California State Association of Counties®
1100 K Street, Suite 101 | Sacramento, CA 95814

May 21, 2025

Re: Protect Safety Net Programs from Reconciliation Cuts

Dear California Congressional Delegation Member:

The California State Association of Counties (CSAC) urges you to oppose the *One Big Beautiful Bill Act* (OBBB), which, in its current form, would drastically shift the costs for essential safety net programs serving millions of California residents from the federal government to its state and county partners. CSAC represents the county supervisors who are responsible for serving local communities through a broad range of essential programs and services and committed to doing so in a manner that helps ensure the health and wellbeing of our residents.

While we understand the need for fiscal discipline at all levels of government and the need to examine federal spending, we are deeply concerned by OBBB's significant cut of at least $715 billion over 10 years from Medicaid (Medi-Cal) and the *Affordable Care Act* (ACA), as well as the $300 billion in cuts over 10 years to the Supplemental Nutrition Assistance Program (SNAP/CalFresh). This unprecedented loss of billions of dollars in federal funding will result in a substantial reduction in food assistance and health care for struggling families that are in critical need and eligible for the programs.

Medicaid is a vital federal-state-local intergovernmental partnership safeguarding the health and wellbeing of millions of residents. California counties administer and help finance this program, which serves approximately one in three Californians, including more than five million children. While the full state-by-state impact of OBBB's proposed Medicaid and ACA cuts are unknown, the nonpartisan Congressional Budget Office projects that an estimated 10.3 million individuals nationwide would lose Medicaid or Children's Health Insurance Program (CHIP) coverage by 2034, with 7.6 million going uninsured altogether. An early estimate from the Kaiser Family Foundation projects that in California, this proposal could represent a $9.8 billion annual cut in federal Medicaid spending, with 1.2 million to 2 million individuals losing enrollment as a result. Because California mandates county governments to provide care of last resort to low-income, uninsured "medically indigent" residents who have no other options, counties are likely to bear the cost of providing health care services to these individuals who lose access to Medicaid. Furthermore, these cost estimates do not factor in the enormous administrative expenses facing the state and counties to implement new, broad work requirements and more frequent eligibility redeterminations.

Rural counties in California already struggle to attract qualified healthcare workers and keep hospitals solvent, and are especially concerned about the impact of Medicaid cuts on hospitals, local clinics, and managed care plans that heavily depend on Medi-Cal reimbursements, including Federally Qualified Health Centers (FQHCs) serving primarily low-income residents. Cuts of the magnitude under consideration could lead to increased wait times, decreased access to preventative and primary care services, and hospital and clinic closures.

Similarly, SNAP is a strong and effective program in the fight against hunger and poverty in California. Serving more than five million California residents in 2024 – 14 percent of the state population – SNAP provided more than $12 billion in federal benefits redeemed at more than 28,800 retailers across the state. The proposed cuts to SNAP would upend this longstanding intergovernmental partnership by shifting a significant portion of the program's costs to state and county governments. Under the new cost-share structure, which would be tied to payment error rates, California is almost certain to receive the most punitive option—a 25 percent SNAP benefit cost-share—even though the state's payment error rate exceeds the national average by less than 2 points. Should benefit levels remain steady with FY 2024, California would face an additional cost of $30 billion over 10 years to maintain the SNAP program.

These new costs would only compound OBBB's proposal to reduce the federal match for SNAP administration from 50 to 25 percent. Currently, California counties are responsible for roughly 30 percent of the non-federal share of SNAP administration. In FY 2024 terms, increasing the non-federal share of SNAP administration from 50 to 75 percent would represent an increase of nearly $623 million total, meaning counties would face an additional $187 million in annual administrative costs alone. Coupled with additional financial penalties due to the legislation's new zero-tolerance threshold for payment error rate calculations and the increased administrative burden associated with OBBB's significant expansion of the population subject to the SNAP time limit, this legislation would prove incredibly costly for California county governments and impede our ability to serve our most vulnerable residents, especially during times of economic downturn.

In sum, the legislation's proposed cuts to Medicaid and SNAP would have significant ripple effects, leading to increased uncompensated healthcare costs, the risk of hospital closures and attendant unemployment of health care providers, more acute care episodes for uninsured individuals, increased hunger and less business for our famers and grocers. To continue funding these services, counties would be forced to cut spending elsewhere – such as public safety, parks, and county initiatives to address homelessness. We urge you to protect these essential programs to help us preserve the well-being and stability of millions of Californians.

If you have questions about our positions, please have your staff contact Tom Joseph and Rachel Mackey, Washington Representatives for CSAC, at tj@paragonlobbying.com and rm@paragonlobbying.com.

Sincerely,

Graham Knaus
Chief Executive Officer
California State Association of Counties (CSAC)