

COUNTY OF SAN MATEO



County & Stakeholder Local Briefing

February 27, 2026

Welcome

Supervisor

Noelia Corzo

President, Board of Supervisors

Welcome

Mike Callagy

County Executive



AGENDA

1. Impacts of H.R.1 on County Safety Net
2. Vehicle License Fee Shortfall Overview and Update
3. Homelessness and Measure K Updates

Impacts of H.R.1 on County Safety Net

Claire Cunningham

Director, Human Services Agency

Colleen Chawla

Chief, County Health

Our Guiding Approach

- **Serve with compassion** – Protect continuity of service for residents who depend on them
- **Demonstrate accountability** – Make fiscally sound decisions that honor the trust of San Mateo County residents
- **Remain flexible** – Adapt as federal and state guidance evolves, while coordinating closely with partners and County leadership

A Shifting Safety Net

- San Mateo County has a **long history of investing in services for our most vulnerable residents.**
- The FY 2025-26 state budget and federal H.R. 1 enacted **significant shifts in how safety net benefits are structured, financed, and safeguarded** – weakening protections for those who rely on it most.
- These changes – combined with broader community uncertainty, including immigration-related actions – **compound risks for individuals, families, the County, and its safety net partners.**

The Impact of These Changes

While many of the implementation **details are still unclear**, we know that, if/when implemented, these policy changes will:

- Reduce the number of people covered by **CalFresh and Medi-Cal**
- Increase the number of people who are **uninsured**
- Decrease funding for the **healthcare safety net**
- Disproportionately impact people with **unsatisfactory immigration status (UIS)**

Programs Affected in San Mateo County

Program	Residents	Notes
CalFresh	~34,800	~\$6.5M in benefits issued monthly <i>(100% federal)</i>
Medi-Cal	~155,000	~21% of SMC residents





Work Requirements

Some CalFresh recipients must meet new work or training requirements to stay eligible.

San Mateo County Residents	Important Dates
34,800 receive CalFresh	as of January 2026
3,700 subject to work requirements	Starting June 2026





Medi-Cal

Rising Rates of Uninsured Residents

~155,000 residents receive benefits



27,000 individuals subject to ***asset limit test***



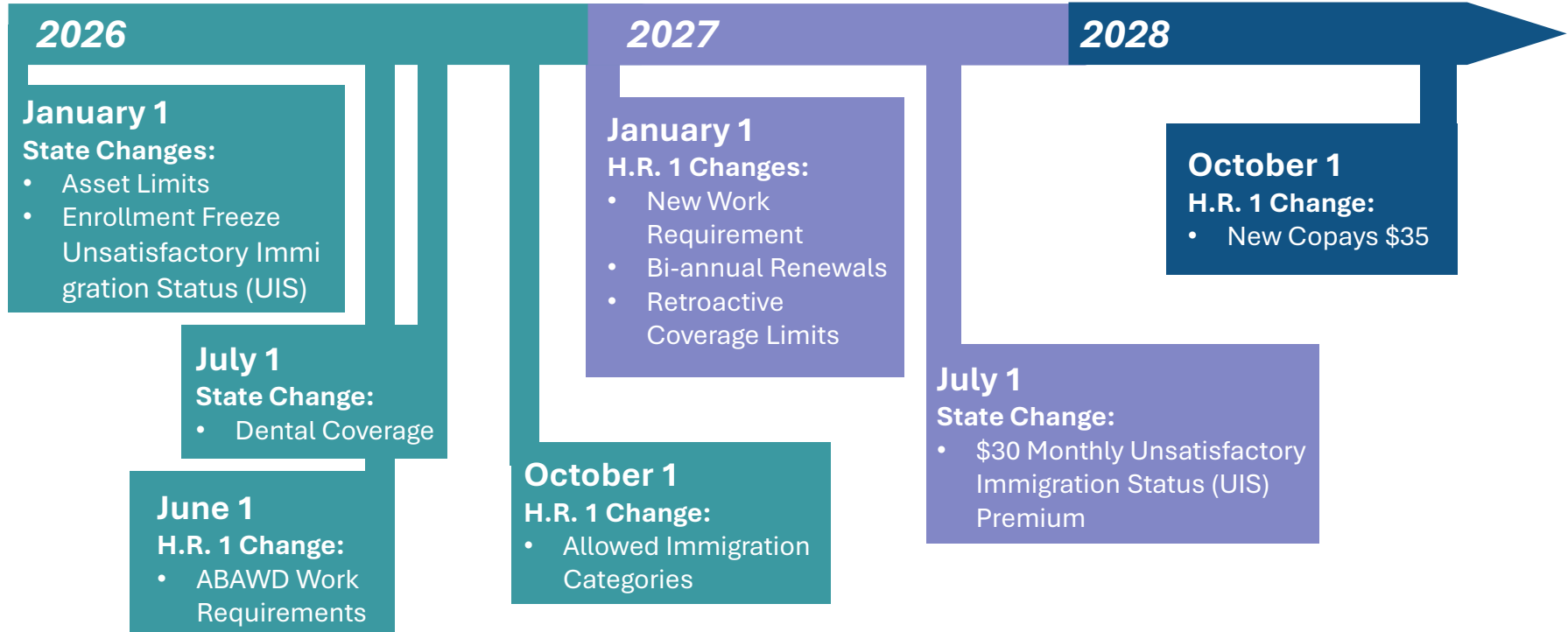
61,000 individuals subject to ***work requirements***



93,000 annual renewals. **56%** subject 6-month renewal



Timeline: Changes to Eligibility



The UIS Population

- Enrollment data indicates **just over 41,000 UIS Medi-Cal enrollees countywide.**
- Beyond H.R. 1, **several federal policies affecting immigrants** have been released and subsequently challenged in court.
 - **Expansion of programs barred from serving UIS**, including federally qualified health centers such as County Health's.
 - **Sharing of Medicaid data with federal immigration enforcement.**
- State and federal changes – whether they have a direct impact or not – **may impact how and whether people access services** for which they are eligible.

Projected Impacts on County Residents

- Over the next few years, approximately **36,200 to 53,700** (21-31% of San Mateo County residents currently on Medi-Cal) **could lose their Medi-Cal coverage.**
- As resources are reduced over the next several years, the impacts will be felt by individuals and families through **delayed care, reduced access to preventive services, greater reliance on emergency services, and increased health risks.**
- At the community level, these changes can lead to **worsening health outcomes, increased disparities, and higher long-term costs.**

State Indigent Care Requirements

- Loss of health insurance **shifts care to county indigent programs.**
- Under California law, **counties are the provider of last resort.**
- **Counties have discretion** in how they meet this obligation, which varies by:
 - Eligibility
 - Benefits
 - Operations

“Every county and every city and county shall relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, disease, or accident, lawfully resident therein, when such persons are not supported and relieved by their relatives or friends, by their own means, or by state hospitals or other state or private institutions.”

Cal. W&I Code §17000

San Mateo County Access to Care for Everyone (ACE)

- ACE is **San Mateo County's locally-funded indigent care program.**
- While **not insurance**, ACE **services exceed minimum statutory requirements** for indigent care.
- ACE covers:
 - SMC residents **age 19 and older**;
 - With **incomes below 200% of the federal poverty level**;
 - Who **do not qualify for other state and federal insurance programs**;
and
 - **Regardless of documentation status.**
- ACE services are primarily provided by **San Mateo Medical Center** and the program is administered by **Health Plan of San Mateo.**

Potential Impacts of State and Federal Policy Changes on ACE

- ACE enrollment peaked at ~27,000 in 2022; **current enrollment is <1,000.**
 - Many participants moved from ACE to Medi-Cal due to Medi-Cal eligibility expansions.
- As Medi-Cal coverage declines, **demand for ACE is expected to rise.**
- However, **expansion of ACE is not sustainable** under current funding.
- **We are committed to continuing to care for our patients** – but shifting patients from Medi-Cal to ACE increases costs by **~\$4M for every 1,000 new enrollees.**

Next Steps

- Stay aligned with State partners as guidance evolves
- Update cost estimates as implementation details emerge
- Monitor impacts on clients and operations
- Strengthen CBO partnerships through shared data and coordinated communications
- Advocate for resources and policy change



Questions?



Vehicle License Fee Shortfall Overview and Update

Justin Mates

Assistant County Executive

What is the In-Lieu Vehicle License Fee (VLF) Statute?

- Before 2004, annual vehicle license fees were a major source of revenue for local governments.
- In the 2003 governor recall election, the amount of vehicle registration fees paid by residents became a campaign issue.
- Following the election, Governor Schwarzenegger and the Legislature reached a compromise on the 2004 budget that not only addressed the significant State budget crisis, which included the reallocation of billions in local revenues, but also permanently changed the structure of VLF.

What is the In-Lieu Vehicle License Fee (VLF) Statute?

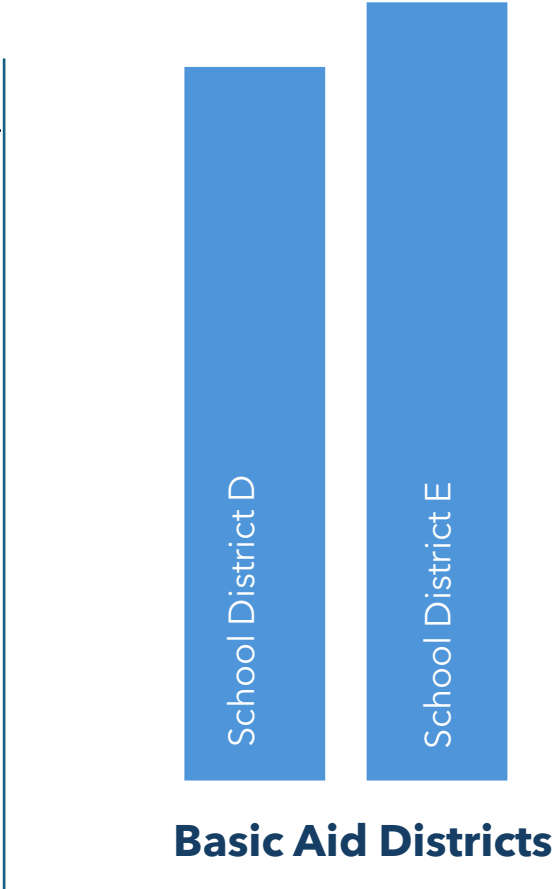
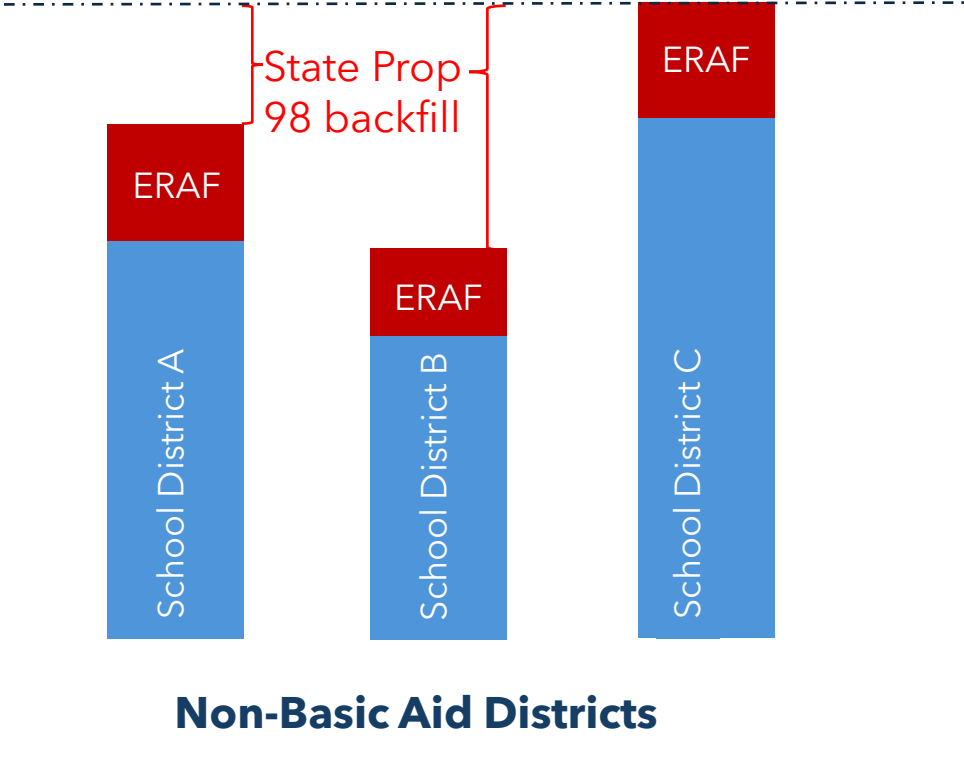
- As part of 2004 State budget compromise, local governments agreed to give up their historic share of vehicle license fees paid by residents.
- In exchange, local governments were promised an annual “in-lieu vehicle license fee” amount that would grow over time based on local assessed property value growth.
- The 2004 VLF Statute also created a new payment mechanism for the VLF that was tied to the local property tax system and school funding in every county in the State.
- The 2004 VLF structure is known as the “VLF Swap”

VLF Payments are Tied to School Funding

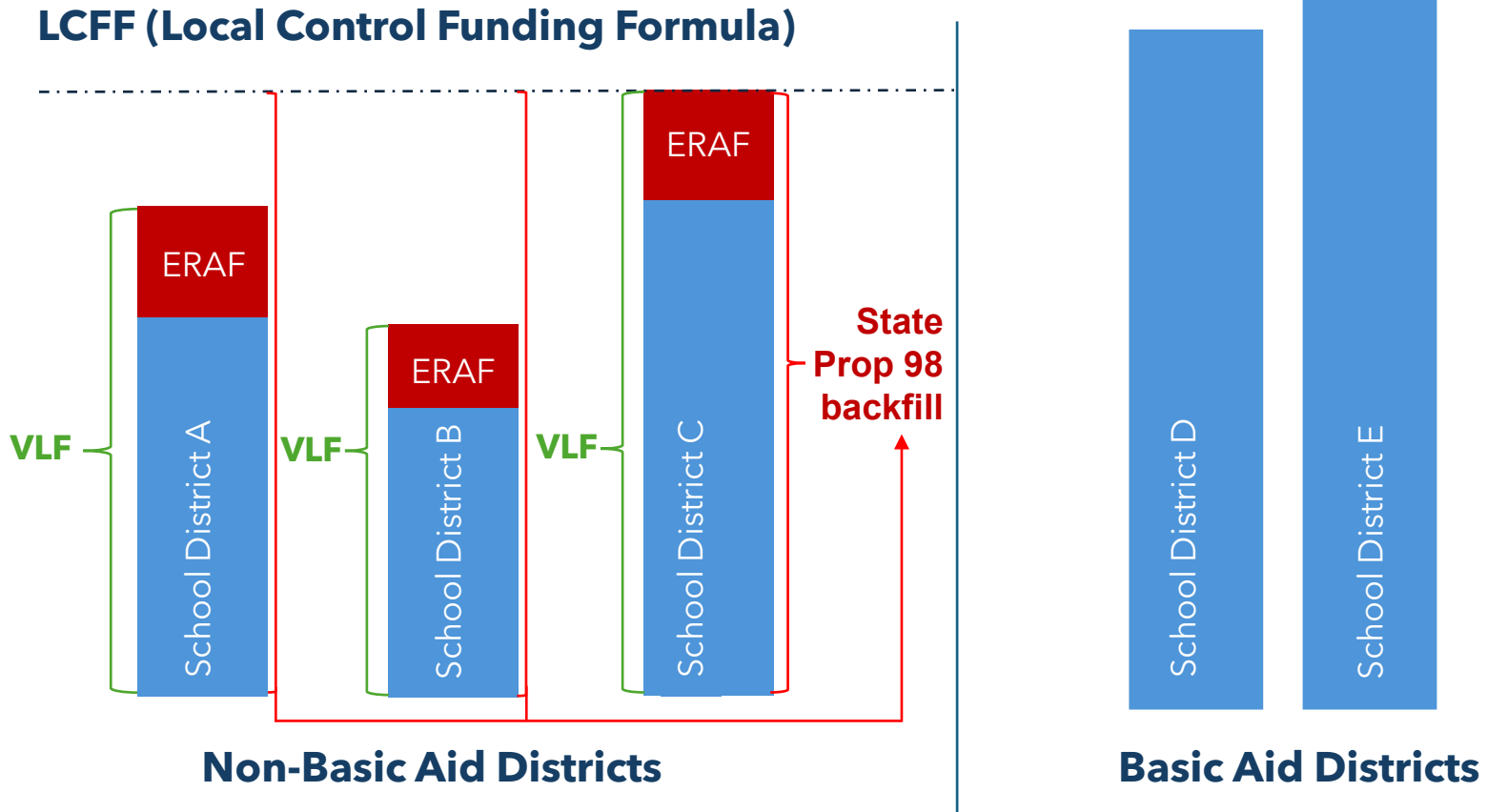
- The VLF statute's payment mechanism utilizes the Prop. 98 school funding process:
 - In-lieu VLF amounts to counties and cities are paid locally from the property tax and ERAF entitlement of non-basic-aid school districts
 - The State then reimburses every “swapped” dollar of the VLF in the form of Prop. 98 backfills to all school districts impacted by the VLF payment
- By this funding mechanism, the State (through Prop. 98 reimbursement) pays more than \$12 billion annually to local governments in all 58 counties

School District Funding Model

LCFF (Local Control Funding Formula)



In-Lieu VLF Funding Mechanism



VLF Funds Local Government

- The in-lieu VLF payments are a critical source of annual general fund revenue for the County and all 20 cities and towns.
- In FY24-25, the in-lieu VLF amount owed to SMC county/cities was **\$283M**
- This funding supports all major categories of county and city priorities, personnel, and programs, including:
 - Public safety and emergency response
 - Healthcare, mental health services, and programs for seniors and youth
 - Local libraries and parks
 - Homelessness prevention services and affordable housing
 - Wildfire prevention, climate change, and sea level rise initiatives

The San Mateo County VLF Shortfall Crisis

- The VLF Statute depends on the availability of revenues from non-basic-aid school districts for the payment mechanism to work
- Because of the phenomenon of San Mateo County school districts achieving community-funded status in large numbers, the “VLF swap” no longer works in our county
 - Only 4 of 23 school districts remain non-basic-aid
 - Just 10 years ago, there were 12 non-basic-aid districts

VLF Shortfall Claims and Reimbursement History

FISCAL YEAR VLF SHORTFALL	STATE BUDGET SOLUTION
FY 11-12: \$432,286	Governor’s FY 2013-14 proposed budget
FY19-20: \$10,098,355	Governor’s FY 2021-22 proposed budget
FY20-21: \$96,051,945	Governor’s FY 2022-23 proposed budget
FY21-22: \$32,440,253	Legislature’s FY 2023-24 approved budget
FY22-23: \$70,048,146	Legislature’s FY 2024-25 approved budget
FY23-24: \$114,390,900	Legislature’s FY 2025-26 approved budget (\$76,572,000→\$38M unfunded)

Each year, the County and cities face a cycle of increasingly contentious fights with Sacramento to get reimbursement for the VLF shortfall

The FY 2025-26 budget was the first time the State failed to fully fund the VLF shortfall.



Current VLF Shortfall

- In FY 24-25, there was a countywide VLF shortfall of **\$119M**
- While the County and cities filed a claim for reimbursement of this \$119M shortfall in August 2025, the Governor's recommended FY 2026-27 budget did not include any funding for the shortfall.
- To give a sense of scale, the shortfall amount is greater than the County's annual funding for the countywide homelessness support system, affordable housing, the Big Lift literacy program, and foster youth support system, *combined*.

FY 2024-25 Shortfalls by Local Jurisdiction

Taxing Agency	FY 2024-25 VLF Shortfall <i>as of 06/2025</i>
San Mateo County	\$70,791,933
Atherton	\$740,511
Belmont	\$1,822,923
Brisbane	\$282,431
Burlingame	\$2,360,463
Colma	\$69,476
Daly City	\$6,508,613
East Palo Alto	\$2,461,332
Foster City	\$2,340,648
Half Moon Bay	\$709,075
Hillsborough	\$760,797
Menlo Park	\$2,890,107
Millbrae	\$1,642,823
Pacifica	\$2,402,495
Portola Valley	\$305,120
Redwood City	\$5,380,190
San Bruno	\$2,961,313
San Carlos	\$2,328,964
San Mateo	\$6,879,037
South San Francisco	\$5,195,430
Woodside	\$405,070
Total Countywide VLF Shortfall	\$119,238,751

How the County and Cities are Responding

- Lawsuit filed against State for FY 2023-24 unfunded \$38M
- Working with San Mateo County legislative delegation to secure funding for current and future shortfalls
- Outreach and engagement with local officials, schools, and other stakeholders to build the coalition to convince the State to distribute the full VLF amount to the cities and County just as occurs without question in 55 counties across the State.
- Planning for necessary service impacts from loss of VLF

Questions?



Homelessness and Measure K Updates

Mike Callagy, *County Executive*

Robert Manchia, *County Chief Financial Officer*

Questions?



Thank you



COUNTY OF SAN MATEO

