

CALIFORNIA PROP 44

Requires Community Health Clinics to Spend 90% of Revenue on Program Services

Purpose

Proposition 44 is a citizen-initiated statute that would require certain nonprofit community health clinics that receive federal funding to spend at least 90% of their annual revenue on direct health care services, limiting administrative and other non-care spending to the remaining 10%.¹

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Background

A community health clinic is a facility that provides a variety of health care services, often at low or no cost, to low-income or uninsured residents. The Legislative Analyst's Office (LAO) estimates that nearly 2,000 such clinics exist in California.² Many of the largest clinics are Federally Qualified Health Centers (FQHCs) and FQHC "look-alikes," nonprofit clinics that receive federal funding or reimbursement.³ FQHCs can get funding through federal grants, whereas lookalikes are only eligible for government funds through insurance reimbursements or workforce programs.⁴

Community health clinics assist a growing number of Californians. According to the California Health Care Foundation, California had 5.8 million patients enrolled in such clinics in 2024—up from 4.7 million in 2017.⁵ Seventy-two percent of these patients are covered by Medi-Cal, California's Medicaid program for low-income residents.⁶ Patient revenue is the primary source of funding for community clinics; according to the California Health Care Foundation, 81% of funding for FQHCs came from patient revenue in 2024, with federal funds only accounting for 9%.⁷

Clinics typically spend most of their revenue on providing health care services to their patients. The LAO estimates that, on average, private nonprofit health care clinics spend 80% of their revenue on health care services, though this percentage varies from clinic to clinic.⁸ The remaining revenue is spent on administrative and other expenses.

Proposal

Proposition 44 would require that FQHCs and FQHC lookalikes meet a "mission spend ratio," whereby 90% of a clinic's revenue must advance the clinic's mission.⁹ Administrative and other non-mission-related expenses would be reduced to a maximum of 10%, approximately half of what the average private nonprofit health clinic spends now.¹⁰ If Proposition 44 passes, the Attorney General would define which specific expenses qualify as mission-related.

Proposition 44 also includes penalties for clinics that fail to meet the mission spend ratio. The penalty would be equal to the difference between the amount the clinic spent on mission-related expenses during the year and the 90% requirement.¹¹ Penalties would be refunded if centers became compliant within five years; otherwise, the state would spend the funds on other clinic workforce programs. Clinics receiving penalties for noncompliance would have 30 days to dispute the mission spend ratio calculation.

Fiscal Impact

Proposition 44 would entail state enforcement costs, including financial review and potential investigation of health clinics. According to the proposition, enforcement costs would be in the low tens of millions of dollars each year, which could be covered by the penalties charged to clinics.

The LAO notes, however, that Proposition 44 could create uncertain costs for state and local governments.¹² Uncertainty arises in part because the Attorney General has not yet defined what qualifies as health care-related expenses. In addition, it's unknown how many clinics will comply with the new requirements. Should numerous clinics fail to comply with the mission spend ratio, enforcement costs could be higher than anticipated. On the other hand, if clinics are largely compliant, an increase in service delivery could force the state to pay more in health insurance reimbursements, since many FQHC patients are enrolled in Medi-Cal. The LAO also notes that Proposition 44 could cause FQHCs to close.¹³

SUPPORT FOR PROPOSITION 44

Supporters of Proposition 44 Include:

- Service Employees International Union-United Healthcare Workers West (SEIU-UHW West)¹⁴
- Californians for Responsible Healthcare¹⁵

As of September 19, 2026, proponents had raised \$16,929,633, all of which was contributed by SEIU-UHW West.¹⁶

Arguments for Proposition 44

Supporters argue Proposition 44 would:¹⁷

- Require more taxpayer funding go directly to patient care and not to bloated CEO salaries and other wasteful spending.
- Respond to cuts in federal healthcare support by forcing clinics to spend scarce resources more efficiently.
- Increase transparency and accountability in how clinics spend taxpayer money.

OPPOSITION TO PROPOSITION 44

Opponents of Proposition 44 Include:¹⁸

- California Democratic Party
- California Republican Party
- California Chamber of Commerce
- California Hospital Association
- Planned Parenthood Affiliates of California
- Reform California

As of September 19, 2026, opponents had raised \$37,616,355. AltaMed Health Services Corporation donated \$5,467,868.¹⁹

Arguments Against Proposition 44

Opponents argue Proposition 44 would:

- Cut essential services, as administrative staff and non-mission specific costs are necessary to keep the clinics functioning.²⁰
- Impair a clinic's ability to make facility improvements, including repairs and equipment upgrades.²¹
- Likely force some clinics to close, intensifying the burden on already-strained emergency rooms.²²

A YES VOTE ON PROPOSITION 44

A YES vote on Proposition 44 would require private nonprofit health care clinics, including FQHCs, to spend at least 90% of their annual revenue on mission-related health care services.

A NO VOTE ON PROPOSITION 44

A NO vote on Proposition 44 would preserve the status quo, allowing clinics to spend less than 90% of revenue on health care services.

Endnotes

- 1 The text of the proposition is at California Secretary of State, *Official Voter Information Guide*, November 3, 2026, pp. 153-157, 2026, <https://vig.cdn.sos.ca.gov/2026/general/pdf/complete-vig.pdf>.
- 2 California Legislative Analyst's Office (LAO), Propositions on the November 3, 2026 Ballot, "Proposition 44," <https://lao.ca.gov/BallotAnalysis/Proposition?number=44&year=2026>.
- 3 Ballotpedia, "California Proposition 44, Spending Requirements for Federally Qualified Health Centers Initiative (2026)," accessed August 10, 2026, [https://ballotpedia.org/California_Proposition_44_Spending_Requirements_for_Federally_Qualified_Health_Centers_Initiative_\(2026\)](https://ballotpedia.org/California_Proposition_44_Spending_Requirements_for_Federally_Qualified_Health_Centers_Initiative_(2026)).
- 4 FQHC Associates, "What Is an FQHC Look-Alike?," accessed September 2, 2026, <https://www.fqhc.org/fqhc-look-alike-info>.
- 5 Matthew Newman and James Paci, "California's Community Clinics Almanac — 2026 Edition," California Health Care Foundation, May 28, 2026, <https://www.chcf.org/resource/2026/05/28/california-community-clinics-almanac/>.
- 6 Newman and Paci, "California's Community Clinics Almanac — 2026 Edition."
- 7 Newman and Paci, "California's Community Clinics Almanac — 2026 Edition."
- 8 LAO, "Proposition 44."
- 9 Ballotpedia, "Proposition 44."
- 10 LAO, "Proposition 44."
- 11 LAO, "Proposition 44."
- 12 LAO, "Proposition 44."
- 13 LAO, "Proposition 44."
- 14 SEIU-United Healthcare Workers West, "Prop 44: The Clinic Funding Accountability and Transparency Act," last modified July 24, 2026, <https://www.seiu-uhw.org/prop44/>.
- 15 Ballotpedia, "Proposition 44."
- 16 Ballotpedia, "Proposition 44."
- 17 SEIU-United Healthcare Workers West, "Prop 44."
- 18 Ballotpedia, "Proposition 44."
- 19 Ballotpedia, "Proposition 44."
- 20 San Diego Regional Chamber, "Chamber Opposes Prop 44: Here's Why," July 23, 2026, <https://sdchamber.org/2026/07/chamber-opposes-prop-44-heres-why/>.
- 21 Mandy Asgeirsson et al., "Study of Potential Impacts from the Attorney General Initiative 25-0008A1," Berkeley Research Group, November 2025, https://protectpatientsca.com/wp-content/uploads/2025/11/BRG-Report-on-Clinic-Funding-Accountability-Transparency-Act-2025_1117.pdf.
- 22 Ballotpedia, "Proposition 44."

