

California's 2025–26 budget: A devastating assault on workers and immigrant families

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On July 1, California Governor Gavin Newsom signed into law a draconian \$321 billion budget passed with strong Democratic support in the state legislature. The budget was presented as a pragmatic solution to a projected \$12 billion deficit.

Despite public statements framing the budget as balanced and protective of vulnerable populations, a detailed examination reveals approximately \$5 billion in targeted reductions. These reductions primarily affect Medi-Cal, California's Medicaid program, and disproportionately impact undocumented adults, older adults, people with disabilities and foster youth.

The passage of California's budget comes just as the U.S. House of Representatives, under Republican control, advanced Trump's so-called "One Big Beautiful Bill"—a federal package that robs working people to deliver massive tax cuts for the super-rich. Both measures share the same essential class aim: to make the working class pay for the crisis of capitalism while shielding the profits and privileges of the financial aristocracy.

Under the guise of "fiscal responsibility," the state budget imposes deep cuts to essential social services, deliberately shifting the burden of California's fiscal crisis onto the backs of those least able to bear it. While the Democratic Party and its allies present themselves as champions of equity for the poor and sanctuary for migrants, the budget reveals the extent to which they accommodate the priorities of capital and embrace a framework of austerity that harms the very people they claim to protect.

The central goal of the 2025–26 California budget is not to "balance" the books but to impose the burden of the fiscal crisis squarely on the shoulders of the poor. Among the most egregious attacks are those directed at the state's already underfunded health and human services programs.

\$5 billion in Medi-Cal cuts primarily target undocumented adults, undermining healthcare access for over 14 million low-income Californians and reversing progress toward universal coverage.

New barriers to Medi-Cal for undocumented adults include

an enrollment freeze, new monthly premiums—initially proposed by Newsom at \$100, then cynically reduced to \$30—and the reinstatement of harsh asset limits (\$2,000 individual/\$3,000 couple), making it harder for low-income individuals and families to access or retain coverage.

Essential benefits for undocumented adults are eliminated, such as long-term care, full-scope dental coverage and in-home supportive services (IHSS), removing critical care for elderly and disabled immigrants and pushing many toward institutionalization or neglect.

- Reductions in clinical and pharmacy support eliminate enhanced payments to safety net clinics (FQHCs, or federally qualified health care, and rural health centers), restrict medication access through step therapy and prior authorizations, and remove coverage for over-the-counter and weight-loss drugs, disrupting treatment continuity and clinical viability.

- IHSS (In-Home Support Services) program cuts include capping provider work hours at 50 per week and immediate termination of IHSS if Medi-Cal coverage is lost, destabilizing care for special needs families and undocumented recipients and reducing income for care providers.

Cuts to social programs for vulnerable populations include \$50 million slashed from foster youth HOPE (Hope, Opportunity, Perseverance, and Empowerment) accounts, reductions to emergency child care for foster children, and halted food assistance expansions, deepening hardship for low-income families.

Homelessness and legal aid are abandoned as the state fails to fund HHAP (Homeless Housing, Assistance and Prevention) homelessness grants or expand legal services, despite intensified ICE raids and mass layoffs of undocumented workers.

- Workforce development is gutted through a 25 percent cut to Youth Job Corps, elimination of the CA RISE (California Regional Initiative for Social Enterprise) program, and sweeping reductions to community college career training, undercutting job prospects amid rising unemployment.

These cuts are calculated attacks, designed to reinforce the growing chasm between California's rich and poor. The social consequences will be staggering: rising homelessness, child neglect, mental health breakdowns, substance abuse and preventable deaths.

Perhaps the most vicious component of the budget is its assault on immigrant workers—particularly undocumented adults—whose exploitation has long underpinned California's economy. Groups such as the California Immigrant Policy Center (CIPC) and Health Access California have characterized these reductions as “reckless and unconscionable,” “discriminatory policies” and a “betrayal of the Governor's commitment to California immigrants.”

These measures amount to a death sentence or deportation order for many undocumented workers and their families, who already live in precarious economic conditions. The “sanctuary state” myth, peddled by Democrats and amplified by corporate media, has been fully unmasked. Far from providing protection, California's Democratic Party is actively undermining immigrants' ability to survive.

As Democrats claim to defend “core values,” they are making sure that the wealthy and big business remain untouched. One glaring example is the massive expansion of the state's film and television tax credit, which will rise from \$330 million to a staggering \$750 million annually. Sold as a “job creation” measure, the handout is a direct subsidy to major entertainment conglomerates, not struggling crew workers or creative freelancers.

California is home to nearly 200 billionaires and over 1,200 centimillionaires. In a state with the world's fourth-largest economy, there is no objective reason for any budget cuts. The wealth exists, but it is hoarded at the top, and the entire political establishment is committed to protecting this vast inequality.

Predictably, Democratic Socialists of America (DSA) officials and affiliated politicians have responded with hypocritical hand-wringing. The California DSA State Committee released a statement declaring,

We, as California Democratic Socialists of America, reject the premise that the only way to balance our budgets is on the backs of our most vulnerable.

Yet this is precisely the premise embraced by the very DSA-endorsed officials now carrying out austerity in practice. In Los Angeles, all four DSA-backed city councilmembers—Nithya Raman, Eunisses Hernandez, Hugo

Soto-Martinez and Ysabel Jurado—voted unanimously to declare a fiscal emergency that paves the way for mass layoffs and service cuts. Their vote is a direct repudiation of the statement issued by their own organization.

The DSA, like the unions and the Democratic Party it functions within, is entirely integrated into the structures of capitalist rule. It poses no threat to austerity but provides it with a left cover.

Large trade union locals, such as SEIU 1000 and UAW 4811, issued timid statements of “disappointment,” warning of job losses and service degradation. But these are the same organizations that sold out workers contract after contract and then rallied behind Democratic candidates. Their concern is not with defending workers but with preserving their own privileged positions as junior partners in capitalist management.

The 2025–26 California budget is a conscious, strategic policy of social counterrevolution driven by the Democratic Party. Whether through Trump's fascistic “One Big Beautiful Bill” or Newsom's austerity budget, the outcome is the same: workers are made to pay for the crisis of capitalism.

But this crisis is not the fault of the working class. It is the product of an exploitative, parasitic system that prioritizes profit over human life. The wealth exists to fully fund healthcare, education, housing and a dignified life for all. What stands in the way is not economic “reality” but the domination of the working class by a capitalist elite and its political servants—Democrats and Republicans alike.

To oppose these attacks, workers must break decisively from the Democratic Party, including its pseudo-left adjuncts like the DSA. The trade union apparatus, which serves only to smother opposition and enforce concessions, must be rejected and rank-and-file committees—independent of the union bureaucracy and capitalist parties—must be built in every workplace and community.

These committees must link up across industries and state lines, in alliance with workers internationally, to fight for a socialist program: the expropriation of the billionaire class, the establishment of democratic control over the economy and the full funding of all social needs based on human solidarity—not profit.



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