8 million in ongoing funding for County fire camp operations.



Final Outcome: The 2025 State Budget Act approves funding for two fiscal years (FY 2025-26 and FY 2026-27).

County Impact: The Fire Department (Fire) reports that securing two-year funding is critical for public safety, particularly due to the location of the fire camps within High Fire Hazard Severity Zones. This Office, in conjunction with Fire, will pursue an ongoing funding solution for sustaining County fire camp operations.

COUNTY-SUPPORTED STATE BUDGET ITEMS

HEALTH, BEHAVIORAL HEALTH AND PUBLIC HEALTH

- [MyCAvax System](#) – The May Revision proposed to allocate \$31.45 million in new SGF funding to sustain the MyCAvax system to support the maintenance and operations of multiple information technology systems that support statewide vaccine distribution, appointment scheduling, vaccine clinic management, and vaccination records management and sharing.

Final Outcome: The 2025 State Budget Act approves the May Revision proposal.

County Impact: This funding sustains a critical State vaccine management, ordering, and scheduling system for local health jurisdictions. It prevents the need for significant local investment in a novel system.

- [AIDS Drug Assistance Program \(ADAP\)](#) – The End the Epidemic Coalition requested incorporating three investments into ADAP, to authorize: \$60 million for sustaining vital HIV-prevention efforts; \$9 million in FY 2025-26, and \$18 million in FYs 2026-27 and 2027-28, for disease-investigation specialists; and \$1 million in 2025-26 and \$1 million in 2026-27 to support the purchase of rapid hepatitis C virus testing equipment.

Final Outcome: The 2025 State Budget Act allocates \$75 million from the ADAP Rebate Fund to support programs experiencing loss of federal funding.



County Impact: This funding will provide a partial backfill of critical HIV prevention funding for the Department of Public Health-contracted HIV service providers. Only \$65 million of the \$75 million allocated in the State Budget will be available to supplement or fund services, programs, or initiatives for which federal funding has been reduced or eliminated as a result of federal policy actions.

Per [AB 116](#), the Health omnibus budget trailer bill (BTB), "if the federal funding that was reduced or eliminated is restored by the federal government, funding made available under this paragraph shall be repaid to the ADAP Rebate Fund within 180 days. A repayment process shall be established by the department, in consultation with the Department of Finance. A local public health agency or community-based organization that has received funding made available under this paragraph shall not be required to repay the funding until it has received the restored federal funding."

The remaining \$10 million is available to fund State and local disease intervention specialists (\$9 million) and for the State to purchase rapid Hepatitis C Virus (HCV) testing equipment for distribution to local health departments and community-based organizations (\$1 million) based on need in the specific geographic area.

HOUSING AND HOMELESSNESS

- [Homeless Housing Assistance and Prevention \(HHAP\) Program](#) – The California State Association of Counties (CSAC), the Big City Mayors Coalition, the League of California Cities (CalCities), and the Bring California Home Coalition requested at least \$1.0 billion in ongoing State funding to continue the HHAP program at current funding levels.

Final Outcome: The 2025 State Budget Act appropriates \$500 million for a seventh round of the HHAP program in FY 2026-27 and requires legislation to govern the administration of the new HHAP allocation.

County Impact: The funding provides an additional year of HHAP assistance for counties, large cities, and Continuums of Care. However, according to the CEO-Homeless Initiative (CEO-HI), the one-year gap in



the HHAP 7 appropriation, coupled with the 50 percent reduction in total HHAP 7 funding (compared to HHAP 6), will increase the size of the HHAP-funded permanent supportive housing and transition-aged youth caseload cliffs the County will face. CEO-HI reports that if the future legislation required by SB 131, includes a protracted HHAP 7 application and contracting process and a two-tranche distribution similar to HHAP 6, the County would not receive their initial disbursements for HHAP 7 until Spring 2028, at the earliest. As a result, the County will face a significant HHAP funding gap that will require the County to significantly reduce HHAP funding services.

- [California Department of Social Services](#) – (CDSS) Homeless Services Program – The California Welfare Directors Association (CWDA) requested \$296.3 million in ongoing SGF to continue funding for four CDSS housing and homeless services programs:
 - \$55.1 million for Bringing Families Home (BFH);
 - \$53.1 million for Home Safe;
 - \$117.0 million for the CalWORKs Housing Support Program (HSP); and
 - \$71.1 million for the Housing and Disability Advocacy Program (HDAP)

Final Outcome: The 2025 State Budget Act allocates:

- \$81 million in one-time funding for BFH to continue housing support for those in Foster Care;
- \$83.8 million in one-time funding for Home Safe to continue housing support for those involved in Adult Protective Services (APS);
- \$44.6 million in one-time funding for the HDAP for housing support for seniors and people with disabilities.

County Impact: This one-time funding sustains, for a limited time, critical County-administered housing and case management services for vulnerable populations, including families, older adults, and adults with disabilities.

- The Department of Children and Family Services (DCFS) and the Los Angeles County Development Authority (LACDA) report that the \$81 million in statewide funding for BFH will allow counties to continue to serve families and children in the program as the funding will be available for encumbrance or expenditure until June 30, 2028. The



- distribution of the funding among the 58 counties will be announced by CDSS via a County Fiscal Letter in the coming weeks.
- The Aging and Disabilities Department reports that the \$83.8 million in statewide funding for the Home Safe program will allow counties to continue supporting the safety and housing stability of clients currently served in the APS program through June 30, 2028.
 - [Encampment Resolution Funding Expenditure Timeline Extension](#) – The Administration proposed trailer bill language (TBL) related to the Encampment Resolution Funding (ERF) program that would establish the deadline for expending and obligating grant awards based on the date of the award, rather than the date of appropriation as currently required.

Final Outcome: The 2025 State Budget Act adopts TBL, adjusting the expenditure and obligation deadlines for the program.

County Impact: The adopted TBL will provide the County with additional time to fully obligate and expend \$51.5 million in Encampment Resolution Funds for housing and services for people experiencing homelessness in six encampment zones in the County. With this funding, the County is expected to support close to 600 people as they transition from encampment settings to interim and permanent housing.

JUSTICE / PUBLIC SAFETY

- [Victims Services](#) – The January Proposed Budget included \$100 million in one-time SGF to shore up victim services statewide, explicitly aimed at offsetting an expected shortfall in federal Victims of Crime Act (VOCA) funds.

Final Outcome: The 2025 State Budget Act maintains the \$100 million in supplemental one-time funding for VOCA in FY 2025-26 to supplement decreasing federal funding supporting a variety of services for victims of crime.

County Impact: The District Attorney's Office reports that continued VOCA funding enables the County's provider network to provide



domestic violence shelter and housing, legal and other services of domestic violence, sexual assault, and human trafficking.

- [Jails to Jobs Budget Request](#) – Assemblymember Elhawary submitted a budget request, sponsored by the Vera Institute, for \$36.6 million over three years that would increase funding for adults involved in the justice system, with an emphasis on care, development, alternatives to incarceration, community-based violence prevention, and community reintegration pathways.

Final Outcome: The 2025 State Budget Act did not include funding for this budget request.

County Impact: No County impact.

CHILD WELFARE

- [Foster Family Agencies \(FFAs\)](#) – Assemblymember Ramos and Senator Durazo submitted a \$42.2 million State budget request, sponsored by the California Alliance of Child and Family Services (CA Alliance), to help stabilize California's 220 FFAs and protect placements for the more than 7,400 foster youth they serve. Without this support, FFAs risk closure and downsizing due to the ongoing insurance crisis, which could jeopardize essential services and stable homes for thousands of children and the families who care for them.

Final Outcome: The 2025 State Budget Act approved \$31.5 million (\$23 million in SGF) in bridge funding for FFAs to prevent FFA closures, including matching federal funds.

County Impact: No direct impact to the County as the funding will go to the FFAs. According to [AB 102](#), the funding will be administered by the California Department of Social Services using criteria and a methodology developed in consultation with the California Alliance of Child and Family Services and the County Welfare Directors Association of California.



ENVIRONMENT AND INFRASTRUCTURE

- [Exide Facility Cleanup Funding](#) – The May Revision proposed to repurpose \$35 million from unused funds to the Lead-Acid Battery Cleanup Fund for the cleanup of residential properties with lead contamination near the former Exide lead-acid battery recycling facility in Vernon, California.

Final Outcome: The 2025 State Budget Act approves the May Revision proposal. It also approved \$40 million in SGF as a loan to the Toxic Substances Control Account to fund continued cleanup activities at the Exide facility. This proposal also includes language to allow funding for residential cleanup or facility remediation.

County Impact: This funding will enable the California Department of Toxic Substances Control (DTSC) to continue the remediation of contaminated soils in the neighborhood surrounding the former Exide facility until at least December 31, 2026. The Departments of Public Works and Public Health provide ancillary services based on DTSC remediation activities.

- [Funding for the LA28 Olympics](#) – The May Revision proposed \$17.6 million in one-time funding from the State Highway Account to support transportation project planning associated with the 2028 Olympic Games, including work on the Games Route Network project.

Final Outcome: The 2025 State Budget Act approves \$1,000 from the State Highway Account in FY 2025-26 to plan and design a transportation network that supports the Los Angeles 2028 Olympics and Paralympics Games, including work on the Games Route Network project. DOF may authorize up to \$20 million in augmentation.

County Impact: This funding is anticipated to flow to and through LA Metro for implementing transportation improvements along selected roadways and highways to improve regional vehicle transportation between Olympic Games venues which may otherwise cross through unincorporated neighborhoods.



GENERAL GOVERNMENT

- [California Film and Television Tax Credit](#) – The January Proposed Budget proposed to increase the annual credit amount for the California Film and Television Tax Credit 4.0 program from \$330 to \$750 million.

Final Outcome: The 2025 State Budget Act adopts the January Proposed Budget proposal.

County Impact: While there is no immediate operational impact to the County, the Department of Economic Opportunity (DEO) notes that the combination of strategies and incentives at both the State and County level is the best approach to retaining and attracting more film and television production in the region, getting production workers back on set, and contributing to increased economic impact.

- [AB 27 \(Schiavo\) Personal Income Tax Law: Corporation Tax Law: Chiquita Canyon Elevated Temperature Landfill Event: Exclusions](#) – On May 13, 2025, the Board adopted a motion to support AB 27, which would, among other things, not include as gross income, any Chiquita Canyon elevated temperature landfill event payment amount received by a taxpayer for taxable years beginning on or after January 1, 2024, and before January 1, 2029.

Final Outcome: The 2025 State Budget Act adopts language similar to AB 27 to exclude from income for State tax purposes all settlements paid in tax years 2024 through 2028 related to the Chiquita Canyon elevated temperature landfill event. The policy is estimated to reduce State revenues by \$600,000 in FY 2024-25.

County Impact: No direct impact to the County.



COUNTY-OPPOSED STATE BUDGET ITEMS

HEALTH, BEHAVIORAL HEALTH AND PUBLIC HEALTH

- [Medi-Cal](#) – The May Revision proposed the following changes to Medi-Cal:
 - The freezing of new enrollment in full-scope State-only Medi-Cal coverage for individuals, regardless of immigration status, aged 19 and over;
 - The implementation of a State-only \$100 monthly premium for individuals with unsatisfactory immigration status, aged 19 and older; and
 - The reinstatement of the Medi-Cal asset limit for seniors and disabled adults of \$2,000 for an individual or \$3,000 for a couple.

Final Outcome: The 2025 State Budget Act:

- Modifies the May Revision proposal to freeze enrollment in Medi-Cal for individuals with unsatisfactory immigration status, ages 19 and older, beginning January 1, 2026, by including a six-month re-enrollment grace period and clarifying that an individual cannot "age-out" of the program;
- Modifies the May Revision proposal to implement a \$100 per-month premium for full-scope Medi-Cal, for individuals with unsatisfactory immigration status, ages 19 and over, by reducing it to a \$30 per-month premium instead, effective July 1, 2027, for ages 19 to 59.
- Rejects the May Revision proposal to set the Medi-Cal asset test limit at \$2,000 for individuals or \$3,000 for couples, by reinstating it at \$130,000 for individuals and \$195,000 for couples.

County Impact: According to preliminary projections, between 135,000 to 227,000 individuals in the County could potentially lose Medi-Cal coverage due to these three provisions. Since the counties are still responsible for providing medical and behavioral health services to uninsured residents, the loss of Medi-Cal revenues would effectively shift the cost of providing these services back to the County, which will require other sources of funding. Additionally, it is not known if individuals who lose their coverage will be able to continue receiving care from their current providers, including community clinic partners and County contracted providers. If these individuals lose access to



their community clinic provider, they may seek access from County clinics. The financial pressures and increased patient load on County facilities will potentially impact service capacity, timely access to care, and result in delays in care. These changes will also disproportionately impact the most medically fragile members of the community, leading to worsening health outcomes and more frequent use of the emergency departments.

- [Incompetent to Stand Trial \(IST\) Infrastructure Grant Program Reduction](#) – The May Revision proposed a one-time \$232.5 million SGF reduction from unspent grant funds for counties to increase residential treatment housing capacity for individuals designated IST.

Final Outcome: The 2025 State Budget Act approves the May Revision proposal.

County Impact: This funding reduction will likely cap the number of beds funded to serve the felony IST (FIST) population, which will potentially have negative impacts on the County. These State funds are critical for the provision of the appropriate level of care in the appropriate setting for the FIST program, which has demonstrated reductions in recidivism compared to individuals released without care. The County has 1,005 State-funded beds for this program, with the current contract calling for an addition of approximately 270 more beds over the next two fiscal years. However, this will not be possible to achieve without the additional funding. Additionally, freezing the funding at the current level likely will prohibit the County to secure higher rates and could risk providers declining to contract with the County if they are not able to cover their operational costs.

JUSTICE

- [Reduction in Proposition 47 Savings](#) – The May Revision identified \$91.5 million in eligible savings for FY 2025-26 for the Safe Neighborhoods and Schools Fund. This represented a reduction of \$3.2 million in Prop 47 savings from FY 2024-25.



Final Outcome: The 2025 State Budget Act maintained estimates from the May Revision, citing net SGF savings of \$91.5 million in FY 2025-26, a reduction of \$3.2 million in Prop 47 savings from FY 2024-25.

County Impact: The reduction in Prop 47 Savings could reduce grant funding available for County's anti-recidivism programs. The Justice, Care, and Opportunities Department (JCOD) reports that a funding reduction could reduce grant funding for the County's JCOD Care Management and Skills and Experience for the Careers of Tomorrow programs. Reductions to this grant funding would negatively impact justice-involved clients and public safety efforts.

- [Cuts to Pretrial Release Program](#) – The May Revision proposed a reversion of \$20 million from FY 2024-25 associated with savings related to the Judicial Branch's pretrial services and a reduction of \$20 million ongoing beginning in FY 2025-26.

Final Outcome: The 2025 State Budget Act:

- Approves the May Revision proposal to revert \$20 million from FY 2024-25, and ongoing reduction beginning in 2026-27; and
- Rejects the reversion for FY 2025-26 and instead restores \$15 million, for a total of \$65 million in FY 2025-26.
- Further adopts TBL to allow pretrial funding to be used for Proposition 36 workload.

County Impact: JCOD reports that a cut to appropriated and ongoing funding for pretrial services could lead to County service reductions and a loss of resources to support clients and increase caseloads for pretrial service staff.

COUNTY-OPPOSED UNLESS AMENDED STATE BUDGET ITEMS

JUSTICE

- [Suitability of Facilities for the Confinement of Juveniles TBL](#) – The May Revision proposed TBL related to the California Board of State and Community Corrections' (BSCC) oversight of and determinations of suitability for juvenile detention facilities.



Final Outcome: [AB 134](#), the public safety budget trailer bill, clarifies the delegation of certain responsibilities for the BSCC related to determining the suitability of facilities for the confinement of juveniles.

County Impact: There is a potential impact to any County-run juvenile hall facility such as Los Padrinos. If a facility fails to meet standards such as health, safety, staffing, or mental health, it is notified and has 60 days to submit a corrective plan, with up to 90 days to resolve issues. Failure to comply can result in the facility being deemed unsuitable, requiring it to cease housing juveniles until it is re-inspected and in compliance. Additionally, the BSCC could bring a civil action to enforce compliance with minimum standards for juvenile facilities or to pursue closure could be filed, with attorney's fees and other sanctions imposed against a county that is found non-compliant.

- [Juvenile Justice Realignment Block Grant Funds](#) – The FY 2025-26 Joint Budget Agreement and Budget TBL, [AB 118](#), the Human Services BTB, contains provisions which would revise the Juvenile Justice Realignment Block Grant (JJRBG) funding calculation formula.

Final Outcome: The FY 2025-26 Joint Budget Agreement and Budget TBL, [AB 118](#), the Human Services BTB would require the new JJRBG calculation formula to begin in FY 2025-26, adjust proportions of the formula based on realignment targets and transfers, prohibit the use of JJRBG funds for any facility that has been determined unsuitable and continues to confine youth, require counties to report on how JJRBG expenditures, return unspent JJRBG funds after three years, and require the balance of unspent funds be available to improve outcomes for justice-involved youth.

County Impact: The provisions in AB 118 that prohibit the use of JJRBG funds for non-compliant local juvenile detention facilities and for programming and services in county facilities could potentially disrupt youth rehabilitation programs, even with Court-approved plans. The Probation Department acts as a pass-through entity for JJRBG funds, which are directed to the social, rehabilitative, and mental health services provided by the Department of Youth Development (DYD) and the Department of Mental Health. DYD reports that they receive

approximately \$10 million annually from JJRBG for use in secure youth treatment facilities (SYTF) and STYF-eligible youth held at other County facilities.

ITEMS OF MAJOR COUNTY INTEREST

HEALTH, BEHAVIORAL HEALTH AND PUBLIC HEALTH

- **Dental Benefits, Adults 19 and Older** – The May Revision proposed to eliminate full-scope dental coverage for Medi-Cal members with certain statuses, those who will eventually qualify for federal funds, and individuals enrolled in the Medi-Cal full-scope expansion aged 19 and over, effective July 1, 2026. This population would continue to have access to restricted-scope, emergency dental coverage. Estimated SGF savings were \$308 million in FY 2026-27 and \$336 million in FY 2028-29 and ongoing.

Final Outcome: The 2025 State Budget Act delays the May Revision proposal to eliminate full-scope, State-only dental coverage for Medi-Cal enrollees with unsatisfactory immigration status, ages 19 and older, to July 1, 2026.

County Impact: By some estimates, potentially more than 700,000 adults statewide could lose dental coverage by July 1, 2026. There is no grace period. County departments have not yet determined the number of individuals who may lose dental coverage locally.

- **Pharmacy Drug Rebates** – The May Revision proposed to implement a rebate aggregator to secure State rebates for individuals with unsatisfactory immigration status. This was estimated to save approximately \$300 million in SGF in FY 2025-26 and \$362 million ongoing. Additionally, the May Revision reflected additional SGF savings of \$75 million in FY 2025-26 and \$150 million ongoing associated with increasing the minimum rebate for HIV/AIDS and cancer drug rebates.

Final Outcome: The 2025 State Budget Act adjusts the May Revision proposal to implement a pharmacy rebate aggregator to secure State rebates for individuals with unsatisfactory immigration status. Estimated SGF savings are \$370 million in FY 2025-26 and \$600 million ongoing. Additionally, the 2025 State Budget Act reflects additional SGF savings of \$75 million in FY 2025-26 and \$150 million



ongoing associated with increasing the minimum rebate for HIV/AIDS and cancer drug rebates.

County Impact: Any new revenues from rebates would accrue to the State. It would be at the State's discretion how to expend those funds.

JUSTICE

- **Funding for Indigent Defense** – The May Revision proposed to allocate \$15 million one-time to expand public indigent defense services.

Final Outcome: The 2025 State Budget Act approves the May Revision proposal.

County Impact: The Public Defenders Office's Independent Defense Counsel Office reports that funding levels in FY 2025-26 may have a positive impact on the department through specialized training and support for panel attorneys, infrastructure and technology enhancements to more effectively monitor client outcomes, and an increase to expert panel compensation and capacity.

- **Proposition 36 Funding for Court Workload** – The 2025 State Budget includes \$20 million to provide funding for increased workload as a result of Proposition 36 and, in collaboration with the California Department of Health Care Services, submit annual reports to the Legislature containing detailed data on Proposition 36 implementation until all funds are spent.

Final Outcome: The 2025 State Budget Act includes \$20 million for the courts to support workload and initial implementation of Proposition 36.

County Impact: The Los Angeles County Superior Court (Court) reports that trial courts will receive at least \$19 million of the \$20 million allocated to address the increased workload from Proposition 36 and to expand and establish collaborative courts. Currently, the Court cannot determine the exact amount it will receive for its Proposition 36 efforts. The Judicial Council of California will decide the Court's allocation at a later date.



- **Flexible Cash Assistance for Survivors of Crime** – The May Revision proposed a \$49.7 million reversion in one-time SGF in FY 2025-26 of financial assistance for survivors of crime.

Final Outcome: The 2025 State Budget Act adopts the May Revision proposal.

County Impact: The reversion of funding could reduce assistance for vulnerable individuals who may seek alternative financial assistance through County services or benefits.

SOCIAL SERVICES

- **CalWORKs Single Allocation (SA)** – The CWDA developed a draft TBL, which proposed reviewing county program activities in light of ongoing funding gaps in the CalWORKs SA and considering workload relief opportunities.

Final Outcome: The 2025 State Budget Act did not include this TBL.

County Impact: The Department of Public Social Services (DPSS) reports that, according to the CWDA, the CalWORKs Program is underfunded by approximately \$245 million statewide. As a result of not including this TBL, challenges will continue in covering expenditures related to County Administration and operations of the CalWORKs Program.

- **Streamlining CalWORKs** – The May Revision included TBL to make changes to the CalWORKs program effective July 1, 2026, or upon completion of automation. These changes proposed to expand the allowable Welfare-to-Work (WTW) activities, make Job Club an optional WTW activity, simplify the process of curing sanctions, and replace county WTW reporting requirements with administrative data extracts.

Final Outcome: The 2025 State Budget Act approved this TBL.

County Impact: DPSS reports that these changes will result in impacts ranging from minimal process modifications to some



moderate/significant impacts on services. There is also the potential for fiscal impacts related to changes in supportive services and sanction policies. DPSS anticipates that the family stabilization and transportation changes will be relatively minimal procedural changes, while the changes around assessments, Orientation, and Appraisal will have more significant impacts on procedures and direct service flows. DPSS is hopeful that the combination of the Reimagine CalWORKs changes, along with the changes in noncompliance policies, will simplify some of the more onerous existing State requirements of the program and provide customers with more access to services and reduced financial hardship. DPSS is awaiting instructions on the implementation of these changes from the California Department of Social Services.

- **In-Home Supportive Services (IHSS) Reassessment Late Penalties** – The May Revision proposed to pass IHSS reassessment late penalties to counties in FY 2025-26.

Final Outcome: The 2025 State Budget Act modifies the May Revision proposal, with counties and the State sharing penalty costs in FY 2025-26 and fully passing the penalty to counties beginning in FY 2026-27.

County Impact: The County is complying with IHSS reassessment policies and will not be impacted. DPSS anticipates no fiscal impact so long as IHSS Administrative funding is adequate to continue to sustain the level of performance for the timely completion of all reassessments.

- **Elimination of IHSS for Undocumented Individuals** – The May Revision proposed a \$158.8 million reduction in SGF in FY 2025-26 and ongoing, to eliminate IHSS benefits for individuals eligible for IHSS due to the Medi-Cal Expansion, regardless of immigration status, aged 19 and older.

Final Outcome: The 2025 State Budget Act rejects this proposal.

County Impact: No County impact.

- **IHSS Provider Overtime** – The May Revision proposed to cap IHSS overtime and travel hours at 50 hours per week beginning in FY 2025-26.



Final Outcome: The 2025 State Budget Act rejects this proposal.

County Impact: No County impact.

- [California Food Assistance Program \(CFAP\)](#) – The May Revision includes TBL language that would make the expansion of the CFAP to adults 55 and over, regardless of immigration status, subject to a trigger-on, based on the availability of SGF in the Spring of 2027.

Final Outcome: The 2025 State Budget Act rejects this proposal.

County Impact: No County impact.

CHILD WELFARE

- [Emergency Child Care Bridge \(ECCB\) Program for Foster Youth](#) – The May Revision proposed a \$34.8 million reduction in SGF to the ECCB in FY 2024-25 and to maintain \$51 million in annual ongoing funding for the ECCB program beginning in FY 2025-26.

Final Outcome: The 2025 State Budget Act reduces ECCB funding by \$30 million, leaving approximately \$57.2 million in ongoing funding to support the ECCB program. \$23 million is reduced from the vouchers portion of the funding, and \$7 million from the administration portion (this includes navigation, training, and county administration) of the funding.

County Impact: No impact to the County as the reduction is intended to right-size funding to historical county expenditures statewide. CDSS will engage with CWDA to determine final appropriations across the administrative components.

- [Family Urgent Response System \(FURS\)](#) – The May Revision proposed a \$13 million reduction in SGF in FY 2025-26 and ongoing, and to maintain \$18.2 million in ongoing SGF for FURS.

Final Outcome: The 2025 State Budget Act reduces FURS funding by \$9 million, leaving approximately \$21 million in ongoing SGF for FURS.



County Impact: No impact to the County as the reduction is intended to right-size funding to historical county expenditures statewide.

- **Foster Care Tiered Rate Structure (TRS)** – The May Revision included TBL that would make the implementation of the TRS subject to a trigger-on, based on the availability of SGF in the spring of 2027.

Final Outcome: The 2025 State Budget Act rejects the May Revision proposal and instead specifies the TRS implementation will be subject to an appropriation by the Legislature.

County Impact: No County impact as long as the Legislature provides an appropriation beginning in the spring of 2027. The 2025 State Budget Act continues implementation of the TRS, which includes resources for state operations as well as local assistance funding for Child and Adolescent Needs and Strengths (CANS) Fidelity and Training. The 2025 State Budget Act also supports preparation for implementation of the TRS by including resources for state operations as well as local assistance funding for CANS Fidelity and Training.

- **Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program Board** – The May Revision proposed a \$50 million reduction in one-time SGF in FY 205-26 of the amount available for future use by the HOPE Program.

Final Outcome: The 2025 State Budget Act modifies the May Revision proposal from a \$50 million reduction to a \$40 million reduction.

County Impact: No direct County impact. The HOPE Program is expected to provide each youth program participant with an account that will receive annual deposits and grow to \$4,500 for each youth by the time they reach 18 years of age.

- **Foster Youth Support Services** – The May Revision proposed an increase of \$1.8 million in one-time SGF to support First Star Youth Cohorts at UC campuses.

Final Outcome: The 2025 State Budget Act approves the May Revision proposal.



County Impact: No direct County impact. This funding will help support First Star Youth Cohorts at UC campuses to support college attainment for youth in foster care.

TRANSPORTATION AND ENVIRONMENT

- **Community Renewable Energy and Storage** – The May Revision proposed a \$33 million reversion in SGF from the California Public Utilities Commission’s Clean Energy Reliability Investment Plan, which supports community renewable generation and storage-backed renewable generation programs.

Final Outcome: The 2025 State Budget Act adopts the May Revision proposal.

County Impact: The Community Renewable Energy and Storage funding previously helped the County achieve its regional clean energy goals. The funding reversion will decrease opportunities to incentivize local clean energy projects and may negatively affect the funding available to implement the 2045 Climate Action Plan for County unincorporated area communities.

- **Clean Transportation Program Grant TBL** – The May Revision proposed TBL that would add zero-emission vehicle infrastructure as an eligible grant purpose and revise the Clean Transportation Program to eliminate the restriction that block grants and incentive programs be administered by public entities or non-profits.

Final Outcome: The 2025 State Budget Act adopts the proposed TBL.

County Impact: This TBL provides new authority that will help the County and County partners implement and oversee projects that support the County’s adoption of and support for clean energy and zero-emission technologies.

GENERAL GOVERNMENT

- **Military Retirement Income Exclusion** – The January Budget proposed, beginning in tax year 2025, to exclude from income for state tax purposes:
 - Retirement pay received by a taxpayer from the federal government for services in the uniformed services; and
 - Annuity payments received by a qualified taxpayer pursuant to a U.S. Department of Defense Survivor Benefit Plan.

The exemption would apply for up to \$20,000 of military retirement income. Additionally, the exemption would be limited to taxpayers with up to \$250,000 in income if filing jointly and up to \$125,000 in income for single filers. The proposal was estimated to reduce revenues by \$130 million in 2025-26 and by \$85 million annually thereafter.

Final Outcome: The 2025 State Budget Act includes the January Proposed Budget proposal.

County Impact: No direct impact on County operations, but the Department of Military and Veterans Affairs indicates that this tax exemption would benefit the constituents it serves.

- **World Cup 2026** – The May Revision did not include funding for World Cup security.

Final Outcome: The 2025 State Budget Act allocates \$10 million for World Cup security in the Los Angeles and Bay Area regions.

County Impact: This funding may support the County and cities to implement security measures and increase staffing around local World Cup venues.

HOUSING

- **Low-Income Housing Tax Credit and Multifamily Housing Program** – The 2025 State Budget allocates \$500 million for the state Low-Income Housing Tax Credit (LIHTC) to support the financing of affordable rental



housing. The 2025 State Budget Act also allocates \$120 million in one-time SGF for the Multifamily Housing Program.

County Impact: According to the LACDA, the budget allocations represent the retention of key sources of state funding for projects in the LACDA's funding pipeline. While there is no direct County impact, the budget allocations will help projects with financing gaps proceed toward development.

WORKFORCE DEVELOPMENT

- **Wildfire Recovery** – The 2025 State Budget Act allocates \$5 million for the California Workforce Development Board to support workforce development in areas of Los Angeles County and Ventura County impacted by wildfires.

County Impact: DEO reports that this funding provides a critical resource to accelerate disaster recovery and long-term resilience in the region and will directly increase the number of impacted individuals the County can service, including many of those who are underemployed or undocumented and may otherwise, be excluded from federal aid. Funding may support workforce and economic development initiatives including training and wage subsidies, a job and business recovery center, sector-based employment training, and expedited licensing and certification pathways.

GENERAL GOVERNMENT

- **County Counsel Funding** – The 2025 State Budget Act allocates \$2 million to the Los Angeles County Office of the County Counsel for administrative actions, affirmative litigation, and defense against enforcement and legal actions taken by the federal government.

County Impact: This funding will support County Counsel for the above-described purposes. County Counsel is not aware of any additional restrictions or requirements for the funding.

- **Emergency Loans for Local Governments** – The 2025 State Budget Act includes a new \$1 billion State lending program for Los Angeles County Governments that have significant responsibilities for recovery from the January 2025 fires in LA County. The loan program will be operative if a BTB is enacted during the 2025 legislative session (before September 12, 2025).

County Impact: This funding could support the County's wildfire recovery efforts to expedite construction timelines, reduce costs, and support the workforce needed for rebuilding.

IMMIGRATION

- **Children's Holistic Immigration Representation Project (CHIRP)** – The 2025 State Budget Act allocates \$10 million in one-time SGF to continue CHIRP, which provides integrated social and legal services to unaccompanied minors.

County Impact: No direct impact on County operations, but the Department of Consumer and Business Affairs (DCBA) notes that the County has more than one-third of the unaccompanied children living in the state (approximately 7,500), and CHIRP services are critical to addressing the needs of unaccompanied minors. Without the CHIRP funding, increased pressure would be placed on the County-funded Represent LA to meet those needs.

- **One California Immigration Legal Services** – The 2025 State Budget Act provides \$10 million one-time for immigration legal services under the One California program, which is in addition to the \$75 million ongoing funding and \$10 million in one-time funding provided in the special session ([SBX1-2](#)) for One California.

County Impact: No direct impact on County operations, but the additional funding would support many legal service providers that DCBA partners with to support the Represent LA program.

TAX POLICY CHANGES

- **Wildfire Settlements Income Exclusion** – The 2025 State Budget Act excludes from income for State tax purposes all wildfire settlements paid in tax years 2021 through 2029, regardless of when the fire occurred.

County Impact: No direct impact to the County. The policy change is estimated to reduce revenues statewide by \$28 million in FY 2024-25, by \$15 million in FY 2025-26, and by \$17 million cumulatively over the subsequent three fiscal years.

