Governor's 2026–27 January Budget Snapshot for Urban Indian Organizations

Executive Summary

The Governor's January 2026–27 Budget proposal spans more than **300 pages** and initiates the state's annual budget process. This document provides a high-level synthesis of the portions most relevant to Urban Indian Organizations (UIOs), recognizing that the January proposal reflects preliminary assumptions rather than final funding levels or implementation decisions. Overall, the proposal largely continues existing investments across Medi-Cal, behavioral health, workforce, and education systems; for UIOs, the most consequential impacts will be shaped less by topline funding amounts and more by how programs are implemented through subsequent legislative action, state guidance, and county-level administration. This summary is intended to support situational awareness and planning by highlighting structural dynamics that may affect access to care, reimbursement stability, workforce capacity, and service demand for urban American Indian and Alaska Native communities, and does not represent final budget outcomes or recommend specific policy actions.

---

4 Key Areas With Potential Impact to UIOs

1. Medi-Cal Cost Pressures = Downstream Risk for UIOs

The budget identifies $1.1 billion in additional Medi-Cal costs driven by recent federal policy changes (H.R. 1 of 2025), with no major new state backfill proposed. A significant share of Medi-Cal financing relies on provider taxes and fees that are subject to federal rules and timing constraints; changes or delays in these funding sources can create short-term uncertainty for reimbursement stability across the safety-net system. Ongoing eligibility and administrative changes within Medi-Cal may also contribute to coverage churn, disrupting continuity of care and increasing administrative burden for clinics serving high-need and mixed-status populations.

Why this matters for UIOs
UIOs serve a disproportionately Medi-Cal–enrolled patient population. As a result, shifts in Medi-Cal financing or administration can have immediate operational impacts, including:

- Increased patient navigation and eligibility support needs
- Cash-flow uncertainty tied to reimbursement timing
- Higher uncompensated care pressures

Together, these dynamics underscore the importance of reimbursement stability, timely program implementation, and administrative continuity for providers serving urban American Indian and Alaska Native communities.

2. Behavioral Health Investments

The state cites more than $10 billion invested across the behavioral health continuum in recent years and proposes to continue implementation of existing initiatives. However, the proposed budget does not add substantial new ongoing state funding, meaning service availability and access will continue to depend largely on local implementation decisions, administrative capacity, and provider inclusion.

Potential Implications for Urban Indian Organizations
Opportunities for Urban Indian Organizations are most likely to materialize when UIOs are explicitly included in program design and contracting by counties and state agencies. In practice, behavioral health funding frequently:

- Flows through county-administered systems
- Does not consistently include Urban Indian providers as eligible contractors
- Fails to reach American Indian and Alaska Native patients in urban settings

These dynamics are particularly relevant for:

- 1115 waiver implementation, including Traditional Healers, Community Health Workers, and behavioral health services
- County pass-through contracting and reimbursement timelines

In short, funding may be available, but access for urban AI/AN patients and providers is shaped by implementation choices rather than funding levels alone.

3. Workforce & Labor Investments

The proposed budget continues statewide workforce and labor investments but does not include targeted adjustments for high-cost urban healthcare markets or specific strategies addressing parity for Tribal Health Programs and Urban Indian Organizations.

Implications for Urban Indian Organizations
Absent targeted workforce strategies, Urban Indian Organizations continue to face structural challenges related to:

- Recruitment and retention in competitive urban labor markets
- Wage competition with hospital systems and large health networks
- Sustaining culturally grounded workforce models that require additional training and support

No geographic cost adjustment or UIO-specific workforce approach is identified in the proposal, which may limit the impact of broader workforce investments for providers serving urban American Indian and Alaska Native communities.

4. Education & Community School Investments: Indirect Touchpoints

The budget includes large ongoing investments in education-related systems, including:

- Community schools
- School-based behavioral health
- Early childhood education and family support programs

Why this matters for UIOs (Indirectly)
UIOs that partner with Local Education Agencies (LEAs) or serve families connected to these systems may experience:

- Increased referral volume for behavioral health and supportive services
- Greater demand for care coordination and family-centered services

However, UIOs are not consistently identified as eligible lead entities within these education-focused initiatives, which may limit direct access to funding despite increased service demand.

What This Budget Signals Strategically for CCUIH and UIOs

- **Program stability is a central consideration.**
  With continued cost pressures and implementation-dependent funding, maintaining Medi-Cal access, reimbursement continuity, and existing financing pathways remains critical for providers serving urban AI/AN communities.

- **Implementation decisions will shape real-world impact.**
  The effects of the proposed budget will be determined largely by how state agencies and counties operationalize programs, underscoring the importance of monitoring implementation and provider inclusion.

- **Data visibility will continue to influence future decisions.**
  Without consistent identification of Urban American Indian and Alaska Native populations and Urban Indian Organizations in data collection and reporting, service utilization and community needs may remain underrepresented in future budget development.

Budget Timeline and What to Expect Next

January–February: Governor's Budget Release and Initial Review

- The Governor's January Budget proposal establishes baseline assumptions for the upcoming fiscal year.
- State agencies begin internal planning based on the proposal, but no final decisions are made at this stage.
- Budget documents are reviewed by the Legislature and stakeholders to identify key issues and areas requiring clarification.
    - **What this means for UIOs:**
      This is an orientation phase. Program details, funding levels, and implementation approaches are still preliminary.

February–April: Legislative Budget Hearings and Analysis

- Legislative budget subcommittees hold hearings on major program areas, including Medi-Cal, behavioral health, workforce, and education.
- Assumptions and proposals may be questioned, adjusted, or held open for revision.
- State departments may begin informal conversations about implementation scenarios.
    - **What this means for UIOs:**
      This period shapes how programs are understood and framed, but most operational details remain undecided.

May: Governor's May Revision

- The Governor releases the May Revision, updating the budget based on revised revenue estimates and policy adjustments.
- This is often when significant changes occur to Medi-Cal assumptions, program funding levels, and timelines.
    - **What this means for UIOs:**
      This is a key checkpoint for identifying material changes that could affect reimbursement, eligibility, or service delivery.

June: Budget Adoption

- The Legislature passes a budget by June 15.
- The adopted budget reflects negotiated funding levels but often leaves policy and implementation details unresolved.
    - **What this means for UIOs:**
      Funding amounts may be finalized, but how programs operate is frequently determined later.

Summer–Fall: Trailer Bills and Implementation

- Policy "trailer bills" are adopted to establish program rules, eligibility, provider participation, and administrative processes.
- State agencies issue guidance, and counties begin implementation planning.
    - **What this means for UIOs:**
      This phase determines real-world impact — including provider inclusion, contracting pathways, and reimbursement timing.

How UIOs Can Use This Information

This summary is intended to support awareness and planning, not to require action. UIOs may consider:

- **Monitoring updates** from CCUIH related to the May Revision, trailer bills, and agency guidance

- **Identifying potential operational impacts**, such as changes to Medi-Cal enrollment patterns, reimbursement timing, or service demand
- **Preparing internal questions** related to county implementation, contracting, or eligibility as details become clearer
- **Sharing relevant operational data** when requested to support accurate representation of urban AI/AN service utilization

CCUIH will continue to track budget developments and implementation milestones and provide updates as information relevant to Urban Indian Organizations becomes available.