

# California State Assembly



## Agenda

### Assembly Budget Subcommittee No. 2 on Human Services

Assemblymember Dr. Corey Jackson, Chair

Monday, May 18, 2026

Upon Adjournment of Assembly Session  
Swing Space, 1021 O Street, Room 1100

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**Public Comment will be taken in person after the completion of Part II  
and any discussion from the Members of the Subcommittee.**

**Public Comment will be limited to one minute maximum per person.**

## Items To Be Heard

### PART I: Child Care and Preschool Proposals

**5180 Department of Social Services**  
**6100 Department of Education**

#### Issue 1: Child Care & Preschool – May Revision Fiscal Proposals

This panel will hear the May Revision proposals impacting all childcare program funding, including State Preschool.

#### Panel

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

#### Background

#### May Revision Child Care Funding Proposals:

Overall, the May Revision reduces funding for CDSS child care programs by approximately \$61.2 million dollars ongoing compared to the enacted 2025-26 Budget, and proposes \$6.8 billion Total Funds (TF) (\$5.0 billion General Fund (GF)) in fiscal year (FY) 2026-27, which reflects a net increase of \$15.5 million TF (\$46.7 million GF decrease) from the Governor’s Budget.

### HIGHLIGHTED CDSS PROGRAMS AND BUDGET CHANGES

#### CHILD CARE AND DEVELOPMENT

| Funding (million) | Governor’s Budget<br>FY 2025-26 | Governor’s Budget<br>FY 2026-27 | May Revision<br>FY 2025-26 | May Revision<br>FY 2026-27 | FY 2025-26<br>Change from<br>Governor’s Budget | FY 2026-27<br>Change from<br>Governor’s Budget | May Revision<br>Year-to-<br>Year Change |
|-------------------|---------------------------------|---------------------------------|----------------------------|----------------------------|--|--|---|
| Total*            | \$6,625.1                       | \$6,758.1                       | \$6,834.8                  | \$6,773.5                  | \$209.7  | \$15.5   | -\$61.2                                 |
| Federal           | 1,542.2                         | 1,508.0                         | 1,570.7                    | 1,566.3                    | 28.5   | 58.4   | -4.4                                    |
| State*            | 4,884.3                         | 5,065.9                         | 5,065.5                    | 5,019.2                    | 181.2  | -46.7  | -46.3                                   |

\*Totals include Proposition 64 Funding and exclude Child and Adult Care Food Program (CACFP) costs, which are included in the CalFresh and Nutrition section.

**Cost of Care Payment Time Shift.** The May Revision includes \$6.8 billion from all funding sources (\$5.1 billion GF), in FY 2025-26, which reflects an increase of \$209.7 million TF (\$181.2 million GF) from the Governor’s Budget. The increase reflects the inclusion of FY 2026-27 first quarter cost of Care Plus payments and administrative support to ensure timely payment.

**Caseload & Slot Reductions.** The May Revision proposes to reduce ongoing childcare funding by 6,798 slots. According to CDSS, a total of \$69.6 million in California Alternative Payment Program funding, for an estimated 5,798 slots, and \$2.3 million in General Child Care Program funding, for an estimated 1,000 slots, has been permanently relinquished by the awardee agency.

| 2026-27 May Revision                  | CCTR          | CAPP          |                         |
|---------------------------------------|---------------|---------------|-------------------------|
| Annual CPC                            | \$23,731      | \$12,009      | <b>Total Adjustment</b> |
| FF reduction                          | -\$5,659,000  | -\$69,629,000 | -\$75,288,000           |
| Proposition 64 Net Revenue Adjustment | -\$18,067,000 | \$-           | -\$18,067,000           |
| Total Funding Adjustment              | -\$23,726,000 | -\$69,629,000 | -\$93,355,000           |
| MR Slot Adjustment                    | -1,000        | -5,798        | -6,798                  |

The May Revision assumes a higher than previously projected caseload and cost per case in CalWORKs Stage One Child Care, and higher cost per case in CalWORKs Stage Two Child Care, a lower cost per case in CalWORKs Stage Three Child Care, and lower than previously projected caseload in CalWORKs Stage Two and CalWORKs Stage Three Child Care.

**Abandon Prospective Pay Policy.** The May Revision proposes the removal of funds to support administrative changes needed to pay providers prospectively. The federal government recently published final regulations that remove a prior requirement to pay providers prospectively.

Proposes to pause shift to prospective pay for child care programs, including:

- \$43.8 million elimination of funding for local agency prospective pay start-up in 2026-27
- \$30.5 million reversion of funding for start-up in 2025-26
- \$1.11 million and 6.0 Full Time Equivalent (FTE) reduction to CDSS staff capacity

**Child Care COLA.** The May Revision proposes a 30.0 percent reduction to the projected FY 2026-27 child care COLA of 2.87 percent, which is higher than the 2.41 percent rate assumed in the Governor’s Budget, resulting in a funded COLA of 2.01 percent for CDSS-administered child care program including CACFP, and maintaining \$112 million GF in COLA funding.

**Childcare Infrastructure Grants.** CDSS applied for Federal American Relief Act 2025 funding on September 11, 2025, and received a \$28 million award on February 10, 2026, to support child care facilities impacted by disasters in 2023 and 2024. Funds must be obligated by September

30, 2029. The May Revision also includes an additional \$308,000 in Prop 64 funds. This funding is in addition to the Governor's Budget proposal for \$11.5 million one-time Prop 64 funds for disasters in 2025.

**Alternative Payment Admin Rate.** This proposal will streamline the available funding to Alternative Payment Program (APP) contractors by increasing the allowable administrative and support percentage of their total contract. The May Revision provides \$65.1 million GF in FY 2026-27 to increase allowable in-contract administration costs for APPs by 1.5 percent and eliminates the prior \$70 million AP Admin rate add-on. There is TBL associated with this proposal. According to CDSS, this increased percentage will cover new administrative responsibilities consistent with the Childcare Providers United California bargaining agreements.

**Low-Income Investment Fund.** The May Revision proposes reappropriating \$1.5 million in New Construction and Major Renovation funds from FY 2025-26 to FY 2027-28 to support close-out activities for remaining projects administered through CDSS's contract with Low-Income Investment Fund. This reappropriation will allow the agreement with Low-Income Investment Fund to be extended to provide continued technical assistance and oversight required beyond the current June 30, 2026, funding deadline.

**Childcare Nutrition Program Reductions.** Reduces the Childcare Nutrition program's COLA from 2.41 percent at January Budget, and the 2.87 percent statutory COLA, to 2.01 percent.

#### **May Revision Preschool Funding Proposals:**

**Preschool COLA.** The May Revision proposes a 30.0 percent reduction to the projected FY 2026-27 preschool COLA of 2.87 percent, which is higher than the 2.41 percent rate assumed in the Governor's Budget, resulting in a funded COLA of 2.01 percent for the California State Preschool Program, and maintaining \$18.13 million GF, and \$33.295 million Prop 98 in COLA funding.

**Abandon Prospective Pay Policy.** The May Revision proposes the removal of funds to support administrative changes needed to pay providers prospectively. The May Revision also proposes to pause shift to prospective pay for child care programs, including:

- \$2.73 million GF and \$5.72 million Prop 98 elimination of funding for local agency prospective pay start-up in 2026-27

**Quality Rating and Improvement System Block Grant.** Increases existing block grant with \$20 million ongoing Prop 98 funds.

#### **Suggested Questions**

- According to the Administration, the 6,798 in child care program slots proposed for elimination are not currently in contract, due to voluntary agency relinquishment. This proposal differs from the January Budget proposal to eliminate 4,400 CCTR slots that are

in contract, slated to start serving children in 2026-2027. This raises crucial questions about program expansion and agency discretion:

- Why are General Child Care contracts rejecting slot increases?
  - Why are Alternative Payment Programs rejecting slot increases?
  - Why are relinquished slots not immediately redistributed to agencies with waitlists or child care deserts?
  - What are the CDSS and CDE processes for new slot allocation? How can this process be adjusted in the future expansions to prevent a misallocation?
- Why is CDSS recommending a course shift against Prospective Pay?
  - Why is CDSS recommending to not provide the full statutory COLA for child care programs?
  - In light of robust Proposition 98 growth and unique LEA costs for administering preschool, should the state consider a larger COLA for Prop 98 funded programs, consistent with the Alternative Methodology?

## 5180 Department of Social Services

### Issue 2: May Revision New Child Care Trailer Bill Proposals

This panel will hear the May Revision trailer bill proposals impacting all CDSS child care programs.

#### Panel

- Lupe Jaime-Mileham, Department of Social Services (CDSS)
- Tamar Weber, Department of Finance (DOF)
- Dylan Hawksworth-Lutzow, Legislative Analyst’s Office (LAO)

#### Background

##### New Trailer Bill Proposals:

- **Alternative Methodology Changes:** This bill would further specify the age groupings the Legislature intends the rate structure to include. The bill would state the intent of the Legislature for the rate structure to include enhanced inclusion rates, to be administered as a per-child amount, and that programs be able to claim reimbursement for enhanced services that they deliver.
- **Alternative Payment Program Administration:** This bill would revise the total cost for administration and support services for alternative payment programs from 17.5 percent to 19 percent of the total contract amount, and the total cost for administration and support services for the Migrant Alternative Payment Program pursuant to the market rate survey from 21 percent to 22.5 percent of the total contract amount. According to CDSS, this increased percentage will cover new administrative responsibilities consistent with the Childcare Providers United California bargaining agreements.
- **CalWORKS Childcare Eligibility:** This bill would amend Welfare and Intuitions Code (WIC) Section 10271 to broadly include participation in CalWORKs program activities as an eligible need category for these families. Expanding this definition will improve alignment across the CalWORKs child care stages and support the program changes envisioned in Transforming CalWORKs through SB 119. Additionally, proposed amendments in WIC Section 10370.5 and Section 10371 will clarify that families cannot receive child care subsidies through more than one stage of CalWORKs child care at the same time. Lastly, to facilitate a seamless transition between the CalWORKs stages with minimal administrative burden on families and contractors, WIC Section 11323.4(f)(2)(A) requires the inclusion of additional data elements to be shared with CalWORKs Stage Two administrators. This data is necessary for both transfers between stages and at recertification.

- **Childcare Health & Safety Standards:** This bill would amend the scope of licensing requirements for medication administration, continuing education, mandatory reporting, and disaster planning.
- **Childcare Infrastructure Grants:** This bill creates a new Disaster Recovery and Restoration Program.

Trailer bill proposals impacting the California State Preschool program will be heard with other PreK-12 Omnibus proposals in Subcommittee No. 3, on Tuesday, May 19, 2026.

As of this publication, all CDSS child care trailer bills are now available on the Department of Finance website.

### **Suggested Questions**

- In light of concerns about Alternative Methodology design, what other changes to statute(s) should the Legislature consider, prior to the next Alternative Methodology cost study or administration infrastructure decisions?
- Has there been a cost study on AP agency services? What considerations does the state need to set the correct agency funding rate and align this rate with mandatory services?
- In light of the AP relinquishment debate, should agencies have higher minimum service standards for child care voucher provisions?

**PART II: All Human Services May Revision Proposals**

**5180 Department of Social Services**  
**4170 California Department of Aging**  
**4300 Department of Developmental Services**  
**4700 Department of Community Services and Development**  
**5160 Department of Rehabilitation**  
**5175 Department of Child Support Services**  
**0530 California Health and Human Services Agency**

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 (1-61) under each topical category/program or department. 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, Administration staff are requested to please be prepared to briefly describe the key elements of the proposal. Where questions are included in the agenda, please make sure to address these as part of your presentation. Please remember to pause after each enumerated issue before moving to the next issue to allow for additional questions from Members. Thank you.

**5180 Department of Social Services (Non-Child Care)**

May Revise Proposals for the Department of Social Services (DSS) that are not included in the preceding Part I are included here. The DSS executive summary and detailed local assistance information can be found [here](#).

**CalFresh and Food Programs**

- 1. Able-Bodied Adults Without Dependents County Administrative Resources.** Requests that Item 5180-141-0001 be increased by \$30 million one-time in 2026-27 and Item 5180-141-0890 be increased by \$19,210,000 in 2026-27 to provide county administrative resources for the Able-Bodied Adults Without Dependents work requirements for the CalFresh program. There is additionally a reduction in county administrative funding for CalFresh of \$119 million included in the May Revision, so the net change in CalFresh administrative funding for 2026-27 is a reduction of \$89 million compared to the Governor’s Budget. Additionally, the numbers of people impacted by the H.R. 1 changes have been revised, as shown below in the table provided by the Legislative Analyst’s Office (LAO).

**Updated H.R. 1 Benefit Impacts Estimates at May Revision**

*(Dollars in Millions)*

|   | Governor's Budget | May Revision | Change   |
|---|-------------------|--------------|----------|
| <b>ABAWD work requirement</b>             |                   |              |          |
| Individuals at risk of being discontinued | 665,500           | 562,000      | -103,500 |
| Lost benefits in 2026-27                  | \$758             | \$544        | -\$214   |
| <b>Noncitizen eligibility change</b>      |                   |              |          |
| Individuals to be discontinued            | 72,000            | 34,000       | -38,000  |
| Lost benefits in 2026-27                  | \$127             | \$59         | -\$68    |
| <b>SUAS restriction</b>                   |                   |              |          |
| Households with reduced benefits          | 296,100           | 451,400      | 155,300  |
| Lost benefits in 2026-27                  | \$236             | \$360        | \$124    |

ABAWD = able-bodied adults without dependents and SUAS = State Utility Assistance Subsidy.

- ◇ Please confirm the net administrative reduction included in the May Revision? Please explain the caseload decline and how it is calibrated to the administrative funding reduction?
- ◇ What drove the \$30 million in one-time funding proposed for county workload and does the Administration have an updated county survey? If not, when will the Administration have something that more closely measures and addresses the realities of the program changes set to take effect on June 1, 2026, 14 days from this hearing?

- 2. County Administration Reassessment Timeline Trailer Bill Proposal.** There are three CDSS programs with a statutory requirement to re-assess administrative funding every three

years: CalWORKs (W&IC section 15204.35), CalFresh (W&IC section 18900.8), and IHSS (W&IC section 12306.19). Under current law, both the CalWORKs and CalFresh reassessments are due in fiscal year (FY) 2027-28. This proposal will shift the timing of the IHSS and CalWORKs reassessments, so that only one program is reassessed each year. Under the proposed timeline, the next reassessment for each program would be as follows: CalFresh in FY 2027-28; CalWORKs in FY 2028-29; and IHSS in FY 2029-30.

- ◇ Is the CalFresh administrative reassessment, even as envisioned in the trailer bill proposal, too late to maximize retention on CalFresh for those at risk of losing basic food benefits during the 2026-27 fiscal year and into the early months of 2027-28?
  - ◇ How many people are now at risk of being terminated from CalFresh and what can we do in this budget to stop the bleeding and prevent mass hunger starting October 1, 2027, and through the following twelve months as program drop off for people takes effect?
3. **CalFood Program.** Requests that Item 5180-101-0001 be increased by \$30 million one-time in 2026-27 for the CalFood Program and that corresponding provisional language be added.
  4. **CalFresh State Administrative Expense Adjustment.** Requests that Item 5180-141-0001 be increased by \$30,562,000 in 2026-27 for the state's portion of CalFresh administration cost in excess of the federal State Administrative Expense amount.
  5. **CalFresh Staffing for H.R. 1 and Federal Changes, with Budget Change Proposal.** Requests that Item 5180-001-0001 be increased by \$7,150,000 in 2026-27 and \$9,114,000 in 2027-28 and ongoing and 4.5 positions to provide State Operations support for the administration of CalFresh. It is also requested that Item 5180-001-0890 be increased by \$875,000 in 2026-27 and \$786,000 in 2027-28 and ongoing and 1.5 positions for these purposes.
  6. **Child and Adult Care Food Program.** Requests that provisional language in Item 5180-101-0001 be amended to reflect an update to the Child and Adult Care Food Program meal reimbursement rate due to the statutorily required cost of living adjustment and an update to the state match portion of the child nutrition program.

### In-Home Supportive Services (IHSS)

7. **Impact on IHSS of Reinstatement of the Medi-Cal Asset Test Limit.** Requests that Item 5180-111-0001 be decreased by \$62.6 million in 2026-27 and ongoing and reimbursements be decreased by \$73.9 million 2026-27 and ongoing to conform to the Department of Health Care Services' proposal to reinstate the Medi-Cal asset limit for seniors and disabled adults to \$2,000 for an individual or \$3,000 for a couple, effective no sooner than January 1, 2027. This policy is estimated to result in an additional 7,755 IHSS recipients losing Medi-Cal, and consequently their IHSS, in 2026-27 and an additional 11,166 in 2027-28, atop the numbers already losing Medi-Cal and IHSS due to the asset test change that took effect on January 1, 2026, resulting in a loss of IHSS for 15,509 in 2026-27 and 22,333 in 2027-28.

- ◇ Please confirm or correct the number of people who are estimated to be impacted by this proposal?
- ◇ What home and community-based alternatives to care will these people have?
- ◇ What are the likely personal and medical impacts for these people and what additional state costs would this result in?

8. **Auto-Termination of In-Home Supportive Services Eligibility to Align with Medi-Cal Loss.** Requests that Item 5180-111-0001 be increased by \$29,749,000 in 2026-27 and ongoing and be amended by decreasing reimbursements by \$29,749,000 in 2026-27 and ongoing to update savings associated with the Streamlining In-Home Supportive Services Eligibility to Align with Medi-Cal proposal from the Governor’s Budget. The updated savings from the Governor’s Budget IHSS proposals are included below in a chart provided by the Department of Finance (DOF).

| <b>2026-27 May Revision</b>   |         |          |         |         |
|---|---------|----------|---------|---------|
| <b>In-Home Supportive Services</b>  |         |          |         |         |
| <b>Updated Savings for IHSS Governor's Budget Proposals</b>                                 |         |          |         |         |
| (In Millions)   | 2026-27 | 2027-28  | 2028-29 | 2029-30 |
| <b>Permanent Backup Provider System</b>   |         |          |         |         |
| Governor's Budget   | \$3.5   | \$3.7    | \$3.9   | \$4.1   |
| May Revision  | \$3.2   | \$3.4    | \$3.6   | \$3.8   |
| Change  | \$0.3   | \$0.3    | \$0.3   | \$0.3   |
| <b>Auto-Termination of IHSS Eligibility to Align with Medi-Cal Loss</b>                     |         |          |         |         |
| Governor's Budget   | \$86.0  | \$181.3  | \$197.3 | \$214.3 |
| May Revision  | \$56.3  | \$141.1  | \$199.9 | \$215.3 |
| Change  | \$29.7  | \$40.3   | -\$2.6  | -\$1.0  |
| <b>Assessed Hours</b>   |         |          |         |         |
| Governor's Budget   | -       | \$233.6  | \$499.5 | \$805.0 |
| May Revision  | -       | \$360.6  | \$385.0 | \$414.7 |
| Change  | -       | -\$127.0 | \$114.5 | \$390.3 |
| Positive changes reflect General Fund costs. Negative changes reflect General Fund savings. |         |          |         |         |

- ◇ What county, advocate, legislative, and other stakeholder feedback has the Administration heard with regard to these proposals? Has this altered the Administration’s thinking here?

9. **H.R.1 Impacts to the In-Home Supportive Services Program - Qualified Non-Citizens.** Requests that Item 5180-111-0001 be increased by \$30,846,000 in 2026-27 and reimbursements be decreased by \$29,390,000 in 2026-27 to reflect the loss of federal fund reimbursements through June 30, 2027. This conforms to the Department of Health Care

Services (DHCS) proposal to terminate full-scope Medi-Cal coverage for newly excluded non-citizens as a result of H.R. 1 effective July 1, 2027.

- ◇ How many IHSS recipients will be impacted by this proposal?
- ◇ What home and community-based alternatives to care will these people have?
- ◇ What are the likely personal and medical impacts for these people and what additional state costs would this result in?

**10. In-Home Supportive Services Permanent Backup Provider System.** Requests that Item 5180-111-0001 be increased by \$268,000 in 2026-27 and ongoing and reimbursements be decreased by \$73,000 in 2026-27 and ongoing to update the savings estimate for the Governor's Budget proposal to eliminate the In-Home Supportive Services Permanent Backup Provider System. The savings update for this proposal is included in the aforementioned chart.

**11. Local IHSS Collective Bargaining Trailer Bill Language.** The Administration states that this proposal will add enforcement provisions related to collective bargaining agreement for IHSS provider wages and benefits. Specifically, counties that have not reached an agreement by July 1, 2026, would be required to reach an agreement with the employee organization within 90 days. Failure to reach agreement within that timeframe would result in withholding of 1991 realignment funding, regardless of whether the county is operating under an expired contract.

### Adult Protective Services

**12. Adult Protective Services Expansion Reduction, with Trailer Bill Language.** Requests that Item 5180-151-0001 be decreased by \$70 million in 2026-27 and ongoing reimbursements be decreased by \$10 million in 2026-27 and ongoing to revert the expansion of Adult Protective Services (APS) in 2021-22, changing the age of eligibility from 60 back to 65. The Administration has indicated that the savings are achieved by also reducing the enhanced case management that was authorized when the age change was adopted in 2021. Therefore, the cut is expected to also impact services, including entrance into the Home Safe program, in addition to restricting access to larger APS services, which assist people suffering from elder abuse, neglect, and self-neglect.

The following information was provided by the LAO. Funding for the APS expansion supported the lowering of the eligibility age from 65 to 60, along with the expansion of the APS multidisciplinary teams to include housing representatives, the provision of longer-term case management, and the adding of county IHSS agency employees as mandated reporters. As part of the May Revision, the administration proposes to revert the expansion of APS, resulting in savings of \$70 million in 2026-27 and on-going. It is [the LAO's] understanding, from the administration, that current clients of APS will not lose access to services as a result of this proposal. However, any new APS recipients under the age of 65 will need to meet the designation of dependent adult (adults aged 18-64 who are disabled)

to receive APS services under this proposal. It is estimated that roughly 60,000 APS recipients are within the 60 to 64 age group, and roughly 550 recipients within this age group receive housing and homelessness supports through the APS Home Safe program. However, as APS expansion funds are allocated to counties to be spent on APS program costs generally, any reductions in services will likely affect the county APS programs more broadly.

- ◇ What other services may be available for those who would lose access to APS under this proposal? Prior to the expansion, what do we know about how this population was served?
- ◇ Will funding affect counties' ability to retain APS personnel in county offices and maintain current APS service levels for the 65 and over population? How specifically will counties contract their staffing and service delivery?
- ◇ What level of savings could be achieved if the state continued to allow those aged 60 to 64 to access APS services, but eliminated the other aspects included in the APS expansion (for example, the provision of longer-term case management)?
- ◇ How will this cut impact senior homelessness in California?

### Immigration Services

**13. Immigration Legal Services.** Requests that Item 5180-151-0001 be increased by \$20 million one-time in 2026-27 to support legal strategies that increase capacity to help Californians who are facing immigration court proceedings, particularly for individuals in civil immigration detention and provisional language be added.

- ◇ Which and how much funding is currently used for these services in the base programs? How will this funding be different?

### CalWORKs

**14. CalWORKs AB 85 Maximum Aid Payment Increase, with Trailer Bill Language.** Requests that Item 5180-101-0001 be increased by \$590,000 to reflect the caseload impact of a 1.8 percent increase to the CalWORKs Maximum Aid Payment. The increased grant costs are funded entirely by 1991 Realignment revenue in the Child Poverty and Family Supplemental Support Subaccount and are estimated to be \$59,482,000 in 2026-27 and \$74,383,000 in 2027-28 and ongoing. It is also requested that statutory changes be added for this purpose, included in proposed trailer bill language.

**15. CalWORKs Special Needs Notice of Action.** Requests that Item 5180-141-0001 be increased by \$605,000 in 2026-27 for automation of the CalWORKs Special Needs Notice of Action.

**Children's Programs**

16. **Child Welfare Services – California Automated Response Engagement System, with Budget Change Proposal.** Requests that Item 5180-141-0001 be increased by \$179,774,000 one-time and reimbursements be increased by \$748,000 one-time, to provide resources for the continued development and implementation of the Child Welfare Services – California Automated Response Engagement System. It is also requested that Item 5180-141-0890 be increased by \$176,794,000 one-time for the same purpose. Additionally, it is requested that provisional language be added to both items regarding legislative reporting requirements and to authorize Finance to augment the project budget by unused amounts, in both the current and prior years. The Administration states that these changes are aligned with planning reports and do not represent an increase (or decrease) in those anticipated amounts for this project.
17. **Title IV-E Stipend Project One-Time Augmentation.** Requests that Item 5180-151-0001 be increased by \$18.4 million in 2026-27 one-time to maintain current service levels for students currently enrolled in the Bachelors of Social Work/Masters of Social Work programs. This funding will provide a bridge to adjustments of sharing ratios in the Title IV-E Stipend Project contract, so the training plans reflect the allowable reimbursement percentage for Title IV-E eligible foster youth.

**Non-Fiscal Trailer Bill Proposals**

18. **California Guaranteed Income Pilot Program Sunset Extension.** The California Guaranteed Income Pilot Program provides funding to pilots and demonstration projects and supports research and evaluation of those pilots and projects. Current law states that this pilot will become inoperative on January 1, 2028, which would impede the Department's ability to complete the required evaluations and reporting prior to the sunset date. This proposal will amend the inoperative date to January 1, 2029, to allow completion of statutorily mandated evaluation and reporting.
19. **Amended Definitions for Immigrant Youth.** This proposal will align the definition of immigrant youth eligible for services and authorize the funding related to social services to support these youth. Additionally, this proposal will expand the context in which State grants can reduce some demographic reporting requirements when community education and outreach services are provided.
20. **Electronic Benefits Transfer (EBT) Theft Administrative Authority.** The Department has statutory authority to use county letters for guidance related to electronic food benefit theft, until formal regulations are adopted; however, this authority will expire June 30, 2026. This proposal amends current law to extend the expiration date to June 30, 2030, and to expand the authority to also apply to electronic cash benefit theft.
21. **Community Care Licensing Statute Modernization.** This proposal will amend current law to allow the Department to implement modernized information technology services and systems for use in administering the licensing programs for adult and senior care facilities,

children's residential facilities, child care facilities, and home care organizations; continuing care contracts; the administrator certification program; and the registries for home care aides and TrustLine providers. Specifically, the proposed statutory changes authorize users of IT services and systems under the Community Care Licensing Division to use electronic signatures and electronically pay any fee or civil penalty assessed by the Department, as provided.

### Additional May Revision Trailer Bill Proposal

**22. Home Care Services Branch Fee Structure.** The proposed statutory changes amend existing law to change the home care organization (HCO) licensing process from a two-year license to an annual license with an annual fee (and delinquency fee, if applicable), contingent upon the HCO's compliance with the department's licensing requirements. The proposal transitions HCO licensing to an annual license system effective January 1, 2029, and includes various administrative fees, as well as authority to use interim licensing standards related to violation fines until regulations are adopted. The proposal is based on the Administration's efforts to achieve fund solvency for the Home Care Fund, pursuant to the proposal in the Governor's Budget.

### Additional State Operations Support

**23. Guardian Background Check System, with Budget Change Proposal.** Requests that Item 5180-001-0001 be increased by \$858,000 in fiscal year 2026-27 and \$1,218,000 in 2027-28, to provide continued support for the Guardian background check system, including maintenance and operations and interface development with the Facility Management System.

**24. Recovery and Restoration and American Relief Act Disaster Funds Staffing Support, with Budget Change Proposal.** Requests that reimbursements in Item 5180-001-0001 be increased by \$382,000 in 2026-27 and \$374,000 in 2027-28 and 2028-29 to provide State Operations to administer the Supplemental American Relief Act disaster funds and the Fire Recovery and Restoration Grant programs. It is also requested that Item 5180-001-0890 be increased by \$736,000 in 2026-27, \$720,000 in 2027-28 and 2028-29, and \$180,000 in 2029-30.

**25. Statewide Verification Hub, with Budget Change Proposal.** Requests that Item 5180-001-0001 be decreased by 4 positions and the positions be transferred to the Office of Technology Solutions in 2026-27 and ongoing to support the Office of Technology Solutions and Integrations implementation of the Statewide Verification Hub IT Project, consistent with the adjustment in issue 044 of the California Health and Human Services Agency Letter.

### Local Assistance

**26. May Revision Caseload Adjustments.** The 2026-27 May Revision proposes a net increase of \$131,879,000 total funds in 2026-27 that is primarily driven by updated caseload estimates since the 2026-27 Governor's Budget. The net increase in total funds in 2026-27 is

comprised of a \$29,681,000 General Fund decrease, \$70,284,000 federal fund decrease, \$231,845,000 reimbursement increase, and \$1,000 in special fund decrease. Caseload and workload changes from the 2026-27 Governor’s Budget are displayed in the following table:

| Item          | Program  | Change from Governor's Budget |
|---------------|--|-------------------------------|
| 5180-101-0001 | California Work Opportunity and Responsibility to Kids (CalWORKs)  | -\$190,359,000                |
| 5180-101-0001 | Other Assistance Payments  | \$34,738,000                  |
| 5180-101-0001 | Child Care   | -\$32,172,000                 |
| 5180-101-0890 | CalWORKs Federal Funds   | -\$11,803,000                 |
| 5180-101-0890 | Other Assistance Payments Federal Funds                            | -\$7,491,000                  |
| 5180-101-0890 | Child Care   | -\$34,122,000                 |
| 5180-104-0001 | Child Care   | -\$77,000                     |
| 5180-111-0001 | In-Home Supportive Services (IHSS)                                 | \$228,041,000                 |
| 5180-111-0001 | IHSS - Reimbursements  | \$210,341,000                 |
| 5180-111-0001 | Supplemental Security Income/State Supplementary Payment (SSI/SSP) | \$5,639,000                   |
| 5180-141-0001 | County Automation and Administration Projects                      | -\$111,086,000                |
| 5180-141-0001 | County Administration & Automation Projects - Reimbursements       | \$23,791,000                  |
| 5180-141-0890 | County Automation and Administration Projects                      | -\$57,138,000                 |
| 5180-151-0001 | Special Programs   | \$5,790,000                   |
| 5180-151-0001 | Children & Adult Services and Licensing                            | \$29,805,000                  |
| 5180-151-0001 | Children & Adult Services and Licensing - Reimbursements           | -\$2,287,000                  |
| 5180-151-0279 | Other Social Services Programs Local Assistance Adjustments        | -\$1,000                      |
| 5180-151-0890 | Children & Adult Services and Licensing                            | \$40,270,000                  |

**Budget Bill Language Proposals**

**27. Various Reappropriations for Support and Local Assistance through June 30, 2027.**

Requests that Item 5180-491 be added to reappropriate funding from the following Items through June 30, 2027:

- **California Statewide Automated Welfare System Reappropriation for Tiered Rate Structure**—Up to \$4,290,000 from Item 5180-141-0001, Budget Act of 2025, and up to \$1,312,000 from Item 5180-141-0001, Budget Act of 2024, for the California Statewide Automated Welfare System for the Tiered Rate Structure.
  - **Summer Electronic Benefits Transfer for Children Reappropriation**—Up to \$419,000 from Item 5180-001-0001, Budget Act of 2025, and up to \$420,000 from Item 5180-001-0890, Budget Act of 2025, for the Summer Electronic Benefits Transfer for Children Program.
  - **Payment Error Rate (PER) Mitigation Initiatives Reappropriation**—Up to \$7.5 million from Item 5180-001-0001, Budget Act of 2025, up to \$7.5 million from Item 5180-001-0890, Budget Act of 2025, up to \$20.1 million from Item 5180-141-0001, Budget Act of 2025, and up to \$19.8 million from Item 5180-141-0890, Budget Act of 2025 for initiatives to mitigate the state’s CalFresh Payment Error Rate.
  - **CalFresh Fruit and Vegetable Electronic Benefit Transfer Pilot Reappropriation**—Up to \$4.8 million from Item 5180-101-0001, Budget Act of 2025, for the CalFresh Fruit and Vegetable Electronic Benefit Transfer Pilot.
  - **State Supplemental Grant Program Reappropriation**—Up to \$10 million from Item 5180-101-0001, Budget Act of 2024, for the State Supplemental Grant Program.
28. **Various Reappropriations for Support and Local Assistance through June 30, 2028.** Requests that Item 5180-490 be added to reappropriate funding from the following items through June 30, 2028.
- **Low Income Investment Fund Reappropriation**—Up to \$1,516,000 from Item 5180-101-0001, Budget Act of 2021 and reappropriated in Budget Act of 2022, for the Infrastructure Grant Program.
  - **Tribal Housing and Homelessness Funding Reappropriation**—Up to \$15.6 million from Item 5180-151-0001, Budget Act of 2022, for the Bringing Families Home Program, the Home Safe Program, and the Housing and Disability Advocacy Program.
29. **Tribal Housing and Homelessness Funding Liquidation Extension.** Requests that Item 5180-492 be added to extend the liquidation of up to \$10.8 million from Item 5180-151-0001, Budget Act of 2021, for the Home Safe Program, Bringing Families Home Program, and the Housing Disability Advocacy program through June 30, 2030.
30. **Various Reversions for State Operations and Local Assistance.** Requests that Item 5180-495 be added to revert funding from the following item:
- **State Supplemental Grant Program**—Up to \$65 million from Item 5180-101-0001, Budget Act of 2024, for the State Supplemental Grant Program.

**31. Provisional Language Only: General Fund Loan Increase.** Requests:

- Provision 2 of Item 5180-101-0001 be amended to increase General Fund loan authority to \$1,485,361,000.
- Provision 1 of Item 5180-141-0001 be amended to increase General Fund loan authority to \$400,417,000.
- Provision 2 of Item 5180-151-0001 be amended by increasing General Fund loan authority to \$345,410,000.

**32. New General Fund Loan Authority.** Requests that Provision 16 be added to Item 5180-001-0001 to provide General Fund loan authority up to \$125,587,000, from funds not otherwise appropriated, to cover the federal or reimbursable share, or both, of costs of a program or programs when the federal funds or reimbursements have not been received by the state prior to the usual time for transmitting state payments for the federal or reimbursable share of costs. This loan from the General Fund shall be repaid when the federal share of costs or the reimbursements for the program or programs become available.**33. Provisional Language Only: CalFresh State Administrative Expense Adjustment.** Requests that Provision 12 be added to Item 5180-141-0001 to adjust the State Administrative Expense for the CalFresh program.**34. Provisional Language Only: Employment and Training Workers' Compensation Account.** Requests that Provision 2 of Item 5180-141-0890 be amended for the Employment and Training Workers' Compensation Account.**35. Provisional Language Only: CalWORKs Funding Shift from Local Assistance to State Operations.** Requests that Provision 1 of Item 5180-141-0890 be amended and Provision 3 be added for the CalWORKs program.**36. Provisional Language Only: Summer Electronic Benefits Transfer Funding Shift from Local Assistance to State Operations.** Requests that Provision 1 of Item 5180-141-0890 be amended and Provision 4 be added for the Summer Electronic Benefit Transfer program.**37. Provisional Language Only: H.R.1 State Hearings Division.** Requests that Provision 9 of Item 5180-001-0001 be amended to allow the Department of Finance to approve expenditures in excess of the amounts appropriated for the State Hearings Division for increased fair hearing requests due to policy changes from the H.R.1.

**4300 Department of Developmental Services**

May Revise Proposals for the Department of Developmental Services (DDS) are included here. The DDS executive summary and detailed local assistance information can be found [here](#).

**Augmentation/New Spending Proposals**

**38. Home and Community-Based Services Federal Access Rule – Regional Center Resources.** Requests that Item 4300-101-0001 be increased by \$779,000 in fiscal year 2026-27 and by \$1,559,000 ongoing, and reimbursements be increased by \$337,000 in 2026-27 and by \$674,000 ongoing, for regional center resources to facilitate compliance with the Home and Community-Based Services Federal Access Rule new grievance process.

**39. Center-Based Early Start Service Providers.** Requests that Item 4300-101-0001 be increased by \$12,442,000 and reimbursements be increased by \$2,558,000 ongoing to adjust the current rate methodology for center-based Early Start service providers.

**40. Equitable and Consistent Needs Assessment, with Budget Change Proposal and Trailer Bill Language.** Requests that Item 4300-001-0001 be increased by \$4,401,000 and 7 positions and reimbursements be increased by \$350,000 and 2 positions ongoing. It is also requested that Item 4300-101-0001 be increased by \$4,681,000 and reimbursements be increased by \$2,014,000 ongoing. These adjustments will support the development of a standard intake process and clinical needs assessment tool for use by regional centers statewide, with a focus on promoting consistency and equity regardless of where someone lives. It is also requested that statutory changes be added for these purposes.

The following chart was provided by the department for this proposal.

| Equitable and Consistent Needs Assessment Resources |              |             |              |              |             |             |              |             |             |
|---|--------------|-------------|--------------|--------------|-------------|-------------|--------------|-------------|-------------|
|   | 2026-27      |             |              | 2027-28      |             |             | 2028-29      |             |             |
|   | General Fund | Reimb.      | Total Fund   | General Fund | Reimb.      | Total Fund  | General Fund | Reimb.      | Total Fund  |
| Department Positions & Related OE&E                 | 1.40         | 0.35        | 1.75         | 1.40         | 0.35        | 1.75        | 1.40         | 0.35        | 1.75        |
| Contracted Support/Tool Evaluation                  | 3.00         | 0.00        | 3.00         | 1.00         | 0.00        | 1.00        | 1.00         | 0.00        | 1.00        |
| Regional Center Staff                               | 4.70         | 2.00        | 6.70         | 4.70         | 2.00        | 6.70        | 0.00         | 0.00        | 0.00        |
| <b>Total</b>  | <b>9.10</b>  | <b>2.35</b> | <b>11.45</b> | <b>7.10</b>  | <b>2.35</b> | <b>9.45</b> | <b>2.40</b>  | <b>0.35</b> | <b>2.75</b> |

**May Revision Adjustments**

**41. Regional Centers – Caseload and Utilization May Revision.** Requests that Item 4300-101-0001 be decreased by \$78,307,000 and reimbursements be increased by \$516,027,000 ongoing. It is also requested that Item 4300-101-0890 be decreased by \$42,000 ongoing. These adjustments reflect updated expenditure estimates in operations and purchase of services driven by caseload and utilization and updated federal financial participation claiming.

42. **Language Only.** Requests that Provision 2 of Item 4300-101-0001 be amended to change General Fund loan authority from \$1,484,058,000 to \$1,588,373,000 to reflect revised federal reimbursement estimates.

### Capital Outlay Proposals

43. **Porterville: Install Fire Sprinkler System, with Budget Change Proposal.** Requests that Item 4300-301-0001 be added in the amount of \$915,000 one-time General Fund for the working drawings phase of this project and \$7,019,000 one-time General Fund for the construction phase. In addition, it is requested that Item 4300-496 be added to revert \$2,196,000 General Fund of existing authority for the construction phase, resulting in a net increase of \$4,823,000. The overall cost of the construction phase is \$10,924,000, of which \$3,905,000 was previously encumbered. The project was bid in early 2026, with the only respondent seeking \$6.7 million for the contract, well over the state's estimate. The higher bid was attributable to ceiling deficiencies, hazardous materials, and working in a secure environment at a remote location. Concurrently, the capital outlay project schedule now aligns with a deferred maintenance effort to replace the ceiling and walls in the same building. By consolidating these two projects, the department anticipates improved project delivery and overall reduced costs.

### DDS May Revision Trailer Bill Proposals

According to the Administration, each proposal does the following:

44. **Equitable and Consistent Needs Assessment (also described above).** Supports the standardized intake process by developing a clinical needs assessment tool for use by regional centers statewide, with a focus on promoting consistency and improving equity within the system regardless of where an individual lives.
45. **Family Teaching Model.** Creates a separate service code for the Family Teaching Model service, which is currently included under the Family Home Agency rate structure. The intent of the language is to address transparency in service delivery and more clearly differentiate between the two service types.
46. **Tailored Day Services Model Update.** Allows Supported Employment Services to be provided to individuals on the same day as Tailored Day Services.
47. **Merge the Community Placement Plan and Community Resources Development Plan.** Consolidates two programs focused on building capacity to support individuals in the community.
48. **State-Operated Transitional and Rehabilitative Services.** Establishes two-year time limits on the duration of placement at Canyon Springs Community Facility beginning July 1, 2027, and at Porterville Developmental Center for placements made under Welfare and Institutions Code 6500 civil commitments beginning July 1, 2031. The language also would clarify the admissions criteria and processes for both locations.

49. **State-Operated Community-Based Facility Purchases.** Exempts from the Department of General Services' procurement process the purchase of goods and services at the Department's state-operated facilities.
50. **Sunsetting Reporting Language.** Reduces administrative workload by sunseting various outdated reporting requirements.

#### 4170 California Department of Aging

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

51. **Multipurpose Senior Services Program Case Management Software and Support, with Budget Change Proposal.** Requests that Item 4170-001-0001 be decreased by \$196,000 in fiscal year 2026-27, \$16,000 in 2027-28, and Item 4170-495 be added to revert \$51,000 due to identified cost efficiencies from transitioning delegated project oversight to the California Health and Human Services Agency from the California Department of Technology.
52. **Intrastate Funding Formula Trailer Bill Language.** The California Department of Aging (CDA) requests statutory changes to the Intrastate Funding Formula (IFF) allocation methodology, factors, and weights. This request aligns with the requirements of the department's federal oversight agency, the Administration for Community Living (ACL), which oversees California's State Plan on Aging. In a September 2025 State Plan letter, ACL noted that California's IFF is outdated and formally requested that CDA review and update the formula. Further, Chapter 337, Statutes of 2024 (SB 1249) also requires CDA to develop an updated IFF and submit a revision to ACL and the Legislature by September 30, 2026. This proposal seeks to implement the formula changes ahead of the statutory deadline.

#### 4700 Department of Community Services and Development

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

53. **Increased Reimbursement Authority - California Earned Income Tax Credit Program.** Requests that Item 4700-001-0001 be amended by increasing reimbursements by \$450,000 ongoing and Item 4700-101-0001 be amended by increasing reimbursements by \$5 million ongoing to support an existing interagency agreement with the Franchise Tax Board to provide outreach regarding the California Earned Income Tax Credit and the federal Earned Income Tax Credit, among other programs and services.
54. **Language Only: General Fund Cash Flow Loan, Support.** Requests that Provision 1 of Item 4700-001-0001 be amended to increase General Fund loan authority from \$3 million to \$5 million to assist in program cash flow needs related to unanticipated delays in the receipt of federal funds.

**55. Language Only: General Fund Cash Flow Loan, Local Assistance.** Requests that Provision 1 of Item 4700-101-0001 be amended to increase General Fund loan authority from \$40 million to \$305 million to facilitate more efficient cash flow, particularly when federal reimbursements are delayed.

#### 5160 Department of Rehabilitation

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

**56. Language Only.** Requests that Provisions 1 and 2 of Item 5160-001-0001 be amended to: (1) Make technical changes regarding the use of both certified time and cash as match for federal vocational rehabilitation funds and, (2) Add General Fund loan authority, not to exceed 50 percent of the amount appropriated in Item 5160-001-0890, to assist in program cashflow needs related to delays in the receipt of federal vocational rehabilitation grant funds.

#### 5175 Department of Child Support Services

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

**57. May Revision Local Assistance Estimate.** Requests that Item 5175-101-0890 be decreased by \$935,000 ongoing, reflecting a net total of two adjustments: (1) a decrease of \$1,345,000 based on updated child support collections data, and (2) an increase of \$410,000 in Federal Performance Basic Incentives funding. Correspondingly, it is also requested that Item 5175-101-8004 (Child Support Collections Recovery Fund) be increased by \$1,345,000 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):

**58. Reappropriation for Workload Resources per Budget Act of 2025 (Chapter 104, Statutes of 2025), with Budget Change Proposal.** Requests that Item 0530-490 be amended to reappropriate up to \$294,000 from Item 0530-001-0001 of the 2025 Budget Act, to address increases in legal workload associated with House of Representatives 1.

**59. Statewide Verification Hub Project, with Budget Change Proposal.** Requests that Item 0530-001-9745 be increased by \$831,000 and 4 positions ongoing to support the Office of Technology and Solutions Integration's development of the Statewide Verification Hub. This adjustment is consistent with the adjustment in Issue 146 of the California Department of Social Services' Finance Letter.

**60. Office of Policy and Strategic Planning - 988 and the Behavioral Health Crisis Continuum Implementation Supports, with Budget Change Proposal.** Requests that Item 0530-001-3414 be increased by \$445,000 in fiscal year 2026-27 and \$439,000 in 2027-

28 and 2028-29 to support limited-term resources equivalent to 1 Public Health Medical Administrator to continue statewide 988 activities consistent with existing law.

61. **Language Only.** Requests that Provision 5 of Item 0530-001-0001 be eliminated to reflect the transfer of the menopause and perimenopause public awareness campaign and its ancillary expenditures to the California Department of Public Health. This adjustment is consistent with the adjustment in Issue 258 of the California Department of Public Health’s Letter.

Please note that ultimate action on these proposals in CalHHS make take place in other areas, depending on jurisdiction.

**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 (and Governor’s Budget) Budget Change Proposals (BCPs) for 2026-27 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.