

California State Assembly



Informational Hearing Agenda

Assembly Budget Subcommittee No. 2 on Human Services

Assemblymember Dr. Corey Jackson, Chair

Wednesday, May 21, 2025

**PART I – 9:00-11:00 A.M. &
PART II – 1:30 P.M. (Restart Time) Until Completion**

State Capitol, Room 126

Items To Be Heard		
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	PART II – All Human Services May Revision Proposals	4
All Human Services Departments with Proposals		
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<i>Public Comment on Part II (and Part I if needed) Items</i>		

Items To Be Heard

5180 Department of Social Services
6100 Department of Education

Part I: Child Care & Preschool – May Revision Proposals

This panel will hear the May Revision proposals impacting all child care programs, including State Preschool.

Panel

- Lupe Jaime-Mileham, Department of Social Services (CDSS)
- Tamar Weber, Department of Finance (DOF)
- George Harris, DOF
- Dylan Hawksworth-Lutzow, Legislative Analyst's Office (LAO)
- Stephen Propheter, California Department of Education (CDE)

May Revision Proposals

May Revision Child Care Funding Proposals:

- Continues the state's existing \$7 billion commitment in funding to state-subsidized child care programs, including a total of \$4.5 billion in general fund.
- Maintains the prior year commitments to 146,000 new child care slots, compared to the 2021-22 Budget Act, but does not propose any new child care services in the 2025-26 Budget Year.
- Makes various caseload adjustments, assuming increases in CalWORKs Stages One and Two, decreases in Stage Three, and flat funding for all capped child care programs, including Alternative Payment, General Child Care, Migrant, and State Preschool.
- Maintains hold harmless and flat funding for existing reimbursement rates across all child care programs.
- Addresses administration costs for existing reimbursement rates, supplementary payments, and Child Care Providers United dues collection.
- Provides \$51.9 million for CDSS and local agency administration costs associated with a planned shift to prospective child care payments in 2026.

- Provides \$21.7 million, one-time federal funds for local and state administrative needs for the Alternative Methodology implementation preparation.
- Suspends the statutory state preschool COLA, for an ongoing reduction of \$19.3 million Proposition 98 and \$10.2 million General Fund.
- Suspends the statutory child care COLA, for an ongoing reduction of \$60.7 million General Fund.

New Trailer Bill Proposals:

- Extends the cost of care-plus payments statutory authority through the Budget Year, and clarifies administrative costs.
- Suspends child care and preschool statutory COLAs.

May Revision Finance Letters with attachments of proposed Budget Bill Language is available [here](#). See attachment A pages 72-93 for Finance Letter for CDSS child care proposals.

PUBLIC COMMENT

Public Comment will be taken after Part I for Child Care Issues.

5180 Department of Social Services
4300 Department of Developmental Services
4100 State Council on Developmental Disabilities
4170 California Department of Aging
4700 Department of Community Services and Development
5175 Department of Child Support Services
0530 California Health and Human Services Agency

Part II: All Human Services May Revision Proposals

The list below is intended to include all May Revision changes proposed by the Governor for all non-child care issues in the Subcommittee No. 2 jurisdiction.

The Subcommittee requests that representatives from the Administration present on each of the enumerated proposals under each topical category or department/council. This will be followed by comments and questions from the Legislative Analyst's Office.

For the Administration, please pause for questions from the Members after each enumerated proposal.

Panels

For each department or category of proposals:

- Department, State Council, or Agency
- Department of Finance
- Legislative Analyst's Office

Questions

For each proposal – and, in particular, for the reduction proposals for the In-Home Supportive Services (IHSS) program, Foster Care, and Developmental Services areas – please be prepared to present on the following:

- What is the reason or justification for this proposal?
- How many people will be impacted by this proposal and what characterizes these people (e.g. types of physical and functional needs, intensity of needs, economic vulnerabilities, etc.)?
- Will the basic stability of these people be impacted by this proposal?
- What are alternatives that can reduce negative impacts for the most needy and vulnerable receiving services?

5180 Department of Social Services (Non-Child Care)

May Revise Proposals for the Department of Social Services (DSS) not included in Part I:

In-Home Supportive Services (IHSS)

- 1. In-Home Supportive Services Provider Overtime and Travel Hours.** Caps In-Home Supportive Services (IHSS) provider overtime and travel hours at 50 hours per week beginning in 2025-26, achieving a reduction of \$707.5 million General Fund in 2025-26 and ongoing, with foregone reimbursements of \$850,673,000 in 2025-26, and proposed to start July 1, 2025. Trailer bill language is also proposed in association with this reduction. This change would apply to all IHSS providers.
- 2. In-Home Supportive Services for Undocumented Adults.** Eliminates IHSS benefits for individuals based on specific immigration status ages 19 and older, achieving a reduction of \$158.8 million General Fund in 2025-26 and ongoing and proposed to start July 1, 2025. Trailer bill language is also proposed in association with this reduction.
- 3. In-Home Supportive Services Community First Choice Option Late Penalties.** Shifts the costs from the state to the counties to cover the costs of IHSS Community First Choice Option reassessment late penalties, resulting in \$81 million General Fund savings in 2025-26 and ongoing.
- 4. Medi-Cal Assets for Older and Disabled Adult.** Conforms IHSS with the reinstatement of the Medi-Cal asset limit, resulting in a reduction of \$25.5 million General Fund in 2025-26 and ongoing, with foregone reimbursements of \$30,320,000 in 2025-26, and proposed to start July 1, 2025. This change would apply to all IHSS consumers, as IHSS is a Medi-Cal benefit.
- 5. Case Management Information and Payrolling System Automation for Ensuring Access to Medicaid Services Final Rule.** Requests an increase of \$162,000 one-time in 2025-26 and a reimbursement increase by \$1,294,000 one-time in 2025-26 to implement automation changes to the Case Management Information and Payrolling System (CMIPS) related to the Ensuring Access to Medicaid Services Final Rule. Budget bill language is also proposed to be added as a contingency to authorize the Department of Finance to decrease this item and related reimbursement up to these amounts if the rule is rescinded or repealed.
- 6. Auto-Termination for IHSS Consumers who Lose Medi-Cal after a Redetermination.** Eliminates the IHSS Residual program as a safety net for continuing IHSS services when there is a break in Medi-Cal, resulting in a reduction of \$110.6 million in 2025-26 and ongoing, proposed to start July 1, 2025.
- 7. IHSS Administrative Reassessment Methodology (also known as the “IHSS Admin Rebase”).** In accordance with Welfare and Institutions Code section 12306.19, DSS conducted an assessment of the ongoing workload and costs to administer the IHSS program. The information provided at the May Revision states that the reassessment costs

are \$124 million General Fund and \$246 million total funds for IHSS county workload. These costs are not accounted for in the May Revision updates to program costs.

Foster Care and Child Welfare

8. **Foster Care Tiered Rate Structure.** Makes implementation of the Foster Care Tiered Rate Structure subject to a “trigger,” based on DOF’s assessment of the availability of General Fund in spring 2027. The May Revision reflects savings of \$338.9 million in 2027-28 and \$522.1 million in 2028-29 due to this trigger inclusion. Implementation of the Foster Care Tiered Rate Structure is underway with rates scheduled to take effect on July 1, 2027.
9. **First Phase of Foster Care Tiered Rate Structure State Operations.** Requests an increase of \$788,000 General Fund and 6.3 positions in 2025-26, \$771,000 General Fund and 6.3 positions in 2026-27 and 2027-28, and \$538,000 General Fund and 4.2 positions in 2028-29 and ongoing to provide additional resources to support the implementation of the Tiered Rate Structure. Requests an increase of \$1,103,000 federal funds and 2.7 positions in 2025-26, \$1,074,000 and 2.7 positions in 2026-27 and 2027-28, and \$974,000 and 1.8 positions in 2028-29 and ongoing for the same purpose. These resources are incremental increases to the state operations proposal included in the Governor’s Budget for the Tiered Rate Structure and include adjustments to the Governor’s Budget proposal to reflect eligible federal funds that can be leveraged. There is a May Revision Budget Change Proposal for this change.
10. **Emergency Child Care Bridge.** Proposes a reduction of \$42.7 million General Fund in 2025-26 and ongoing to the Emergency Child Care Bridge program, which funds child care slots for children in foster care on an emergency basis. According to the Department of Finance, this reduction aligns funding with current expenditures. Approximately \$51 million General Fund remains to support the program for state operations and local assistance.
11. **Family Urgent Response System (FURS).** Proposes a decrease of \$13 million General Fund in 2025-26 and ongoing. FURS provides 24/7 in-person mobile response to support children in foster care and their caregivers. According to DOF, this reduction aligns budgeted funds with current expenditures. Approximately \$18 million (\$17 million General Fund) remains to support the system.
12. **Oversight of Manual Restraints and Seclusions in Short-Term Residential Therapeutic Programs, SB 1043 (Grove), Chapter 628, Statutes of 2024.** Proposes an increase of \$1,135,000 and 6 positions in 2025-26 and \$1,109,000 and 6 positions ongoing beginning in 2026-27 to implement SB 1043. There is a May Revision Budget Change Proposal for this change.
13. **Technical Cleanup of Program Funds for Foster Family Home and Small Family Home Insurance Fund.** Proposes Budget Bill Language to eliminate federal fund transfer authority, resulting in a decrease of \$996,000, to reflect that Foster Family Home and Small Family Home Insurance Fund claims are not eligible for Title IV-E federal funding because the claims are not tied to service delivery.

14. **Provisional Language Only: Foster Family Home and Small Family Home Insurance Fund.** Proposes Budget Bill Language to provide an increase of the General Fund transfer amount to the Foster Family Home and Small Family Home Insurance Fund and to increase the expenditure authority in the special fund by a corresponding amount, for approved claims exceeding the current \$600,000 appropriation.
15. **Child and Adolescent Needs and Strengths Fidelity and Training.** Requests an increase of \$928,000 in 2025-26 and ongoing to provide additional resources for child and adolescent needs and strengths fidelity and training activities related to the foster care Tiered Rate Structure. Also requests an increase of \$335,000 in 2025-26 and ongoing for corresponding federal funds. These adjustments are in addition to the proposal included in the Governor's Budget.
16. **Provisional Language Only: Child Welfare Services - California Automated Response and Engagement System (CWS-CARES).** Proposes Budget Bill Language to provide flexibility for DOF to increase augmentation amounts available from prior years.

CalFresh and Food Programs

17. **California Food Assistance Program (CFAP) Expansion.** Makes implementation of the expansion of CFAP to all adults ages 55 and over subject to a "trigger," based on DOF's assessment of General Fund availability in spring 2027. The May Revision reflects savings of \$117.2 million in 2027-28 and \$163.2 million in 2028-29 due to this trigger inclusion. Implementation of the CFAP Expansion is underway and is scheduled to take effect on October 1, 2027.
18. **SUN Bucks Administration.** Requests an increase of \$267,000 General Fund in 2025-26, \$262,000 General Fund in 2026-27 and ongoing, and 4 positions to support administration of the SUN Bucks program pursuant to the approval of the 2025 plan by the United States Department of Agriculture Food and Nutrition Service. Also requests an increase of \$267,000 federal funds in 2025-26, and \$262,000 federal funds in 2026-27 and ongoing. This includes Budget Bill Language for contract exemption language related to administration of the program. This will bring the total resources to \$115.8 million (\$57.5 million General Fund) in 2025-26 for transactions costs and outreach to allow California to provide an estimated \$815.9 million in federal food assistance to children through the SUN Bucks program. This program provides \$120 per child (\$40 per month for June, July, and August) in federally funded food benefits to children who lose access to free and reduced-price meals during the summer school closure period. There is a May Revision Budget Change Proposal for this change.
19. **CalFresh Enhancement to Populate Income Page.** Requests an increase of \$270,000 federal funds in 2025-26 to auto-populate the income page with data from the Payment Verification System to reduce manual data entry and improve accuracy.

20. **CalFresh Standard Utility Allowance Standardization.** Requests an increase of \$700,000 General Fund in 2025-26 and \$1 million federal funds to support updates to client-facing forms and notices as well as automation updates to CalSAWS necessary to implement the Final Rule released by United States Department of Agriculture Food and Nutrition Service in 2024, in time for federal fiscal year 2026, with associated Budget Bill Language changes.
21. **Provisional Language Only: CalFresh Employment and Training Fund.** Requests Budget Bill Language to allow for the transfer of federal funds to the newly established CalFresh Employment and Training Fund.
22. **Provisional Language Only: California Food Assistance Program Expansion Reappropriation.** Requests Budget Bill Language for reappropriation up to \$38,000,000 General Fund to be available through June 30, 2029 for the automation of the California Food Assistance Program expansion.

CalWORKs

23. **Streamlining the CalWORKs Program Experience and Elimination of the CalWORKs RADEP and E2Lite.** Requests an increase of \$1.5 million total funds in one-time automation costs and a decrease of \$18.2 million total fund in ongoing savings to streamline the CalWORKs program experience by implementing a set of policy changes that are consistent with more holistic interventions and family-centered approaches to CalWORKs. These changes, including in proposed trailer bill language discussed in more detail later in this section, seek to expand allowable welfare to work activities, reassess mandatory activities, and simplify the curing of sanctions. The \$18.2 million in savings results from replacing county welfare to work data reporting activities with data elements using administrative data extracts from CalSAWS, instead of the Research and Development Enterprise Project (RADEP) and E2Lite.
24. **New Aid Code for TANF Timed-Out Two-Parent Families.** Requests an increase of \$455,000 federal funds in 2025-26 to automate a new aid code into the Medi-Cal Eligibility System and California Statewide Automated Welfare System (CalSAWS) for the two parent Temporary Assistance for Needy Families (TANF) timed-out cases to ensure compliance with federal rules and reporting requirements.
25. **Work Participation Rate Penalty Impact.** Requests an increase of \$21,096,000 in 2025-26 to supplement the reduction to the federal TANF block grant due to the Work Participation Rate penalty imposed on the state for failure to meet the requirements from federal fiscal year 2012 through 2014.
26. **CalWORKs Eligibility Administration Reassessment.** In accordance with Welfare and Institutions Code section 15204.35, the Eligibility Administration component of the CalWORKs Single Allocation is to be reassessed in consultation with the County Welfare Departments (CWDs) and the County Welfare Directors Association (CWDA) in 2024-25 and every three years. DSS has provided an update at the May Revision and states that updating the eligibility worker rate and funding applications independent of caseload would increase funding from \$748.9 million to \$988.7 million total funds in 2025-26. This results in an

increase in \$239.8 million above the funding level provided by the current methodology in May 2025, meaning that this amount is not included in the May Revision.

Immigration Services

27. **Ongoing Resources for Increased Immigration Services Bureau Workload.** Requests an increase of \$582,000 General Fund in 2025-26 and ongoing and 3 positions to maintain ongoing immigration services. There is a May Revision Budget Change Proposal for this change.
28. **Refugee Cash Assistance Eligibility Change.** Requests an increase of \$30,000 General Fund and \$266,000 federal funds in 2025-26 for automation changes to effectuate the federal changes to the Refugee Cash Assistance (RCA) program.
29. **Provisional Language Only: Ongoing Temporary Protected Status Deadline Extension.** Requests Budget Bill Language for the extension of availability of ongoing funding for the Temporary Protected Status (TPS) Program. This would extend the deadline from one to three years for encumbrance and five years to liquidate.
30. **Provisional Language Only: Rapid Response Reappropriation.** Requests Budget Bill Language to reappropriate all remaining Rapid Response Funds from the Budget Acts of 2021, 2022, and 2023, to continue services for the Rapid Response Program.

Local Assistance

31. **May Revision Caseload Adjustments.** The 2025-26 May Revision proposes a net increase of \$1,779,811,000 total funds in 2025-26 that is primarily driven by updated caseload estimates since the 2025-26 Governor's Budget. The net increase in total funds in 2025-26 is comprised of a \$864,932,000 General Fund increase, \$4,473,000 federal funds increase, \$750,000 special funds decrease, and \$911,156,000 reimbursements increase. Caseload and workload changes since the 2025-26 Governor's Budget are displayed in the table on the next page.

Item	Program	Change from Governor's Budget
5180-101-0001	California Work Opportunity and Responsibility to Kids (CalWORKs)	\$76,870,000
5180-101-0001	Other Assistance Payments	\$106,157,000
5180-101-0001	Child Care	\$(73,467,000)
5180-101-0890	CalWORKs Federal Funds	\$(117,559,000)
5180-101-0890	Other Assistance Payments	\$50,579,000
5180-101-0890	Child Care	\$40,478,000
5180-101-8004	Other Assistance Payments	\$(750,000)
5180-104-0001	Child Care	\$(1,000)
5180-111-0001	In-Home Supportive Services (IHSS)	\$720,946,000
5180-111-0001	IHSS - Reimbursements	\$926,247,000
5180-111-0001	Supplemental Security Income/State Supplementary Payment (SSI/SSP)	\$(50,328,000)
5180-141-0001	County Automation and Administration Projects	\$70,322,000
5180-141-0001	County Administration & Automation Projects - Reimbursements	\$(74,829,000)
5180-141-0890	County Automation and Administration Projects	\$69,191,000
5180-151-0001	Special Programs	\$(11,000)
5180-151-0001	Children & Adult Services and Licensing	\$7,544,000
5180-151-0001	Children & Adult Services and Licensing - Reimbursements	\$53,514,000
5180-151-0890	Children & Adult Services and Licensing	\$(38,216,000)
5180-161-0001	Special Programs	\$6,900,000

Support

32. Facility Management System. Requests additional one-time funding of \$14,784,000 General Fund in 2025-26 to provide resources to implement the first phase of the Facility Management System. This includes resources equivalent to 16 positions to facilitate the successful completion and maintenance of the FMS project. This funding will allow DSS to procure and deploy the first iteration of FMS in 2025-26. Additionally, this request includes Budget Bill Language to make expenditure of these funds contingent upon project approval by the Department of Technology and in alignment with approved project documents. There is a May Revision Budget Change Proposal for this change.

33. Information Systems Division Growth and Sustainability. Requests a decrease of \$1,171,000 General Fund in 2025-26 and 2026-27, and \$150,000 in 2027-28 and ongoing to reflect a technical change to align resources with the proposal included in the Governor's Budget.

Budget Bill Language Proposals

34. Various Reappropriations for Support and Local Assistance through June 30, 2026.

Proposes to reappropriate funding from the following items through June 30, 2026:

- Up to \$80 million from Item 5180-101-0001, Budget Act of 2024, for the State Supplemental Grant Program.
- Up to \$25 million from Item 5180-141-0001, Budget Act of 2023, for the California Statewide Automated Welfare System interface with the Child Welfare Services - California Automated Response and Engagement System.
- Up to \$1,820,000 from Item 5180-141-0001, Budget Act of 2024, for automation in the California Statewide Automated Welfare System to support implementation of the foster care Tiered Rate Structure.
- Up to \$2,531,000 from Item 5180-141-000, Budget Act of 2024, for automation in the Child Welfare Services - California Automated Response and Engagement System to support implementation of the foster care Tiered Rate Structure.
- Up to \$2,531,000 from Item 5180-141-0890, Budget Act of 2024, for automation in the Child Welfare Services - California Automated Response and Engagement System to support implementation of the foster care Tiered Rate Structure.
- Up to \$40 million from Item 5180-151-0001, Budget Act of 2022, to increase the use of home-based family care and the provision of services and supports to children in foster care and their foster caregivers.
- Up to \$301,000 from Item 5180-151-0001, Budget Act of 2024, for the County Welfare Department Offices Physical Accessibility Review.
- Up to \$1.1 million from Item 5180-001-0001, Budget Act of 2022, to extend the existing direct deposit contract funds.
- Up to \$1,850,000 from Item 5180-001-0001, Budget Act of 2024, to allow the Department of Social Services to conduct a contracted zero trust assessment to comply with statewide cybersecurity standards.

35. Various Reappropriations through June 30, 2027. Proposes to reappropriate funding from the following items through June 30, 2027:

- Up to \$4 million from Item 5180-151-0001, Budget Act of 2021, for complex care services.
- Up to \$521,000 from Item 5180-101-0001, Budget Act of 2021, for the California Fruit and Vegetable EBT Pilot Project.
- Up to \$10,434,000 from Items 5180-151-0001 and Item 5180-101-0001, Budget Act of 2021, for administration of various housing programs.

36. Efficiencies in Government Proposal from the Department of Finance. The Department of Finance has requested \$20 million General Fund and Budget Bill Language to authorize contracts with consultants to assist and advise on analyzing and creating process

improvements within state government. Details and possible impacts to Department of Social Services programs are unknown at the time of this writing.

DSS May Revision Trailer Bill Proposals

37. Streamlining CalWORKs. Trailer bill language proposes to make various changes to streamline the CalWORKs program:

- Reassessing mandatory activities by making Job Club option – this would make Job Club an optional program component and simplify its rules and exceptions. Job Club would instead be offered to, but not required of, all participants. Clients' feedback is that Job Club can be a rigid, demeaning, and difficult requirement to meet at the front of program entrance, when families with children are most unstable, potentially in homelessness, facing multiple barriers, and in need of supportive services to become stable.
- Expanding allowable welfare to work activities – this would expand the list of eligible welfare-to-work (WTW) program activities available to participants. Currently, the required development of a WTW Plan consists of participants and their caseworker making selections from a prescribed list of allowable WTW activities. The expanded list of activities includes but is not limited to case plan development, WTW Plan revision, and coaching with a case manager. Families face multiple, difficult barriers, including lack of high school completion, mental health and substance abuse issues, and domestic violence circumstances.
- Simplifying the sanction curing process – this would simplify the WTW sanction curing process by allowing an individual to indicate to the county verbally or in writing that they want to cure their sanction and begin participating in activities. In addition, it would clarify that, pursuant to WIC section 11322.81, individuals known to be meeting federal work participation requirements shall have their sanctions automatically cured without the need for the individual to express the desire to cure.

38. Pre-Populated Semiannual Report 7 Eligibility Status Report. Trailer bill language proposes to clarify that the requirement to provide recipients of CalFresh and California Work Opportunity and Responsibility to Kids (CalWORKs) benefits with a pre-populated (i.e. pre-filled) Semi Annual Report (SAR) 7 may be completed via mail or electronically, at the election of the recipient.

39. Child and Family Team Meetings for Family Maintenance Cases. Trailer bill language proposes to require all county child welfare agencies to conduct Child and Family Team (CFT) meetings for youth receiving both voluntary and court ordered Family Maintenance (FM) services. According to CDSS, this helps make sure youth in FM cases receive CFT meetings to help prevent additional children from going into out-of-home placements by providing families with appropriate case plans.

40. Adoption Assistance Program - Wraparound Services and Out-of-Home Placement. Trailer bill language proposes to clarify the allowable use of Adoption Assistance Program (AAP) payments for wraparound services and out-of-home placement. The proposed changes include:

- Authorizing AAP payments for wraparound services.

- Defining and clarifying eligibility criteria for wraparound services and out-of-home placement including standards and requirements that must be met.
- Updating the AAP payments for out-of-home placement to align with the new Tiered Rate Structure.
- Authorizing the utilization of AAP payments for wraparound services for 12 months, and for an additional 12 months if there is a continued need to resolve a child's specific condition(s).
- Clarifying eligibility for wraparound services upon discharge of out-of-home/out-of-state placement.
- Clarifying the out-of-home/out-of-state placement maximum for 12 months with 60 days additional for transitional planning.
- Authorization for All-County Letter/written instruction.

41. **Foster Care Tiered Rate Structure Trigger.** At the time of this writing, this trailer bill was not available.

42. **California Food Assistance Program (CFAP) Expansion Trigger.** At the time of this writing, this trailer bill was not available.

43. **In-Home Supportive Services for Full-Scope Medi-Cal Expansion Adults 19 and Older.** At the time of this writing, this trailer bill was not available.

44. **In-Home Supportive Services Provider Overtime and Travel Hours.** At the time of this writing, this trailer bill was not available.

4300 Department of Developmental Services

May Revise Proposals for the Department of Developmental Services (DDS):

Reduction/Solutions Proposals

45. **Require Provider Mandates for Quality Incentive Payment Eligibility.** Includes a reduction of \$221.7 million General Fund in 2026-27 and ongoing associated with requiring compliance with Electronic Visit Verification, financial review/annual audits, and Home and Community-Based Services (HCBS) rules as a pre-condition for eligibility of the quality incentive component of the rate models. This includes corresponding trailer bill.

46. **Service Provider Rate Reform Hold Harmless Provision.** Proposes a reduction of \$75 million General Fund in 2025-26, and a decrease to reimbursements by \$37,952,000, one-time to end service provider rate reform hold harmless policy as of February 28, 2026, instead of June 30, 2026. This includes corresponding trailer bill.

47. **Self-Determination Program Updates.** Proposes a reduction of \$22.5 million General Fund in 2025-26, and \$45.5 million General Fund ongoing. This includes corresponding trailer bill.

48. **Regional Centers Direct Service Professional Workforce Training and Development.** Proposes a reduction of \$17.6 million General Fund in 2025-26 and 2026-27 and \$36.8 million General Fund in 2027-28 and ongoing for this initiative, which the department states has not yet been implemented. It is also requested that reimbursements be decreased by \$8,839,000 in 2025-26 and 2026-27, and \$18.5 million ongoing for these purposes.
49. **Porterville Developmental Center Ongoing Savings.** Proposes a reduction of \$10 million General Fund in 2026-27 and ongoing reflecting historical savings.
50. **Implicit Bias Training.** Proposes a reduction of \$5.6 million General Fund in 2025-26, with reimbursements to decrease by \$1,476,000, and ongoing to eliminate dedicated resources for refreshing implicit bias training at regional centers. This includes corresponding trailer bill.
51. **Health and Safety Waiver Assistance.** Proposes a reduction of \$3.0 million General Fund in 2025-26, with reimbursements to decrease by \$1,412,000, and ongoing for resources related to providing consumers and families assistance in applying for health and safety waivers. This includes corresponding trailer bill.
52. **Efficiencies in Government Proposal from the Department of Finance.** Assumes out-year savings, unknown at the time of this writing, associated with improved processes to increase reimbursements and evaluation of options to recoup costs for certain services. The Department of Finance has requested \$20 million General Fund and Budget Bill Language to authorize contracts with consultants to assist and advise on analyzing and creating process improvements within state government.

Augmentation/New Spending Proposals

53. **Life Outcomes Improvement System (LOIS).** Includes a proposal for \$13.3 million total funds, \$5.1 million General Fund, on a one-time basis, for limited-term resources equivalent to seventeen (17.0) positions at the Department, and resources for regional centers to continue the planning phase of the Project Approval Lifecycle (PAL) process. There is a May Revision Budget Change Proposal for this change.
54. **Federal Access Rule.** Includes a proposal for \$1.9 million total funds, \$1.6 million General Fund, on a one-time basis, for limited-term resources equivalent to nine (9.0) positions to support the increased workload related to compliance with the new federal Home and Community-Based Access Rule requirements, including a mandate to establish a new grievance process for Medicaid consumers. Budget Bill Language is also requested for this issue. There is a May Revision Budget Change Proposal for this change.
55. **Staffing for Health and Safety Investigations and Due Process Caseload.** Includes a proposal for \$1.4 million total funds, \$1.2 million General Fund, for nine permanent positions and \$2.0 million total funds, \$1.7 million General Fund, in 2026-27 and ongoing to support increased workload related to health and safety concerns, such as rising appeals and complaints workloads. There is a May Revision Budget Change Proposal for this change.

56. **Clinical Monitoring Team Support for Specialized Community Homes.** Includes a proposal for \$680,000 total funds, \$544,000 General Fund, for four permanent positions to support development and monitoring of specialized community homes and services. There is a May Revision Budget Change Proposal for this change.
57. **Increased Reimbursement and Cost Recovery.** Includes a proposal for \$1.3 million total funds, \$1.1 million General Fund, for five permanent positions and contracted consultant support to explore options and obtain payment from public and private health insurers for services purchased by regional centers on behalf of eligible individuals to recoup costs for certain services. It is also requested that statutory changes be added to repeal the Parental Fee Program, redirecting 4 staff to this proposal. There is a May Revision Budget Change Proposal for this change.
58. **Porterville Developmental Center Capital Outlay.** Requests to appropriate \$2.2 million one-time General Fund for the construction phase of the Fire Sprinkler System project at Porterville Development Center and to revert \$1.148 million General Fund of existing authority for the construction phase, resulting in a net increase of \$1.0 million. The overall cost of the construction phase is \$6,101,000, of which \$3,905,000 was previously encumbered. This project has experienced delays as many of the buildings are protected by historic building code and require extensive design, inspection, and preservation planning. These delays, along with revised estimates of project overhead, have led to the need for additional funding. There is a May Revision Capital Outlay Budget Change Proposal for this change.

Other May Revision Proposals for DDS

59. **Regional Centers – Caseload and Utilization May Revision.** Includes a decrease of \$168,013,000 and \$57,795,000 reimbursements ongoing. These adjustments reflect updated expenditure estimates in operations and purchase of services driven by caseload and utilization.
60. **Loan Authority.** Includes a change to General Fund loan authority from \$1,290,420,000 to \$1,269,819,000 to reflect revised federal reimbursement estimates.
61. **Public Records Act – Regional Center Requirements (AB 1147) – Adjustments.** Requests a reduction of \$819,000 total funds, \$655,000 General Fund, to reduce six (6.0) positions compared to the original proposal submitted at Governor’s Budget, reflecting a reevaluation of the compliance approach and updated resource needs. There is a May Revision Budget Change Proposal for this change.
62. **Control Section 4.05 – Government Efficiencies Reduction.** Requests a reduction of \$3.3 million total funds/General Fund.
63. **Control Section 4.12 – Vacancy Savings and Position Elimination.** Requests a reduction of \$1.0 million total funds/General Fund.

DDS May Revision Trailer Bill Proposals

64. **Fiscal Allocation Letter Authority.** Trailer bill language proposes statutory changes to streamline administrative processes for issuing fiscal allocations to regional centers, consistent with appropriations in the annual state budget. These changes would add Welfare and Institutions Code (WIC) section 4621.6 to statute and amend Public Contract Code (PCC) section 10295. According to DDS, “Regional centers, as nonprofit community organizations, rely on state and federal funds to perform core operations and provide services. The proposed statutory changes will align the Department’s processes with other health and human services government programs and allow the Department to utilize fiscal letters for allocations and funding adjustments, eliminating the need for formal contract amendments for every adjustment. The current bureaucratic process does not add value to the allocation process but does require multiple months for DGS and regional center board reviews and approvals. This proposal would improve efficiencies and timeliness of making funding accessible to regional centers for operations and the delivery of critical services.”
65. **Repeal of Parental Fee Program.** Trailer bill language proposed to repeal the Parental Fee Program (PFP) and redirect positions to support increased reimbursement and cost recovery efforts.
66. **Implicit Bias Training.** Trailer bill language proposes to make regional center implicit bias training initiative subject to appropriation.
67. **Health and Safety Waiver Assistance.** Trailer bill language proposes to make allocations for health and safety waiver application assistance subject to appropriation.
68. **Require Provider Mandates for Quality Incentive Program Eligibility.** Trailer bill language proposes to stipulate that to qualify for the Quality Incentive Program (QIP), providers must comply with Electronic Visit Verification (EVV), Home and Community-Based Services (HCBS) rules, and independent audit and fiscal review requirements. The proposal assumes that approximately one-third of providers may not meet compliance targets such as EVV, independent audit and fiscal reviews, and HCBS requirements. This trailer bill is associated with a May Revision solution to generate \$221.7 million in General Fund savings in 2025-26 and ongoing.
69. **Service Provider Rate Reform Hold Harmless.** Welfare and Institutions Code section 4519.10(d)(1)(2), until June 30, 2026, requires a hold harmless policy for providers whose rates exceed rate model recommendations. The hold harmless policy also applies to providers whose rates, as of January 1, 2023, exceeded 90 percent of the rate model. This policy allows providers time to revise their business practices to align with the new rate models. Once the hold harmless period ends, rates will be adjusted to align with the rate models for other providers within the same service category and region. All providers subject to rate models will be funded using the two-payment component model, the base rate equaling 90 percent of the rate model, and a quality incentive payment, equaling up to 10 percent of the rate model. Rates are required to be fully aligned to rate reform rate models

as of December 31, 2025. The proposed trailer bill would move forward the end of the hold harmless by four months, from June 30, 2026, to February 28, 2026. This is associated with a May Revision solution to generate one-time savings of \$75 million.

70. Self-Determination Program. Trailer bill language proposes to create guardrails in the Self-Determination Program (SDP) to comply with federal law and protect the program's long-term sustainability. According to DDS, approximately 7,000 consumers are enrolled in the SDP; however, concerns have emerged that must be addressed to safeguard the program's future.

DDS proposes the following changes:

- Budget Methodology: Modify the budget calculation to be based on authorized services from the prior year, with adjustments allowed for changes in needs and circumstances.
- Spending Plan Certification: Require regional centers to certify that spending plans meet federal requirements and align with the needs and goals identified in the Individual Program Plan process.

4100 State Council on Developmental Disabilities

May Revise Proposal for the State Council on Developmental Disabilities (SCDD):

71. Increased Reimbursement Authority – Quality Assessment Project. Proposes to increase reimbursements by \$198,000 in 2025-26 and \$299,000 in 2026-27 and ongoing to support updates to an existing interagency agreement with the Department of Developmental Services related to the Quality Assessment project.

4170 California Department of Aging

May Revise Proposals for the California Department of Aging (CDA):

72. Technical Baseline Adjustment. Proposes a technical adjustment of net-zero shifts of existing funds for various programs within each respective state operations item.

73. Federal Trust Fund Authority Technical Adjustment. Proposes to increase federal fund reimbursement authority by \$23.2 million in 2025-26 and ongoing and \$3,870,000 in 2025-26 to align federal fund reimbursement authority with receipt of federal funds. There is a May Revision Budget Change Proposal for this change.

74. Multipurpose Senior Services Program. Proposes to allow the Department of Finance to decrease funding if the Centers for Medicare and Medicaid Services' Medicaid and Children's Health Insurance Program Managed Care Access, Finance, and Quality Final Rule is rescinded or repealed. Any adjustment of this item shall be reported in writing to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee within 10 days of the date the adjustment is approved.

4700 Department of Community Services and Development

May Revise Proposals for the Department of Community Services and Development (CSD):

- 75. Climate Bond (Proposition 4): Low-Income Weatherization Program Farmworker Housing Component.** Proposes an increase of \$230,000 one-time to support the allocation of Proposition 4 resources to the Low-Income Weatherization Program Farmworker Housing Component. This request accelerates the expenditure timeline proposed at Governor's Budget by one year, allocating \$9,459,000 for local assistance in fiscal year 2026-27 and continuing support funding through 2027-28. There is a May Revision Budget Change Proposal for this change.
- 76. Low-Income Weatherization Program Farmworker Housing Component Reappropriation.** Proposes to extend the liquidation period for one-time 2021-22 General Fund resources supporting the Low-Income Weatherization Program Farmworker Housing Component. There is a May Revision Budget Change Proposal for this change.
- 77. Low-Income Weatherization Program Multifamily Housing Component Reappropriation.** Proposes to reappropriate the remaining balance of unexpended one-time 2022-23 General Fund resources to extend the liquidation period for one-time 2022-23 General Fund resources supporting the Low-Income Weatherization Program Multifamily Housing Component. There is a May Revision Budget Change Proposal for this change.
- 78. General Fund Cash Flow Loan.** Proposes to authorize a General Fund loan or loans, not to exceed a cumulative total of \$40 million, to assist in cash flow program needs related to unanticipated delays in the receipt of federal funds.

5175 Department of Child Support Services

May Revise Proposal for the Department of Child Support Services (DCSS):

- 79. Local Assistance.** Proposes a decrease of \$1,490,000 federal funds ongoing to update federal fund local assistance expenditures based on additional child support collections data becoming available. DCSS also requests an increase in the Child Support Collections Recovery Fund by \$1,490,000 ongoing to reflect an estimated increase in collections received for the federal government's share of child support recoupment based on updated child support collections information.

0530 California Health and Human Services Agency

May Revise Proposals for the California Health and Human Services Agency (CalHHS):

- 80. Preschool Development Grant Award Authority Adjustment.** Requests an increase of \$280,000 one-time to align federal fund authority with receipt of the Preschool Development Grant. There is a corresponding issue in the Department of Social Services' Finance Letter.

81. Behavioral Health Transformation: Behavioral Health Services Act Continued Implementation. Requests an increase of \$154,000 ongoing to support the California Health and Human Services Agency's coordination and implementation of behavioral health initiatives like Proposition 1. There are related issues in the Department of Health Care Services, Department of Public Health, Department of Managed Health Care, and Department of Health Care Access and Information, all in the jurisdiction of Subcommittee No. 1 on Health. There is a May Revision Budget Change Proposal for this change.

82. Child Welfare Services - California Automated Response and Engagement System. Requests an increase of \$15,015,000 one-time to align funding legislation already approved in the Department of Social Services' budget from prior Budget Acts. These funds are separate from the CWS-CARES project costs requested in the 2025-26 Governor's Budget proposal. There is a May Revision Budget Change Proposal for this change.

Staff Comments

Information on all proposals is available at the Department of Finance's website, <https://dof.ca.gov/>.

May Revision Finance Letters with attachments of proposed Budget Bill Language is available [here](#).

May Revision Budget Change Proposals are [here](#).

Trailer Bill Language proposals are [here](#).

Staff Recommendation: Hold open all issues.

PUBLIC COMMENT

Public Comment will be taken after Part II for All Issues.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 2 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Nicole Vazquez and Erin Gabel.