B2SL
A Budget to Save Lives

Budget 2 Save Lives (B2SL) is a multi-year vision to move California toward a "Care First" future by investing in healing and rehabilitation, divesting from incarceration and policing, and ending the economic austerity that endangers the lives of countless human beings.

COMMUNITY-BASED ANALYSIS
California's 2026-27 Enacted Budget

Context

This year's Enacted Budget, signed by Governor Newsom on June 29, is about 10% higher than last year's both in terms of total state funds and General Fund spending. The budget sits at **$351.7 billion** in total state expenditures, of which **$251.5 billion** is General Fund spending. The budget is balanced for both 2026-27 and 2027-28, with **$28.8 billion** set aside in reserves including a **$15.1 billion** Rainy Day Fund and in the state's Special Fund for Economic Uncertainties.

However, this stability is built on the foundation of the 2025 Budget Act's nearly **$12 billion** in ongoing spending reductions. This budget locks in those cuts rather than drawing on reserves to mitigate them. Meanwhile, the 2025 federal tax and spending law (H.R. 1) is projected to cost Medi-Cal over **$1 billio**n in 2026-27, and the state projects that 1.3 million Californians will lose Medi-Cal coverage by 2029-30 under the combined federal changes.

Our Goal:

This is a call to action. The **B2SL Super Collective** welcomes local and state budget advocates across California to collaborate, organize, and stand with us to move our collective priorities forward across intersecting movements for community equity and justice. This analysis names what the state chose to fund — and what it chose not to — so that partners can use budget advocacy as an organizing tool. **We are looking to connect with partners who seek to identify and address the gaps in much-needed services and programs across the state.**

What's at Stake:

- **Health coverage for immigrants.** This budget raises monthly Medi-Cal premiums for adults with "unsatisfactory immigration status" from **$30 to $50 effective July 1, 2027** and eliminates full-scope dental benefits for these community members.
- **Care versus cages.** State funding for Corrections (**$18.6 billion**) is more than $1 billion higher than in last year's enacted budget, even as the prison population keeps falling and **more than 13,000 prison beds sit empty**. **Despite the Legislature's support for additional prison closures in its final joint budget package, no new prison closures were included in the final budget.**

- **Federal cuts without a state backstop.** The state absorbed some federal H.R. 1 costs this year, but has no plan for the estimated 1.3 million Medi-Cal members projected to lose coverage by 2029-30 under federal work-reporting and eligibility-check rules.

Education:

The budget provides **$151.4 billion** in total funding for K-12 education, of which **$91.1 billion** is from the General Fund. Wins include:

- a 4.1 percent cost-of-living increase in the main school funding formula
- a **$2.4 billion** increase in special education funding
- **$1 billion** ongoing to expand community schools, which partner with community organizations to provide health, mental health, and social services on campus.

For immigrant students, the budget provides **$100 million** in one-time funding to establish the California's New Americans in Schools (CalNAS) program, plus **$75 million** for Dream Resource Centers at high schools. It also provides **$71.1 millio**n in one-time funding for community college Dreamer Resource Centers.

In higher education, the state had promised the University of California (UC) and California State University (CSU) annual base funding increases under multi-year agreements — but **the budget again postpones a large share of those promised payments to 2027-28** rather than paying them on schedule.

Corrections:

The 2026-27 Enacted Budget for Corrections totals $19.3 billion; **state funding for Corrections ($18.6 billion) is more than $1 billion higher than in last year's enacted budget.**

The state's own projections show the adult prison population continuing to fall, and more than 13,000 prison beds sit empty. Yet the budget commits to no prison closures beyond the already-planned California Rehabilitation Center in Norco (emptied as of July 2026, with projected annual savings of **$150 million**). The Administration's decision to remove prison closure in the Enacted Budget is especially disappointing given the Legislature's support for prison closure in its final joint budget package. **Instead, the budget leans on unproven "operational improvements" which are unlikely to live up to promised savings. It also includes costly infrastructure projects at dilapidated prisons that should instead be closed.**

Community wins include **$37.6 millio**n for community-based organizations providing in-prison programming, including **$20 million** in one-time funding for Rehabilitative Investment Grants for Healing and Transformation (RIGHT), **$5 million** in ongoing funding for the Hope and Redemption Team (HART) program, and **$6 million** in one-time funding for the Sister Warriors Freedom Coalition

Health & Human Services:

The budget includes **$337.7 billion** in total funding for health and human services. Most of this is federal money, though **$93.4 billion** comes from the General Fund. Major losses appear in this area.

Medi-Cal covers approximately one-third of California residents, around 13.9 million people. When new federal work-reporting requirements take effect on January 1, 2027, the state projects 43,000 people will be disenrolled from Medi-Cal within the year, growing to 1.1 million people losing coverage from this requirement alone by 2029-30. The budget also reinstates a limit on the savings and assets that seniors and disabled adults can hold and still qualify for Medi-Cal ($21,000 for an individual).

Wins include:

- an increase of **$526 million** over four years from the AIDS Drug Assistance Program (ADAP) Rebate Fund for HIV prevention and treatment services
- **$300 million** ongoing to keep premiums affordable for low-income Californians who buy insurance through Covered California, the state's health insurance marketplace
- **$269.2 million** ongoing to restore 3,430 and add 22,770 subsidized child care slots
- **$100 million** one-time for food banks — though this is 2025-26 funding, much of it likely already spent
- And **$10 million** for grants to LGBTQ+ community centers.

Housing and Homelessness:

By the state's own year-over-year comparison, General Fund spending for Housing and Homelessness has been **reduced by $707 million from 2025-26.**

However, the Enacted Budget does fund a seventh round of the Homeless Housing, Assistance and Prevention (HHAP) grant program, the state's main flexible homelessness funding for cities and counties. This round is funded at **$900 million**, available beginning September 1, 2026; new requirements that the largest cities and counties match state dollars and maintain "Prohousing" policies are intended to strengthen accountability but will likely increase burden on providers.

The budget also provides **$500 million** for an additional year of enhanced low-income housing tax credits, which help finance affordable rental housing; **$200 million** in one-time funding for the Multifamily Housing Program; and **$100 million** in one-time funding within the Department of Social Services for four programs providing housing help to older adults, people with disabilities, and families involved in the child welfare system.

Labor and Workforce Development:

The single largest labor item is **$668.3 million** one-time General Fund just to pay annual interest on the state's outstanding federal Unemployment Insurance loan. Wins, albeit relatively small in dollar amounts, include:

- **$35 million** one-time for the California Workplace Outreach Project, which promotes awareness and education about labor protections for California workers
- **$18 million** one-time General Fund for workforce training, including reentry programming for formerly incarcerated people through Creating Restorative Opportunities and Programs
- **$5 million** investment in Jails to Jobs, an education campaign in Los Angeles County to help people navigate the legal system and employers better understand employment opportunities and hiring for people with pending court cases.
- **$18.2 million** one-time for apprenticeship grants in construction and related trades
- and **$10.8 million** one-time for the Social Entrepreneurs for Economic Development program, which supports entrepreneurship by immigrants and individuals with limited English proficiency.

Transportation:

The California Department of Transportation has an annual budget of approximately **$18 billion** — yet the chapter's highlighted new items are strikingly small and not about actually improving transit for state residents. The "highlights" include:

- **$40 million** for highway litter cleanup (Clean California) and **$6.2 million** per year for two years for homeless encampment liaisons on state highways
- **$84.4 million** for California Highway Patrol equipment and operating costs, including additional duty weapons and vehicles.

The budget contains no new funding for public transit operations.

By the state's own comparison, transportation General Fund spending **fell $262 million from 2025-26, to $554 million**, though most transportation funding comes from special funds such as fuel taxes, not the General Fund.

Climate:

The budget includes **$9.3 billion** in total funding from all sources (**$4.9 billion General Fund**) for Natural Resources and **$5.6 billion** (**$268 million General Fund**) for Environmental Protection. Wins include:

- **$150 million** one-time General Fund for the Community Air Protection Program, which reduces pollution exposure in the communities most impacted by air pollution
- More than **$270 million** in one-time special funds for zero-emission vehicle incentives, including for first-time buyers and clean trucks and buses

- **$70 million** to continue the residential cleanup around the former Exide battery recycling plant in Vernon, which contaminated surrounding homes with lead.

Still, by the state's own year-over-year comparison, **Natural Resources General Fund spending dropped $1.8 billion from 2025-26**, **and the budget continues a recurring pattern of quietly shifting ongoing environmental costs off the General Fund and onto special funds.**

Immigration:

Beyond the student supports noted under Education, wins include **$111.5 million** in one-time General Fund spending within the Department of Social Services for immigration services.

The losses are far larger and are concentrated in Medi-Cal. Members with "unsatisfactory immigration status" will be moved out of managed care plans (which are responsible for coordinating their members' care through a network of providers) into "fee-for-service" Medi-Cal, where patients must find providers who accept Medi-Cal on their own. Monthly premiums for these community members will also rise from $30 to $50 on July 1, 2027, their full-scope dental benefits will end the same day, and community clinics will lose an estimated **$1 billion** per year in reimbursement for serving them.

Closing

The 2026-27 budget shows California choosing fiscal stability and reserves over restoring care to the communities that lost it in 2025. The state banked **$28.8 billion** in reserves and raised new revenue — proof that resources exist — while leaving immigrant health care cuts in place, increasing state spending on Corrections by more than **$1 billion**, and offering no plan for the 1.3 million people projected to lose Medi-Cal under federal law. We urge the state to take the lead from those on the ground and fund community-led programming.

In Solidarity,
Budget 2 Save Lives