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*Senate Budget and Fiscal Review—Scott Wiener, Chair*

# SUBCOMMITTEE NO. 3

# Agenda

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Senator Dr. Akilah Weber Pierson, Chair  
 Senator Shannon Grove  
 Senator Caroline Menjivar



Thursday, April 24, 2025  
 9:30 am, or upon adjournment of session  
 1021 O Street – Room 1200

Consultant: Elizabeth Schmitt

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**4300 DEPARTMENT OF DEVELOPMENTAL SERVICES****Issue #1: Department of Developmental Services Budget Overview**

**Department of Developmental Services – Governor’s Budget.** The Governor’s budget includes \$19 billion (\$12.4 billion General Fund) for DDS in 2025-26, a net increase of \$3.2 billion (20 percent) over the updated 2024-25 budget. The majority of the DDS budget, \$18.56 billion (\$12.05 billion General Fund) consists of the Community Services Program, or regional center budget, which includes services paid by regional centers to service providers on behalf of each person with intellectual or developmental disabilities (I/DD), known as purchase of services. The remaining components of the DDS budget include state-operated facilities at \$324.64 million (\$293.22 million General Fund) and DDS headquarters at \$156.6 million (\$101.4 million General Fund). California uses the Home- and Community-Based Services (HCBS) Waiver to receive federal reimbursement for most regional center services (\$6.5 billion federal reimbursements in 2025-26).

**Background: Department of Developmental Services.** DDS is responsible for administering the Lanterman Developmental Disabilities Services Act (Lanterman Act). Under the Lanterman Act, individuals with intellectual and developmental disabilities (I/DD) are entitled to an array of services and supports sufficiently complete to meet their individual needs and choices, regardless of age or degree of disability, and at each stage of life. Additionally, the Early Start Program provides for the delivery of services to infants and toddlers at risk of a developmental disability. Services provided to Californians with I/DD under the Lanterman Act are provided at no cost to individuals with qualifying disabilities regardless of income.

The department carries out its responsibilities through contracts with 21 community-based non-profits known as regional centers, as well as through state-operated homes and facilities. Regional centers are fixed points of contacts for all individuals with I/DD. The regional centers coordinate services for each individual with I/DD through an Individual Program Plan (IPP), and work with local service providers to purchase needed services and supports to carry out the IPP.

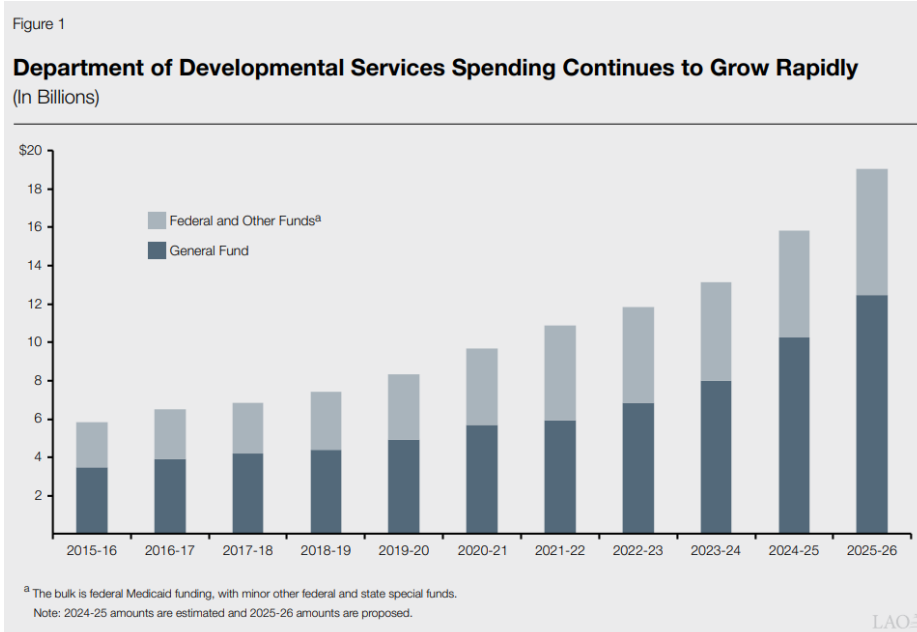
Major DDS programs include the following:

- **Early Start Caseload.** The Early Start program is California’s early intervention program for infants and toddlers ages 0-3 with developmental delays who are at risk of having a developmental disability. The 2025-26 Governor’s Budget projects an Early Start caseload of 66,756. Early Start services are coordinated through regional centers.
- **Lanterman Act Caseload.** Californians with I/DD ages three and over receive services through the general Lanterman Act program. Under the Lanterman Act, services are an entitlement for all Californians with I/DD. Regional centers coordinate services according to an individual’s IPP, and those services are delivered by service providers, known as vendors. Common services and supports include: supported living services, housing/residential services, independent living services, respite, personal assistance, employment services, transportation, adult day programs, and others. Total Lanterman Act caseload at 2025-26 Governor’s budget is 422,526 individuals; plus an additional 15,623

children ages 3-4 who have been determined provisionally eligible for regional center services.

- Self-Determination Program.** The Self-Determination Program is a voluntary program for Californians receiving Lanterman Act services. In the Self-Determination program, the individual with I/DD and their planning team create a spending plan that allows them to purchase services and supports from organizations or individuals of their choosing, instead of receiving services only through vendors contracted with the regional center, under certain conditions. As of January 2025, 6,146 individuals are enrolled in the Self-Determination Program.
- State-Operated Facilities.** In the last decade, the state largely closed down the remaining Developmental Centers, large institutional settings that previously housed thousands of Californians with I/DD. Today, only one Developmental Center is still in operation: Porterville Developmental Center in Tulare County, a secure facility which houses individuals who have been found incompetent to stand trial due to I/DD or are determined by a court to be dangerous to themselves or others and have been civilly committed to the facility. Fairview Developmental Center in Orange County is in warm shutdown pending long-term planning and no longer houses any individuals. DDS also operates a 55-bed Intermediate Care Facility known as Canyon Springs, which largely serves as crisis stabilization for individuals stepping down from other highly restrictive settings like Porterville Developmental Center. DDS also directly operates seven small specialized residential homes across the state for individuals in acute crisis, known as STAR Homes. The 2023 Budget Act approved the development of three new residential homes, similar to STAR homes, on Fairview property.

**Budget Growth.** The primary drivers of the 20 percent total fund increase from 2024-25 to 2025-26 are caseload growth and the full implementation of service provider rate reform.



A summary of DDS's proposed 2025-26 budget is below.

### Program Highlights

(Dollars in Thousands)

	FY 2024-25	FY 2025-26	Difference
<b>Community Services Program</b>			
Regional Centers	\$15,368,492	\$18,561,632	\$3,193,140
<b>Total, Community Services</b>	<b>\$15,368,492</b>	<b>\$18,561,632</b>	<b>\$3,193,140</b>
General Fund	\$9,882,782	\$12,052,618	\$2,169,836
Program Development Fund	\$434	\$434	\$0
Developmental Disabilities Services Account	\$150	\$150	\$0
Federal Trust Fund	\$55,589	\$55,589	\$0
Reimbursements	\$5,428,797	\$6,452,101	\$1,023,304
Behavioral Health Services Fund	\$740	\$740	\$0
<b>State Operated Services</b>			
Personal Services	\$257,825	\$266,221	\$8,396
Operating Expense & Equipment	\$56,879	\$58,422	\$1,543
<b>Total, State Operated Services</b>	<b>\$314,704</b>	<b>\$324,643</b>	<b>\$9,939</b>
General Fund	\$283,253	\$293,228	\$9,975
Lottery Education Fund	\$77	\$77	\$0
Reimbursements	\$31,374	\$31,338	(\$36)
<b>Headquarters Support</b>			
Personal Services	\$119,964	\$119,515	(\$449)
Operating Expense & Equipment	\$39,055	\$37,116	(\$1,939)
<b>Total, Headquarters Support</b>	<b>\$159,019</b>	<b>\$156,631</b>	<b>(\$2,388)</b>
General Fund	\$101,443	\$101,413	(\$30)
Federal Trust Fund	\$2,968	\$3,026	\$58
Program Development Fund	\$447	\$447	\$0
Reimbursements	\$53,659	\$51,243	(\$2,416)
Behavioral Health Services Fund	\$502	\$502	\$0
<b>Total, All Programs</b>	<b>\$15,842,215</b>	<b>\$19,042,906</b>	<b>\$3,200,691</b>
<b>Total Funding</b>			
General Fund	\$10,267,478	\$12,447,259	\$2,179,781
Federal Trust Fund	\$58,557	\$58,615	\$58
Lottery Education Fund	\$77	\$77	\$0
Program Development Fund	\$881	\$881	\$0
Developmental Disabilities Services Account	\$150	\$150	\$0
Reimbursements	\$5,513,830	\$6,534,682	\$1,020,852
Behavioral Health Services Fund	\$1,242	\$1,242	\$0
<b>Total, All Funds</b>	<b>\$15,842,215</b>	<b>\$19,042,906</b>	<b>\$3,200,691</b>
<b>Caseloads*</b>			
State Operated Services	302	302	0
Regional Centers	465,165	504,905	39,740
<b>Departmental Positions</b>			
State Operated Services	1,909.8	1,900.7	(9.1)
Headquarters	708.0	720.0	12.0

\*Updated FY 2024-25 caseload reflects no change from Enacted Budget for purposes of core staffing funding assumptions.

The 2025-26 proposed budget estimates over 500,000 individuals will be served by the developmental services system in 2025-26 via both the Early Start and Lanterman Act caseloads. DDS anticipates a caseload increase of 39,740 individuals in 2025-26.

**Service Provider Rate Reform Implementation.** In 2016, the Legislature required a rate study to address the sustainability, quality, and transparency of community-based services for individuals with I/DD. The development of a new rate study was a response to concerns that existing DDS rates lacked transparency, were overly complex, were not tied to person-centered outcomes, and varied across providers who provide the same service in the same region. DDS, with the help of a consultant, completed the rate study in 2019, which recommended a series of changes, including rate models within each service category; regional differentials to account for variance in the cost of living and doing business, enhanced rates for services delivered in other languages, wage differentials based on training and demonstrated competency, and the consolidation of certain service codes.

Beginning in the 2021 Budget Act, the Governor and Legislature initiated a multi-year plan to phase in rate reform, with an annual cost of \$1.8 billion (\$1.1 billion General Fund) at full implementation. The 2024 Budget Act moved the final phase (50 percent) of rate reform implementation to January 1, 2025. DDS has been working to consolidate and clarify service codes and categories under the now fully funded rate model.

The 2021 Budget Act required that at full implementation, fully funded models be implemented using two payment components: (1) a base rate equaling 90 percent of the rate model, and (2) a quality incentive payment, equaling up to 10 percent of the rate model, implemented via a new quality incentive program. The quality incentive component of rate reform responds to the prevailing need within the developmental services system of moving from a compliance-based system to an outcomes-based system rooted in meeting individual needs and person-centered planning.

**Provider Directory and Quality Incentives.** To develop the 10 percent quality incentive component of the fully funded rate model, existing law allows measures and benchmarks in the initial years of implementation to focus on building capacity, developing reporting systems, gathering baseline data, and similar activities, while working towards meaningful outcome measures at the individual level for all services. By 2026, the quality incentive component must include measures at the individual level. This ramp-up time recognizes that DDS must first develop the infrastructure to allow for the collection of data and information that reflects individual outcomes.

To ensure every service provider has an opportunity to earn 100 percent of their rate in the first year of full implementation, DDS launched a Provider Directory. For the years 2024-25 and 2025-26, providers are able to earn the 10 percent quality incentive by registering and validating their information in the Provider Directory. While the service provider directory does not meet the ultimate goals of measuring service quality and transforming to an outcomes-based system, it is a step to create the infrastructure to eventually meet these goals.

As of April 10, 2025, the Provider Directory contains over 18,000 vendor records, 64 percent of which have been validated and submitted by service providers to regional centers for approval. DDS reports that over 14,500 vendors have qualified for their 10 percent quality incentive via the provider registry. DDS continues to encourage service providers to review and submit their records for inclusion in the Provider Directory. Providers currently have until May 30, 2025 to complete the required steps in the Provider Directory to earn the final 10 percent of their rates. According to DDS, the Provider Directory will ultimately make it easier for individuals and families to find service options and can be a platform used for future quality measures.

As the LAO notes, “Previously, DDS lacked a centralized mechanism to store statewide provider information (including service location address, phone number, email address, and organization type). The state’s 21 Regional Centers stored this information separately for their own unique service areas. The creation of the Provider Directory will therefore be a first step in providing a more comprehensive view of the state’s network of providers. Once the information in the Provider Directory is linked to Regional Center Service areas, the department could identify potential gaps in service availability throughout the state.”<sup>1</sup>

Separate from the 10 percent quality incentive for vendors who register in the Provider Directory, DDS has been developing standalone quality incentives specific to certain service types. These are one-time payments to providers for meeting quality measures around workforce capacity and service access, employment access, employment capacity, and prevention and wellness. Two employment-related quality measures are currently active, but will not be funded separately past 2024-25, now that the rate models are fully implemented and all providers have the opportunity to earn 100 percent of their rate through the Provider Directory. However, DDS has stated that they plan to continue development of these more specific quality measures to collect baseline data and inform future 10 percent quality incentive components of the rate structure.

**Hold Harmless.** Implementation of rate reform has resulted in rate increases for most service providers; however, approximately 1,693 of the 12,981 (13 percent) of rate study vendors have rates that exceed the rate model for their respective service. Current law stipulates that providers’ rates that exceed the rate model amounts, as well as rates that exceed the base rate of 90 percent of the rate model, are “held harmless” (not reduced) to reflect the updated rate models until June 30, 2026. After June 30, 2026, rates are to be adjusted to the respective rate model. According to DDS, an updated fiscal impact for hold harmless will be conducted post alignment of services to the updated service descriptions.

**PAVE.** In 2020, California Community Living Network (CCLN), through a grant from the California State Council on Developmental Disabilities, began a project to identify service outcomes for individuals with I/DD. PAVE is working with stakeholders to create clear, consistent, and measurable service outcomes that could be used to inform service improvement, training, and value-based purchasing.

The PAVE Project will create a portal for individuals, authorized representatives, service providers, and others in the circle of support to contribute information on a person’s wants, needs, and goals. PAVE, when developed, will consist of three main components: (1) a software platform

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<sup>1</sup> The 2025-26 Budget: Department of Developmental Services, Legislative Analyst’s Office, March 2025

with tools to support planning and monitor outcomes in a person-centered way at the individual level; (2) training for people receiving services, direct support professionals, families, and others involved in the person's circle of support, and (3) a system for evaluating the quality, accuracy, and reliability of the data gathered from the software platform, incorporating the views and lived experiences of the people using the services.

According to DDS, PAVE could help to provide information to inform the individual outcomes for the quality incentive component of the rate model, either as a standalone platform, or incorporated into the Life Outcomes Improvement System (LOIS), which will modernize the current case management and financial systems.

**Life Outcomes Improvement System (LOIS).** DDS is in the process of replacing outdated case management and accounting systems. The new name for this project is Life Outcomes Improvement System (LOIS). Upon completion, LOIS will replace separate IT systems used by Regional Centers for accounting and case management. According to the LAO, "these systems are outdated and rely on technology from the 1980s, making it challenging and time-consuming for Regional Centers to perform their responsibilities."<sup>2</sup> The department's vision for LOIS is a modern, integrated case and financial management system that will be consistent across Regional Centers and allow consumers to view their own records. The LOIS project (previously referred to as the UFS/CERMS project) began with \$6 million in federal funds from the 2021 Home and Community-Based Services Spending Plan. The 2023 Budget Act included \$12.7 million (\$12.2 million General Fund) for continued planning, and also required supplemental report language requiring quarterly updates to the Legislature on project status. The 2024 Budget Act included \$1 million General Fund and up to \$5 million in provisional authority for continued planning, pending federal funding.

In its original Project Approval Lifecycle (PAL) Stage 2 document, DDS estimates total multi-year project costs of \$135 million to \$180 million total funds. DDS is also requesting enhanced federal funding which could yield a 90 percent match in federal funding.

From 2021-22 to 2024-25, the LOIS project has received \$26.6 million total funds (including federal funds). As of the second quarter of 2024-25, DDS reports spending \$22.2 million of that total, including \$4.5 million for staffing, \$17.1 million for contracts, and \$700,000 for operating expenses and equipment.

In 2024, the department canceled a separate project, known as the Reimbursement System Project. According to DDS, the department is evaluating incorporating elements of this canceled project into the LOIS project.

The Governor's proposed 2025-26 budget does not include any new funding for the LOIS project. According to DDS, the department is continuing community engagement in 2025 to identify and incorporate requirements for the case management and fiscal needs, and anticipates an update to the Stage 2 Alternatives Analysis documentation for California Department of Technology (CDT) review around the end of the current fiscal year. As part of updating the Stage 2 documents, DDS will establish a new project schedule and cost estimate that is reflective of the project's increased

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<sup>2</sup> LAO



scope. DDS states that implementation of the solution is dependent upon a variety of factors that are being evaluated as part of updating the Stage 2 documents. DDS anticipates final approval of the Stage 2 documents by June 2025 and expects the LOIS project to take several years to complete.

**Direct Support Professional (DSP) Workforce Initiatives.** In addition to initiating service provider rate reform, the 2021 and 2022 Budget Acts included various programs designed to address challenges in recruiting and retaining regional center service coordinators and direct support professionals (DSPs). Some elements of the 2022 workforce stability package that were in the early implementation stages, including a DSP Internship Program and a Regional Center Tuition Reimbursement Program, were phased out in the 2024 Budget Act to address the deficit.

However, other programs have yet to be fully implemented. This includes the DSP University program, a training and certification program tied to wage differentials, and bilingual pay differentials, both of which were included in the 2021 Budget Act. Both of these programs are tied to wage differentials, with the goals of stabilizing service access and diversifying and professionalizing the DSP workforce. DDS has provided the following status updates on these programs:

- *DSP University:* The three-tiered, competency-based training and certification program is designed to enhance DSP professional training, fostering person-centered, culturally and linguistically responsive services that improve outcomes for individuals with I/DD. The completion of each tier is directly tied to a wage differential for DSPs. The Learning Management System (LMS) is currently under development in collaboration with California State University Sacramento (CSUS). Additionally, the California Community Living Network (CCLN) is developing supplemental material. The curriculum is aligned with and supported by the Department's Workforce Workgroup, which has identified 16 core competencies essential for DSPs. Development of the LMS platform is actively underway, with implementation anticipated in summer 2025.
- *Bilingual Pay Differential:* The test case for the DSP Bilingual Pay Differential launched in December 2023 through Alta California Regional Center and one provider. Subsequently, additional regional centers were added, including Harbor Regional Center, Westside Regional Center and Tri-Counties Regional Center. A statewide implementation date for the DSP Bilingual Pay Differentials Program is being determined.

**SB 138: Legislative Equity and Oversight Measures.** SB 138 (Committee on Budget and Fiscal Review), Chapter 192, Statutes of 2023, included several changes to improve consistency, equity, and oversight in the regional center system. These changes were in response to longstanding issues raised by stakeholders and families regarding inequities in access to services across geographic, ethnic, and language lines. The 2023 Budget Act also included \$7.75 million (\$6.2 million General Fund) for DDS to implement the changes included in SB 138. The key components of SB 138 are summarized below:

- Expresses legislative intent to advance regional center service provision that is person-centered and more uniform, consistent, and equitable. Expresses legislative intent that

DDS, consistent with these equity goals, has the authority to oversee and monitor the manner in which regional centers provide services under the Lanterman Act.

- Requires DDS to develop common data definitions to promote access and equity in all regional center services and programs by June 30, 2024.
- Requires regional centers to start recording the race and ethnicity and preferred language of each individual at the time of initial intake, assessment, and the IPP meeting following the individual's 18<sup>th</sup> birthday, by January 1, 2025. Requires this data to be integrated with the department's new case management system.
- Requires DDS to establish standardized processes, including standardized template, for assessing an individual's need for respite services, by June 30, 2025. Requires regional centers to implement the standardized process by January 1, 2026. Requires this process to include obtaining information about respite needs from family members and other caregivers. Requires regional centers to make modifications to their purchase of services policies in order to implement this requirement.
- Requires DDS to establish a standardized IPP by June 30, 2024. Requires the standard IPP template to be integrated with the department's new case management system. Requires regional centers to implement the standardized IPP template and procedures by January 1, 2025.
- Requires DDS to establish standardized vendorization procedures by January 1, 2025. Requires regional centers to implement these procedures and provide updated vendor lists to the department on a quarterly basis, beginning January 1, 2026.
- Requires DDS to establish a standardized intake process by January 1, 2025. Requires regional centers to report the following information on intake: (1) the number of assessments; and (2) length of time it took to determine eligibility, broken down by various demographic factors including age, race/ethnicity, and preferred language, no later than June 30, 2025.
- Requires DDS to incorporate the following in its new case management system: (1) the number of individuals for whom intake was requested; (2) the outcome of that intake, including whether an assessment was determined to be necessary; (3) the length of time it took to complete the assessment; and (4) the number of notices of action sent regarding the outcome of the initial 15-day intake period.
- Requires DDS to develop all of the standardized processes mentioned above with input from stakeholders including individuals with I/DD and families who reflect the demographic diversity of the state, and requires DDS, in developing the standardized processes, to address barriers that may impact access to services.
- Requires DDS, with input from stakeholders, including individuals with I/DD and their families, relevant state agencies involved in the provision of generic services to report to

the Legislature on the following: (1) a definition of generic services; (2) options to improve the coordination of generic services; (3) a description of regional center efforts to coordinate generic services; and (4) identified barriers to accessing generic services, by July 1, 2025. Requires DDS to explore the feasibility of including the functionality to track utilization of generic services in its new case management system.

- Requires DDS to evaluate the availability of common services and supports throughout the state and recommendations for addressing inconsistencies in service availability. Requires DDS to provide a status updates on these efforts by January 10, 2025.
- Beginning January 1, 2025, requires a regional center, by the end of the 15-day intake period, to determine if the individual is eligible or determine if the regional center will initiate an assessment; inform the individual regarding the action; and, in the case a regional center determines an individual is ineligible, provide them or their family with adequate notice.

**Update on SB 138 Implementation.** DDS has made progress implementing many of the SB 138 requirements, and continues to work towards the various milestones outlined in SB 138:

- *Common Data Definitions:* DDS developed a consistent set of data definitions including race, ethnicity, and language data. As of January 1, 2025, Regional Centers began to record required information at specified milestones.
- *Standard IPP Template:* DDS worked with stakeholders to establish a standardized IPP template and procedures by June 30, 2024, which Regional Centers phased in January 1, 2025. The new IPP template has also been integrated within DDS's current case management system. DDS collects responses from an anonymous survey to evaluate the effectiveness of the standard IPP template, and initial results demonstrate positive feedback.
- *Evaluation of Common Services and Supports:* DDS expects completing the required evaluation of common services and supports by spring 2026.
- *Standard Respite Assessment:* DDS is developing an assessment tool, known as the family support tool, to assess an individual's need for respite, personal assistance, and day care. DDS piloted a draft tool with some service coordinators and will be collecting feedback from the public in an upcoming 30-day public comment period. DDS expects the development of this assessment to be complete in summer 2025.
- *Standard Intake Process:* DDS is behind the January 2025 milestone to establish a standard intake process, given the complexity and variation in existing intake processes across Regional Centers. DDS is meeting regularly with Regional Center intake staff and clinicians to understand current intake processes and plans to solicit stakeholder feedback.
- *Standard Vendorization:* DDS is phasing in a standard vendorization process with new service providers who enroll in the Provider Registry.

- *Intake Data and Reporting:* DDS anticipates sending guidance to Regional Centers soon regarding the requirement to report regularly on timeliness of eligibility assessments. Regional Centers have also begun to take specified actions regarding notification of initial intake decisions.

**2024 Budget Act.** The 2024 Budget Act included various reductions to the DDS in order to address the deficit, and made other various changes, summarized below:

- **Final Phase of DDS Rate Reform.** The 2024 Budget Act delayed the final phase of developmental services rate reform to January 1, 2025.
- **Other DDS Reductions.** The 2024 Budget Act made cuts to various DDS workforce initiatives, specifically: reduced \$20 million from the Direct Support Professional internship Program, reduced \$18.6 million from the Regional Center Tuition Reimbursement Program, and reverted \$10 million unspent from the Direct Support Professional Stipend Program. The budget also delayed a \$10 million Preschool Inclusion Grant Program. The budget included a reduction of \$20 million General Fund in 2024-25 and \$10 million General Fund in 2025-26 to Porterville Developmental Center, holding the budget to the revised 2023-24 spending level.
- **Master Plan for Developmental Services.** As part of the 2024 Budget, the Governor convened a new workgroup, led by the California Health and Human Services Agency (HHS), tasked with developing a Master Plan for Developmental Services to strengthen accessibility, quality, and equity for all Californians with intellectual and developmental disabilities. The workgroup delivered their report and recommendations to the Legislature in March 2025. The Master Plan for Developmental Services is covered in Issue #2 of this agenda.
- **Individual Program Plan Meetings.** Trailer bill language extended the option for an individual or family served by a regional center to choose to have their individual program plan (IPP) or, for infants and toddlers, individualized family service plan (IFSP), held remotely, as specified.
- **Social Recreation.** Trailer bill language requires regional center purchase-of-services policies to promote access to social recreation services, camping services, and nonmedical therapies. The trailer bill prohibits regional centers from enacting restrictive purchase-of-services policies that generally prohibit or disfavor the purchase of social recreation, camping, and nonmedical therapies, as specified.
- **Provisional Eligibility Assessments.** Trailer bill language allows a regional center to concurrently assess an infant or toddler referred for early intervention services for provisional eligibility or full eligibility for regional center services.
- **Repeal of Regional Center Family Fees.** Trailer bill language repealed the Family Cost Participation Program and Annual Family Program Fee.

**DDS State Operations and Vacancies Reductions.** The 2024 Budget Act included two control sections (Control Section 4.05 and Control Section 4.12) that aimed to implement efficiencies across state agencies in order to produce ongoing General Fund savings without adverse effects on state services. Both control sections established statewide administrative exercises led by the Department of Finance to (1) identify efficiencies in each department and (2) eliminate vacant positions and related funding.<sup>3</sup>

DDS has identified 83 currently vacant positions and \$1.1 million in vacant position reductions and \$3.33 million General Fund from state operations reductions in 2025-26. According to DDS, the vacant positions are generally aligned with the reduction to Porterville Developmental Center included in the 2024 Budget Act.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide a brief overview of the department’s proposed 2025-26 budget and caseload, including caseload growth. Additionally, please provide a brief overview of how the department is implementing state operations and vacancies reductions pursuant to Control Sections 4.05 and 4.12 of the 2024 Budget Act.
2. Please provide an update on implementation of service provider rate reform, including the establishment of the Provider Directory. How will the quality incentive component of the rate structure evolve over time? How will the department continue advancing an outcome-based system, including through the Quality Incentive Program and the PAVE Project?
3. Please provide an update on the delivery of workforce initiatives funded in previous budget acts, specifically the Direct Support Professional University (DSPU) and bilingual pay differentials. When will these programs reach full implementation, and how will they support the direct support professional workforce?
4. Please provide a brief update on the department’s progress and work ahead to implement equity and consistency changes included in the 2023 Budget Act under SB 138, including a standard Individual Program Plan template, standard respite assessment, standard intake procedures, and clarifying definitions of generic services.

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<sup>3</sup> Legislative Analyst’s Office, “The 2025-26 State Budget: State Departments’ Operational Efficiencies (Control Sections 4.05 and 4.12), February 19, 2025.

**Issue #2: Master Plan for Developmental Services**

**Panel Discussion.** The Subcommittee has invited the following individuals to participate in a panel discussion on this discussion:

- Pete Cervinka, Director, Department of Developmental Services
- Sascha Bittner, Master Plan on Developmental Services Committee, Workforce Workgroup co-chair
- Oscar Mercado, Self-Advocate and Member, Integrated Community Collaborative
- Amy Westling, Executive Director, Association of Regional Center Agencies
- Will Leiner, Managing Attorney, Disability Rights California
- Karina Hendren, Fiscal & Policy Analyst, Legislative Analyst's Office

**Master Plan for Developmental Services.** The Governor's 2024-25 budget proposal included the creation of a Master Plan for Developmental Services. On February 14, 2024, former California Health and Human Services (CalHHS) Secretary Dr. Mark Ghaly announced the creation of a stakeholder committee to create the Master Plan for Developmental Services, to strengthen accessibility, quality, and equity for all Californians with I/DD. The Stakeholder Committee was tasked with working with CalHHS to develop a Master Plan for Developmental Services, to serve as California's collective roadmap for the entire developmental services system to deliver meaningful and concrete results.

**Background: Longstanding Issues around Equity, Accountability, and Access.** Longstanding concerns about systemic disparities and inequities in the regional center system persist. These inequities have surfaced in the form of spending disparities between ethnic groups; disparities in spending on different types of services across regional centers; inconsistent purchases of services policies across regional centers; and the complicated web of "generic services" from multiple agencies that families must exhaust before a regional center will pay for a service or support. Groups such as Disability Rights California,<sup>4</sup> Disability Voices United,<sup>5</sup> and the Little Hoover Commission<sup>6</sup> have analyzed these issues and provided recommendations to improve access to services and oversight of regional centers.

In announcing the creation of a Master Plan for Developmental Services, DDS cited the need to ensure that services are more equitable, consistent, and accessible by addressing inequities and geographic disparities and improving how individuals and their families navigate the developmental services system.

**Master Plan Process.** The stakeholder committee appointed by CalHHS met publicly every month from April 2024 to March 2025. In addition to the primary Master Plan for Developmental Services Stakeholder Committee, five workgroups were created to focus on different Master Plan goal areas. Each workgroup developed recommendations for their goal areas. Workgroups included

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<sup>4</sup> From Navigation to Transformation: Addressing Inequities in California's Regional Center System Through Community-Led Solutions, Disability Rights California, January 2023.

<sup>5</sup> A Matter of Race and Place: Racial and Geographic Disparities within California's Regional Centers Serving Adults with Developmental Disabilities, Disability Voices United, October 2022.

<sup>6</sup> A System in Distress: Caring for Californians with Developmental Disabilities, Little Hoover Commission, April 2023.

some committee members and members of the public. Each workgroup was led by two co-chairs, one co-chair who was a self-advocate with I/DD, and one co-chair who was a family member of a person with I/DD. Workgroups met every month between August 2024 and March 2025. Each workgroup focused on developing recommendations in one focus area. The five workgroup focus areas were:

1. People with I/DD and families experience person-centered service systems they trust.
2. People with I/DD receive timely, inclusive, and seamless services across all service systems.
3. People with I/DD and their families receive services from a high-quality, stable, and person-centered workforce.
4. People with I/DD and their families experience consistent, transparent, accountable, and data-driven systems that focus on outcomes.
5. People with I/DD are entitled to life-long services with adequate resources.

Recommendations from each workgroup were brought to the full Stakeholder Committee for discussion and inclusion in the final Master Plan. The Master Plan is centered in lived experience, with self-advocates playing a key role in developing the Master Plan.

**Master Plan Report and Recommendations.** The full Master Plan for Developmental Services is available on the CalHHS website.<sup>7</sup> There are 167 total recommendations in the Master Plan. The recommendations fall under six topic areas:

- Systems Serving People with I/DD Are Centered in Equity
- People with I/DD Making Their Own Life Choices
- People with I/DD Getting Services They Need and Choose
- People with I/DD Being Part of and Being Served by a Strong Workforce
- Accountability and Transparency in All Systems That Serve People with I/DD
- Informing the Future of the Developmental Services System

Below are some examples of Master Plan recommendations across the topics above. This is not an exhaustive list.

- Create system-wide values about alternatives to conservatorship.
- Remove barriers to the Self-Determination Program.
- Make sure people with I/DD can choose to access some services from home.
- Make sure people with I/DD have the supports they need to vote.
- Help people with I/DD find affordable housing.
- Make sure people with I/DD can access support for life changes and moves.
- Make a plan to move people with I/DD from institutions into the community.

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<sup>7</sup> <https://www.chhs.ca.gov/home/master-plan-for-developmental-services/>

- Transition planning for individuals committed to Porterville Developmental Center.
- Make sure Regional Center services are provided even if a person is incarcerated.
- Make sure definitions of services are clear and consistent.
- Give people with I/DD more flexibility in services and providers.
- Improve support services that people with I/DD receive at home.
- Recognize that people with I/DD have health needs that are not related to their disability.
- Coordinate supports for transition from Early Start.
- Give young adults with I/DD the choice to leave school at age 18.
- Help plan for the future for people with I/DD who live with an aging caregiver.
- Clarify the definition of generic services.
- Make sure regional centers can provide generic services that have waitlists.
- Give people with I/DD and their families tools so they are referred to the right generic services and can keep the benefits they have.
- Make sure people in disability service careers have benefits.
- Make sure people with I/DD get high quality employment services.
- Protect children and young people with I/DD in the child welfare system.
- Make sure intake and assessment processes are clear and equitable.
- Make sure IPP processes are consistent and equitable.
- Make sure that rules about services approvals are clear and consistent.
- Use outcome measures for accountability.
- Use contracts for accountability.
- Make sure Regional Center governing board meetings are transparent.
- Use waivers to make seamless service systems.
- Conduct a gap analysis on school for children and youth with I/DD.

**Implementation and Next Steps.** DDS will reconvene the Master Plan Committee two times per year. These meetings will share updates on work related to the Master Plan recommendations. Using the information shared in these meetings, DDS will submit an annual report to the Legislature. This report will be submitted in March of each year, beginning in 2026, and ending in 2036. DDS states that the department will incorporate the recommendations of the Master Plan into activities currently underway at the department, including continued implementation of SB 138, the LOIS project, the Quality Incentive Program workgroup, and other programs. However, the Governor’s budget does not include any funding or specific new proposals related to the Master Plan recommendations.

The Legislative Analyst’s Office suggests that “while these recommendations form a key starting point, the Master Plan cannot be put into action without initiative from the administration. A critical missing piece, therefore, is a roadmap for how to translate the community’s recommendations into a workable set of policy and budget proposals for legislative consideration.”<sup>8</sup>

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**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of the Master Plan for Developmental Services. What are the key themes and recommendations of the Master Plan? How did the California Health and Human Services Agency work across departments and agencies in developing the Master Plan?
2. What is the Administration's vision for the Master Plan for Developmental Services moving forward? How will decisions about implementation be prioritized?

**Issue #3: Public Records Act (AB 1147)**

**Budget Change Proposal – Governor’s Budget.** DDS requests \$11.5 million (\$8.3 million General Fund) in 2025-26 and \$15.4 million (\$11.1 million General Fund) in 2026-27 and ongoing for 10 permanent headquarters positions and 84 Regional Center positions to address the new workload associated with AB 1147 (Addis), Chapter 902, Statutes of 2024.

**Background.** AB 1147 (Addis), Chapter 902, Statutes of 2024, makes Regional Centers Subject to the Public Records Act (PRA), effective January 1, 2026. The PRA provides that specified public records of public entities, including public agencies and state agencies, are subject to inspection at all times, and states that every person has a right to inspect any public record, as specified. DDS and records held by DDS are subject to the PRA. However, prior to AB 1147, Regional Centers and their records were not subject to the PRA, given Regional Centers’ unique status as private, nonprofit entities.

According to DDS, the requirement to disclose certain documents pursuant to the PRA is a significant new responsibility for Regional Centers, and for DDS to monitor Regional Center compliance with the PRA. DDS states that Regional Centers will require significant training to implement and maintain ongoing PRA compliance, including proper de-identification and redaction. DDS and Regional Centers (as “business associates” of DDS) must also comply with the federal Health Insurance Portability and Accountability Act (HIPAA) and state confidentiality laws. DDS states that under AB 1147, Regional Centers will need to be properly trained in order to balance their responsibilities under both HIPAA and the PRA.

**Staffing and Resources Request.** According to DDS, the 10 headquarters positions will establish written guidance on the PRA for Regional Centers. Guidance would include expectations on when certain high-profile PRA requests should be submitted to the department for review before a Regional Center responds to a PRA request and best practices on how to protect the privacy rights of individuals. Guidance will also include handling PRA requests that contain confidential or privileged information.

DDS will provide initial and ongoing training at each Regional Center on a semi-annual basis in the following areas: (1) processing PRA requests; (2) processing PRA requests involving data extraction and statistical de-identification analysis; and (3) safe harbor redaction training. DDS will also provide guidance for complex or sensitive PRA requests and technical assistance on a real-time basis. The Department’s Office of Legal Affairs (OLA) will provide a liaison to assist Regional Center staff on best practices in responding to PRA requests and responding to their PRA questions. For data extraction requests, the department’s Information Technology Division will provide technical assistance to the Regional Centers in conducting statistical de-identification.

DDS anticipates a high volume of high-profile PRA requests based on recent experience. Since 2020, DDS has seen an increase of over 15 percent in PRA requests, and receives approximately 20 PRA requests a month (240 per year). At least half of those PRA requests involve high-profile matters related to media issues, litigation or pre-litigation matters, data extractions, and other matters involving complaints and investigations where consumer information must be redacted prior to disclosure. Lastly, DDS notes there is a possibility that litigation support and/or litigation

monitoring will be needed if there is an allegation that a regional center is out of compliance with the PRA, and the Department is named as a party in such lawsuits.

The requested positions include 10 positions at DDS Headquarters and 84 Regional Center positions (four positions at each Regional Center), as described below:

*DDS Office of Legal Affairs (Four Positions)*

- One Attorney IV to act as subject matter expert in PRA requests; to take the lead in preparing initial and ongoing PRA guidelines and policies in collaboration with DDS staff; prepare and conduct semi-annual training on the PRA process and safe harbor redaction; review, conduct legal analysis, and provide strategies for responding to high-profile PRA requests.
- One Attorney III to provide advice to regional center and/or Department staff on PRA requests; to assist in preparing initial and ongoing PRA guidelines; prepare and conduct semi-annual training on the PRA process and safe harbor redaction; to serve as a resource to the Staff Services Manager I and Legal Analyst in answering regional center questions on the PRA and exemptions; and to review responsive documents of high-profile PRA requests to ensure proper redaction or de-identification.
- One Staff Services Manager (SSM) I to track the status of PRA requests; to analyze PRA data trends; to answer incoming questions from regional center and DDS staff on the PRA, and obtain attorney assistance as needed; to draft responses to PRA requests as determined by Chief Counsel or Assistant Chief Counsels; to provide PRA resource materials to Regional Center and Department staff; and to supervise Legal Analyst, AGPA and Legal Secretary positions.
- One Legal Analyst to serve as the DDS liaison to the Regional Centers in providing PRA support and guidance; to assist DDS in reviewing and conducting safe harbor redaction on responsive documents to PRA requests; to assist attorneys in gathering information responsive to cross-over PRA requests that have come to the Department; and to collaborate with the Information Technology Division staff as needed on PRA requests.

*DDS Information Technology Division (ITD) (Six Positions)*

- Training unit: Two IT Specialist I positions to develop and maintain technical training materials and provide at least two training events per year to staff at each of the 21 Regional Centers.
- Technical Support Unit: Three IT Specialist I positions to provide expert technical support on complex PRA deliverables. Each position will be assigned seven regional centers to support.
- Technical Lead: One IT Specialist II position to provide technical leadership over the training and technical support units and maintain consistency across the team for addressing de-identification issues.

- Ongoing annual contract funding (\$500,000 General Fund) for a cloud-based PRA system software that can support tracking and role-based access from DDS and representatives from each Regional Center.

*Regional Center Local Assistance (84 Positions)*

- \$9.7 million (\$6.8 million General Fund) in 2025-26 and \$12.9 million (\$9 million General Fund) in 2026-27 and ongoing for 84 Regional Center positions and a \$1.5 million training contract. This estimate assumes four state equivalent classifications for each Regional Center: one Staff Services Manager, one Legal Analyst, one Legal Secretary, and one IT Specialist, to coordinate and respond to public records request. The IT position will provide technological support to perform first level data de-identification.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of this budget change proposal.
2. How did DDS determine that four positions will be required at each of the 21 Regional Centers in order to implement AB 1147?

**Issue #4: Rate Reform – Employment Services**

**Trailer Bill Language—Governor’s Budget.** The Governor’s Budget includes trailer bill language that will facilitate implementation of service provider rate reform for employment services.

**Background: Service Provider Rate Reform and Employment Services.** In 2016, the Legislature required a rate study to address the sustainability, quality, and transparency of community-based services for individuals with I/DD. The development of a new rate study was a response to concerns that existing DDS rates lacked transparency, were overly complex, were not tied to person-centered outcomes, and varied across providers who provide the same service in the same region. DDS, with the help of a consultant, completed the rate study in 2019, which recommended a series of changes, including rate models within each service category; regional differentials to account for variance in the cost of living and doing business, enhanced rates for services delivered in other languages, wage differentials based on training and demonstrated competency, and the consolidation of certain service codes.

Beginning in the 2021 Budget Act, the Governor and Legislature initiated a five-year plan to phase in rate reform. The 2024 Budget Act moved the final phase (50 percent) of rate reform implementation to January 1, 2025. DDS has been working to consolidate and clarify service codes and categories under the now fully funded rate model.

According to DDS, current law limits employment services to nonprofit agencies; however for-profit providers of employment services have been approved to provide services under different service codes for many years (many under a “miscellaneous” service code.) As rate reform is designed to consolidate inconsistent service codes, DDS proposes amending current law to allow for-profit providers to offer employment services. This would have the effect of realigning providers to their most appropriate service category, thus making service codes more uniform.

Additionally, current law specifies a specific reimbursement rate for employment services. However, under rate reform, reimbursement rates are not established in statute; rather, DDS establishes a rate for each service based on the rate models that are posted on the department’s website. DDS proposes striking out the current specific rate values in existing law so that the department can update rates more timely.

Lastly, current law limits “group supported employment services” to a ratio of one provider to three individuals served; however, the new rate models assume a ratio of one to two.

**Trailer Bill to Adjust Employment Services Rate.** The proposed trailer bill would do the following:

- Remove the requirement that providers of employment services must be non-profit organizations. This would facilitate the consolidation of service codes, as for-profit providers are generally already providing these types of services under different codes.

- Remove the specific hourly rates for employment services in statute; and instead refer to the rate models set by the DDS and published on the DDS website.
- Reduces the minimum job-coach-to-consumer ratio for group supported employment from 1:3 to 1:2. According to DDS, this will allow more individualized support.

**Provider Concerns.** Providers have raised concerns that the rate models would change the billing practice for employment services by requiring providers to bill based on individuals rather than by the job coach. Providers note this could have a destabilizing effect, as core costs for providers are the same whether two or three individuals are in attendance. This change is built into the rate model itself, and is not proposed for codification in this trailer bill. DDS has allowed providers to continue billing by job coach hour through December 2025 as the department continues to phase in the rate models.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of this trailer bill proposal.

**4100 STATE COUNCIL ON DEVELOPMENTAL DISABILITIES****Issue #1: Budget Overview and Re-appropriation Request**

**Governor’s Budget – State Council on Developmental Disabilities (SCDD).** The Governor’s proposed 2025-26 budget includes \$15.2 million total funds for SCDD. SCDD’s budget for 2025-26 is comprised solely of federal funds (\$8.7 million) and reimbursements (\$6.5 million) and contains no General Fund.

**Background: SCDD.** SCDD is responsible for engaging in advocacy, capacity building, and systems change activities that promote self-determination, independence, productivity, and inclusion in all aspects of community life for Californians with intellectual and developmental disabilities (I/DD) and their families. SCDD has 81 positions across twelve Regional Offices supported by Regional Advisory Committees. The twelve Regional Offices provide support for emergency preparation and response, in addition to other local programming including: advocacy services for individuals who have no legally appointed representative; clients’ rights advocacy services for people with I/DD, quality assessments for individuals living in residential homes, and other projects and grants related to self-determination and supported decision-making. SCDD is responsible for the transition plan to phase out the use of subminimum wage employment pursuant to SB 639 (Durazo), Chapter 339, Statutes of 2021, which ended subminimum wage employment for individuals with I/DD, effective January 1, 2025.

**Supported Decision-Making Technical Assistance Program.** The 2022 Budget Act allocated \$5 million General Fund to SCDD for implementation of the Supported Decision-Making Technical Assistance Program (SDM-TAP). The SDM-TAP provides a statewide resource for people seeking information about supported decision-making (SDM) – the ability for a person with a disability to make their own informed decisions. Often referenced in the context of conservatorship, SDM is a tool that allows people with disabilities to retain their decision-making capacity by choosing supporters to help them make choices. A person using SDM selects trusted advisors, such as friends, family members, or professionals, to serve as supporters. The supporters agree to help the person with a disability understand, consider, and communicate decisions, giving the person with a disability the tools to make their own informed, decisions.

According to SCDD, the SDM-TAP grant program provides support, education, guidance, assistance and training to educational entities, families, service providers, professionals, people with disabilities, courts, attorneys, mediators, and others in California who wish to use or expand SDM in their professional or personal life. Special attention is paid to communities that have been historically underserved, including non-English speakers, as well as immigrant, native, and rural populations. The SCDD has awarded nearly \$3 million to grantees such as community-based non-profits and colleges coordinating training and SDM resources for families, individuals, and professionals. The remaining \$2 million portion of the SDM-TAP allocation supports three limited-term positions and technical and program assistance contracts with UCLA Resource Library and UC Davis.

**SDM-TAP Re-appropriation Request.** SCDD states that The SDM-TAP implementation plan originally included contracting plans for additional supports such as an outreach campaign.

However, public invitations for bid were unsuccessful. Moreover, several successful grantees included plans in their proposals that will provide some of the outreach the SCDD intended to conduct via a contractor.

SCDD anticipates approximately \$507,000 in remaining program funds will be available for re-appropriation into 2025-26. The funding will be used for additional contracts for statewide warm line services, regional center trainings, translation of materials and informational resources into threshold languages (e.g., Spanish, Chinese, and Tagalog), and support of limited-term personnel into 2025 to oversee grant project closeout and manage the review and publishing of the evaluation study. Additionally, the amount of grant funding available for expenditure will support small-scale, supplemental grant project request(s) among current grantees.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests SCDD respond to the following:

1. Please provide an overview of the re-appropriation request for the Supported Decision-Making Technical Assistance Program.
2. What is the status of SCDD's federal grant funding under the federal Health and Human Services department?



**5160 DEPARTMENT OF REHABILITATION****Issue #1: Department of Rehabilitation Budget Overview**

**Department of Rehabilitation – Governor’s Budget.** The Department of Rehabilitation (DOR) provides employment and independent living services for over 150,000 individuals with disabilities. The Governor’s proposed 2025-26 budget includes \$582.6 million (\$86.6 million General Fund) for DOR. The majority of DOR’s budget comes from federal funds (\$480.9 million General Fund), followed by General Fund and some special fund and reimbursements. DOR’s budget summary is included below:

	<b>2024-25</b>	<b>2025-26</b>	<b>Difference</b>
<b>Vocational Rehabilitation Services</b>			
General Fund	\$77,985,000	\$78,918,000	\$933,000
Vending Stand Fund	\$3,361,000	\$3,361,000	\$0
Federal Trust Fund	\$458,590,000	\$464,587,000	\$5,997,000
Reimbursements	\$8,080,000	\$8,080,000	\$0
Opioid Settlements Fund	\$2,993,000	\$0	(\$2,993,000)
<b>Total, Vocational Rehabilitation Services</b>	<b>\$551,009,000</b>	<b>\$554,946,000</b>	<b>\$3,937,000</b>
<b>Independent Living Services</b>			
General Fund	\$12,354,000	\$7,693,000	(\$4,661,000)
DDTP Admin Committee Fund	\$3,657,000	\$3,657,000	\$0
Federal Trust Fund	\$16,195,000	\$16,272,000	\$77,000
HCBS ARP Fund	\$139,000	\$0	(\$139,000)
<b>Total, Independent Living Services</b>	<b>\$32,345,000</b>	<b>\$27,622,000</b>	<b>(\$4,723,000)</b>
<b>Total Funding</b>			
General Fund	\$90,339,000	\$86,611,000	(\$3,728,000)
DDTP Admin Committee Fund	\$3,657,000	\$3,657,000	\$0
Vending Stand Fund	\$3,361,000	\$3,361,000	\$0
Federal Trust Fund	\$474,785,000	\$480,859,000	\$6,074,000
Reimbursements	\$8,080,000	\$8,080,000	\$0
Opioid Settlements Fund	\$2,993,000	\$0	(\$2,993,000)
HCBS ARP Fund	\$139,000	\$0	(\$139,000)
<b>Total, All Funds</b>	<b>\$583,354,000</b>	<b>\$582,568,000</b>	<b>(\$786,000)</b>

**Background: Department of Rehabilitation.** DOR provides services to over 150,000 Californians with disabilities annually to obtain, retain, and advance in employment with competitive wages in integrated settings, and to maximize equality and the ability to live independently in communities of their choice. Major DOR programs include the following:

- **Vocational Rehabilitation (VR) Program.** The Vocational Rehabilitation Program delivers vocational rehabilitation services to individuals with disabilities through

vocational rehabilitation professionals in district and branch offices located throughout the state, so that individuals with disabilities may prepare for and engage in competitive integrated employment and achieve economic self-sufficiency. VR services are funded with 78.7 percent federal dollars and 21.3 percent matching funds, part of which are provided by General Fund and part by public agencies through DOR's cooperative program agreements. The 2023 Budget Act included an increase of \$180 million in federal fund authority over three fiscal years (\$60 million each year beginning in 2023-24 through 2025-26) to expand Vocational Rehabilitation services, allowing DOR to significantly expand caseloads.

- **Blind/Visually Impaired Programs.** DOR, through its Business Enterprises Program, provides comprehensive training and technical assistance to enable individuals who are blind or visually impaired to support themselves in the operation of vending stands, snack bars, and cafeterias. Prevocational, including employment readiness, services are provided by the Orientation Center for the Blind to individuals with vision loss to prepare them for independent living.
- **Independent Living Program.** DOR administers and supports 28 non-profit independent living centers in communities located throughout California. Each Independent Living Center provides services necessary to assist individuals with disabilities to live independently with full inclusion in their communities. Core services consist of information and referral, peer counseling, individual and systems change advocacy, independent living skills, housing assistance, personal assistance referral services, transition and diversion services to community-based living, and transition services to postsecondary life for youth.
- **Traumatic Brain Injury (TBI) Program.** DOR administers and supports the Traumatic Brain Injury (TBI) Program. In coordination with individuals and their families, six service state funded centers throughout California provide a coordinated post-acute care service model for individuals with TBI.
- **Assistive Technology (AT) Program.** DOR administers the California AT Program through federal Assistive Technology Act of 2004 funds and Social Security Reimbursement funds. The AT Program includes device lending and demonstrations, equipment reutilization, and AT information and referral and technical assistance.
- **Voice Options Program.** Through a partnership with the California Public Utilities Commission's Deaf and Disabled Telecommunications Program, DOR's Voice Options program provides eligible Californians who are unable to speak, or who have difficulty speaking, with a free speech-generating device. The goal of this program is to ensure full and equal telephone communications access for all Californians with disabilities.

**Outcomes of Recent Limited-Term DOR Programs.** Several recent DOR programs funded with limited-term funds are winding down in 2024-25. The programs include:

- **TBI Program Expansion.** DOR expanded the capacity of existing TBI sites and stood up six new TBI sites in alignment with American Rescue Plan Act (ARPA) Home and Community-Based Services (HCBS) Spending Plan funding. The HCBS Spending Plan included \$5 million total for the TBI expansion. DOR used the increased funding to expand the capacity of TBI program sites in underserved areas in 33 counties. DOR expended its full \$5 million HCBS allocation and reports that the TBI program sites continue to provide services through DOR's ongoing TBI grant funds.
- **Community Living Fund.** The 2022 Budget Act included \$10 million General Fund one-time, available over three years to assist eligible older adults and persons with disabilities in transitioning from nursing homes to independent living. In November 2024, seven months prior to the program's end date, the goal to serve 1,360 consumers was met. As of January 2025, DOR served 1,413 individuals with institutional transition and diversion services through grants with 33 community-based organizations throughout the state. Of those that were served, 1,236 individuals received services to prevent them from going into an institutional setting, and 177 individuals received services to transition from an institution to independent living in the community. DOR receives an average of 108 requests per month and currently has 113 consumers on the waitlist. DOR anticipates to fully expend the fund. While the one-time funding will end in June 2025, DOR's goal is to ensure that individuals with disabilities can continue to receive the support they need, either through alternative funding or community resources.
- **Employment in Recovery Program.** DOR received \$4 million from the Opioid Settlements Fund to administer the Integrating Employment in Recovery program. This program provides training to the provider workforce on evidence-based practices to serve people with substance use disorders (SUD) related to opioid use. The training focuses on incorporating the full range of vocational rehabilitation services into treatment delivery as part of a whole-person approach to recovery. To date, 2,940 individuals in treatment received vocational programming including workshops on career exploration, resume development, interview techniques, and instruction on self-advocacy; 550 individuals directly applied for the full scope of vocational services to include educational support after treatment; and 660 professionals were trained in the efficacy of including vocational rehabilitation services during treatment. In addition, all DOR direct service staff were trained in serving individuals with substance use disorders. DOR anticipates to fully expend the funding.

**Control Sections 4.05 and 4.12.** The 2024 Budget Act included two control sections (Control Section 4.05 and Control Section 4.12) that aimed to implement efficiencies across state agencies in order to produce ongoing General Fund savings without adverse effects on state services. Both control sections established statewide administrative exercises led by the Department of Finance to (1) identify efficiencies in each department and (2) eliminate vacant positions and related funding.<sup>9</sup>

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<sup>9</sup> Legislative Analyst's Office, "The 2025-26 State Budget: State Departments' Operational Efficiencies (Control Sections 4.05 and 4.12), February 19, 2025.

DOR has identified 66.5 currently vacant positions and \$11.37 million in vacant position reductions and \$649,000 General Fund from state operations reductions in 2025-26. Of the \$11.37 million identified in vacant position funds, \$2.39 million is General Fund and \$8.983 million is matching federal funds. According to DOR, the department anticipates minimal impact to core services and is prioritizing consumer-facing services to ensure continuity of support.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of DOR's budget and caseload proposed in the 2025-26 Governor's budget. Additionally, please provide a brief overview of how the department is implementing state operations and vacancies reductions pursuant to Control Sections 4.05 and 4.12 of the 2024 Budget Act.
2. Please provide a brief overview of one-time programs that are winding down in the current year, including the Traumatic Brain Injury program expansion, Integrating Employment in Recovery, and the Community Living Fund.

**4170 DEPARTMENT OF AGING****Issue #1: California Department of Aging Budget Overview**

**California Department of Aging – Governor’s Budget.** The California Department of Aging (CDA) administers community-based programs that serve older adults, adults with disabilities, family caregivers, and residents in long-term care facilities throughout the state. The 2025-26 Governor’s Budget includes \$404.4 million (\$164.7 million General Fund) for CDA. The majority of CDA’s budget is supported by federal Older Americans Act funding (\$208 million). Approximately 87 percent of CDA’s overall budget is local assistance funding.

**3-YEAR EXPENDITURES AND POSITIONS <sup>†</sup>**

		Positions			Expenditures		
		2023-24	2024-25	2025-26	2023-24*	2024-25*	2025-26*
3890	Nutrition	41.3	44.9	44.9	\$219,339	\$228,996	\$224,166
3895	Senior Community Employment Service	1.2	3.8	3.8	3,197	20,996	7,800
3900	Supportive Services	80.8	85.3	85.3	312,875	147,949	127,331
3905	Community-Based Programs and Projects	12.1	9.7	9.7	17,477	21,733	19,138
3910	Medi-Cal Programs	63.6	65.9	69.9	64,350	14,260	16,990
3915	Policy & Planning	43.1	55.0	55.0	17,680	13,767	8,962
9900100	Administration	-	-	-	-	-	-
9900200	Administration - Distributed	-	-	-	-	-	-
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>		<b>242.1</b>	<b>264.6</b>	<b>268.6</b>	<b>\$634,918</b>	<b>\$447,701</b>	<b>\$404,387</b>
<b>FUNDING</b>					<b>2023-24*</b>	<b>2024-25*</b>	<b>2025-26*</b>
0001	General Fund				\$272,812	\$167,331	\$164,697
0289	State HICAP Fund				4,392	4,582	4,832
0890	Federal Trust Fund				221,579	218,061	208,285
0942	Special Deposit Fund				2,232	3,233	1,234
0995	Reimbursements				22,274	24,737	24,939
3098	State Department of Public Health Licensing and Certification Program Fund				400	4,650	400
8507	Home & Community-Based Services American Rescue Plan Fund				111,229	25,107	-
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>					<b>\$634,918</b>	<b>\$447,701</b>	<b>\$404,387</b>

<sup>†</sup> Savings resulting from SEC. 4.05 and/or SEC. 4.12 of the 2024 Budget Act are currently being recorded as an unallocated statewide set-aside. As a result, this department’s budgetary displays may reflect overstated expenditures and may also potentially reflect negative fund balances in particular programs and funds.

**Background: California Department of Aging.** As the federally designated State Unit on Aging, CDA administers federal Older Americans Act (OAA) programs, the Health Insurance Counseling and Advocacy Program (HICAP), and two Medi-Cal programs, the Multipurpose Senior Services Program (MSSP) and Community-Based Adult Services (CBAS). CDA administers most of these programs through contracts with the state’s 33 local Area Agencies on Aging (AAA). At the local level, AAAs contract for and coordinate this array of community-based services to older adults, adults with disabilities, family caregivers, and residents of long-term care facilities.

CDA is the lead department on the state's Master Plan for Aging, a comprehensive framework to prepare the state for the growth of the 60-and-over population to 10.8 million people by 2030. Major CDA programs include:

- **Home and Community Living Programs.** Home and community-based services support older adults, people with disabilities, and family caregivers in the setting of their choice. CDA works with 33 AAAs, 11 Caregiver Resource Centers, 286 Community-Based Adult Services (CBAS) Centers, and 37 Multipurpose Senior Services Program (MSSP) sites through contracting, budget setting, program guidance, monitoring and oversight, technical assistance, and quality assurance. This includes senior nutrition programs, such as Meals on Wheels and congregate meal sites.
- **State Long-Term Care Ombudsman (LTCO).** The LTCO seeks to resolve problems and advocate for the rights of residents of long-term care facilities. The LTCO oversees 35 local ombudsman programs consisting of 249 paid staff and 384 volunteers who advocate on behalf of residents of long-term care facilities.
- **Aging and Disability Resource Connections (ADRCs).** ADRCs are coordinated networks of local providers that serve as community access point for older adults, people with disabilities, and caregivers navigating long-term services and supports. ADRC partnerships provide core service functions (Enhanced Information & Referral, Options Counseling, Short-Term Service Coordination, and Facility-to-Home Transition Services) using person-centered practices that empower individuals to make informed decisions and exercise control over their long-term care needs. There are currently 17 designated ADRCs.
- **Office of the Long-Term Care Patient Representative.** The Office of the Long-Term Care Patient Representative provides trained representatives for long-term care residents who may need medical treatment but lack the capacity to make health care decisions and have no legal surrogate authorized to make decisions on their behalf.

**CA2030 initiative.** In 2022, CDSS initiated the CA2030 initiative, with the goal of reimagining California's aging network based on statewide survey data about what is important to older Californians. CDA and the California Health and Human Services Agency (CalHHS) plan to put forward a set of policies to modernize the network of local AAAs and strengthen the governance system, set performance standards, standardize the delivery of services across the state, and make the system easier to navigate for older Californians and caregivers across the system. Over the course of 2024, CDA met with AAAs to focus on updating AAA designations, updating formulas, and standardizing core services. CDA plans to draft regulations to continue implementing the CA2030 initiative and strengthen the AAA network.

**Home and Community Based Services Spending Plan.** California's federal Home and Community-Based Services (HCBS) Spending Plan included \$365 million in federal HCBS funds for programs and initiatives administered by CDA. HCBS investments included technology for seniors and persons with disabilities (\$50 million), nutrition infrastructure (\$40 million), caregiver workforce training and stipends (\$150 million), and other programs such as expansions of senior

nutrition programs, ADRCs, senior legal services, and fall prevention and home modifications. HCBS funds expired March 31, 2025, and CDA and local partners expended 91 percent across local investments. The funding unable to be spent by the deadline was transferred to CDSS to fill the funding gap created by overspending in the IHSS Career Pathways Program.

The AAAs continue to spend down the final year of American Rescue Plan Act (ARPA) funds. CDA was allocated \$138 million in ARPA funding, and the funding expires September 30, 2025. This ARPA funding is distinct and different from the HCBS Spending Plan.

**Older Californians Act Modernization.** The 2022 Budget Act included \$186 million General Fund over five years to restore supports and services for older adults that were reduced during the last recession, including senior nutrition programs, family caregiver supports, volunteer development programs, and aging in place programs. This funding will support maintaining current service levels for core services, such as congregate and home-delivered meals, as federal HCBS and ARPA funds expire in 2025.

**2024 Budget Act.** The 2024 Budget Act included the following significant changes under CDA:

- **Long-Term Care Ombudsman Funding.** The 2024 Budget Act drew \$4.25 million from the California Department of Public Health Licensing and Certification Program Fund in 2024-25 to supplement the Long-Term Care Ombudsman Program. The budget also increased the amount available for the Long-Term Care Ombudsman Program from the State Health Facilities Citation Penalties Account in 2024-25 and ongoing. CDA reports that with this increase in funding, local ombudsman programs have been able to hire additional staff, increase hours, and purchase needed equipment and vehicles to facilitate ombudsman visits.
- **CDA Reductions.** To address the deficit, the 2024 Budget Act cut \$43.4 million General Fund over three years for the Older Adult Behavioral Health Initiative and \$11.9 million General Fund to cancel a home health pilot program.

**Control Sections 4.05 and 4.12.** The 2024 Budget Act included two control sections (Control Section 4.05 and Control Section 4.12) that aimed to implement efficiencies across state agencies in order to produce ongoing General Fund savings without adverse effects on state services. Both control sections established statewide administrative exercises led by the Department of Finance to (1) identify efficiencies in each department and (2) eliminate vacant positions and related funding.<sup>10</sup>

CDA has identified 3 currently vacant positions and \$361,000 vacant position reductions and \$1.2 million General Fund from state operations reductions in 2025-26.

**Status of Federal Funds.** The federal government has moved to eliminate the Administration for Community Living (ACL), which administers Older American Act funding to states. CDA

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<sup>10</sup> Legislative Analyst's Office, "The 2025-26 State Budget: State Departments' Operational Efficiencies (Control Sections 4.05 and 4.12), February 19, 2025.

currently does not have a regional federal administrator as those staff have been laid off. CDA expects to receive notices of regular federal fund awards in May 2025.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide a brief overview of CDA’s budget and caseload proposed in the 2025-26 Governor’s budget. Additionally, please provide a brief overview of how the department is implementing state operations and vacancies reductions pursuant to Control Sections 4.05 and 4.12 of the 2024 Budget Act.
2. Please provide a status update on the \$4.25 million Licensing and Certification Program funding that was provided to CDA for support of the Long-Term Care Ombudsman Program in the 2024 Budget Act.



**Issue #2: CDA Budget Change Proposals**

**CDA Budget Change Proposals – Governor’s Budget.** The Governor’s proposed 2025-26 budget includes two budget change proposals for CDA:

1. **Health Insurance Counseling and Advocacy Program Administration.** CDA requests \$2.3 million Health Insurance Counseling and Advocacy Program (HICAP) in 2025-26 and 2026-27 to further HICAP modernization efforts, serve more Medicare beneficiaries, and improve service quality and access. This proposal has no impact on the General Fund.
2. **Multipurpose Senior Services Program Case Management Software and Support.** CDA requests \$2.8 million General Fund in 2025-26, \$2.7 million General Fund in 2026-27, and \$1.1 million General Fund in 2027-28 and ongoing to support two positions and to acquire and implement a case management software system for the Multipurpose Senior Services Program (MSSP).

The two proposals are described below.

**Health Insurance Counseling and Advocacy Program (HICAP) Administration**

**Background: HICAP.** HICAP is California’s federal State Health Insurance Assistance Program (SHIP). HICAP offers consumer-oriented Medicare counseling and education services including assistance with enrollment, claims, appeals, coverage issues, and, in some cases, legal assistance with grievances and appeals. Eligibility for HICAP services is limited to Medicare beneficiaries and persons imminent of Medicare eligibility. As of June 2024, over 6.8 million Californians have Medicare coverage. There are currently 26 local HICAP programs in California that provide Medicare counseling and education services. Local HICAP programs largely rely on volunteers, but experienced a sharp decline in volunteers during COVID-19.

In 2021, CDA received limited-term funding to modernize the HICAP program, including funding to increase local staffing to one full-time volunteer coordinator per program, and state operations resources to improve HICAP data management, fiscal oversight, and training and technical assistance. The limited-term positions approved in the 2021 Budget Act were extended in both the 2023 and 2024 Budget Acts. During this time, CDA conducted an analysis evaluating the current HICAP infrastructure and design, and a vision for a more effective HICAP program. CDA is currently working with a contractor on a HICAP Modernization Plan that is expected to be complete in June 2025.

According to CDA, with receipt of the augmentation funding, local HICAPs have begun rebounding their recruitment and training of new volunteer HICAP counselors including 64 new HICAP counselors registered in 2021- 22, 88 in 2022-23 and 84 in 2023-24. However, the number of new HICAP counselors is still below highs observed in years before the COVID-19 pandemic. The augmentation funding has been instrumental in providing stability to local HICAPs and provides necessary resources to recruit, retain, and train volunteer HICAP counselors.

**Staffing and Resources Request.** CDA requests \$2.3 million HICAP Special Fund in 2025-26 and 2026-27 to continue the administrative investments initiated in 2021-22 while CDA continues the HICAP Modernization Plan. According to CDA, continuation of the resources provided in

2021-22 through 2026-27 is crucial to support local HICAP providers with resources to recruit new volunteers and coordinate volunteer activities and for CDA to adequately support and monitor local HICAP programs. The requested positions include the following:

- *Local Assistance Resources.* Local Assistance resources of \$1.8 million will provide stability to local HICAP programs to retain one full-time staff position and/or conduct program activities that support recruiting, training, and coordinating volunteer counselors for the purpose of serving the increasing number of Medicare beneficiaries across the state.
- *State Operations Resources.* CDA requests limited term resources from the HICAP Special Fund for one Research Data Specialist II and two Associate Governmental Program Analysts to continue planning, implementation, and maintenance of CDA's HICAP Modernization Business Plan and Strategic Roadmap:
  - One Research Data Specialist oversees, reviews, updates, and provides recommendations for HICAP data collection and reporting.
  - Two analysts review, monitor, and support local HICAP programs in expending state and federal funds to enhance, develop, and expand the program. These positions are responsible for review of the monthly expenditures, closeouts, and annual budgets to ensure that HICAPs were adequately investing in modernizing and expanding services. One analyst serves as a project lead for the development of new training resources and updating of existing training resources, coordinates in-person and virtual meetings and training events, and provides technical assistance to AAAs and HICAP service providers.

**HICAP Special Fund.** The HICAP Special Fund receives all of its revenue through a \$1.40 fee per person enrolled in a Medicare health care service plan, pursuant to Welfare and Institutions Code 9541.5. The use of this fee revenue deposited into the HICAP Special Fund is limited to the administration of the HICAP program. The 2024 Budget Act included a \$10 million General Fund loan from the HICAP Special Fund.

### **Multipurpose Senior Services Program (MSSP) Case Management Software and Support**

**Background: MSSP.** MSSP is a 1915(c) federal Medicaid Home and Community-Based Services (HCBS) Waiver program that provides services to enable frail older adults to remain in their home or in the community and avoid premature nursing home placement. To be eligible for the program, individuals must be age 65 or older, Medi-Cal eligible, and certified for placement in a nursing facility. MSSP provides social and health care management services to assist individuals to remain in their own homes and communities, including case management, ongoing care coordination, linking participants to community services and resources, and limited purchase of services to prevent or delay institutionalization. At an annual rate of \$5,356 per participant slot per year, MSSP's total annual combined cost of care management and other services is significantly less than the cost of receiving care in a skilled nursing facility.

CDA administers MSSP under an interagency agreement with the Department of Health Care Services (DHCS). CDA's MSSP Bureau is responsible for overseeing all programmatic, fiscal, and service components of local MSSP site operations. As a part of operational and fiscal management, CDA performs regulatory compliance activities including biennial utilization reviews of MSSP sites, deficiency follow-up visits, and providing ongoing training and technical assistance to sites.

CDA currently manually collects and sends review and critical incident data, waitlists, expenditures, and enrollments as part of the fiscal and reporting requirements associated with the administration of the waiver program. Information regarding demographics, services, and fiscal data are critical to the successful administration, quality assurance, and oversight of the program. This data is used to establish and monitor program performance standards, and to provide assurance to the state and federal oversight agencies that the MSSP Waiver is being implemented as approved. Monitoring activities occur through a highly manual process. CDA contracts with 37 local government and private, non-profit agencies as MSSP site providers. MSSP sites use manual Excel spreadsheets to report and track CMS required critical incident reporting and activities, which have resulted in performance measure deficiencies during the annual reporting process to the Centers for Medicare & Medicaid Services (CMS).

Under the CMS final rule, Ensuring Access to Medicaid Services (Final Rule), which goes into effect January 1, 2025, the state is required to operate and maintain an electronic incident management system that identifies, tracks, and trends critical incidents. The new rule will also require secure, HIPAA compliant collection of participant level data cross all contracted providers. This data will need to be then transmitted to DHCS to meet federal reporting requirements. Additionally, CDA must now assume responsibility for the waiver requirement to adjudicate Level of Care (LOC) determinations for all participants. LOC determines program eligibility and enrollment using individual client assessment health/personal information and documentation found in the participants' care management record. California is currently non-compliant with this requirement and must correct this along with the waiver renewal.

According to CDA, in order to provide timely LOC determinations and comply with the Final Rule, CDA staff will need secure, direct access to review participant records and data. As such, CDA requests funding to support acquisition and implementation of statewide case management software to support the CMS waiver requirement, ensuring both participant LOC determinations performed by state-level nursing staff, ensure the ability to come into compliance with the CMS Final Rule, and provide efficiencies and consistency in secure data collection and reporting.

**Staffing and Resources Request.** CDA requests CDA requests \$2.8 million General Fund in 2025-26, \$2.7 million General Fund in 2026-27, and \$1.1 million General Fund in 2027-28 and ongoing to support two positions and to acquire and implement a case management software system for MSSP.

Limited-term project costs of \$5.46 million over 2025-26 and 2026-27 include software, implementation services, organization change management services, project oversight, independent verification and validation services, and staff resources. Annual recurring costs of \$1.14 million include software, professional services, and staff resources. According to CDA, the two requested positions will provide business management and technical assistance, as follows:

- **Technical Architect (IT Specialist II):** This position will be a liaison between the solution vendor IT team and CDA. The IT Specialist II will be the main CDA point of contact for ensuring configuration, application development, interface development, testing, and development activities are managed to plan. Post implementation, the IT Specialist II will continue to support the MSSP program, provide product management and technical support functions, including leading and mentoring junior staff responsible for day-to-day solution support. The IT Specialist II will continue to be the primary point of contact and manage the relationship with the solution vendor and coordinate system changes, upgrades, and resolve support issues.
- **Health Program Specialist (HPS) II:** This position will serve as the Access Rule program lead and liaison between the software vendor, DHCS, and MSSP sites. Their role will include responsibility for system testing to ensure accuracy of documentation and the case management and data collection process. This position will work with the vendor to review outputs during program development and ensure the new federal reporting requirements are met, such as waitlist information (42 CFR §441.311), the average amount of time from when services were approved to when they actually started being delivered, and an electronic grievance system (42 CFR §431.301(c)(7)). This resource is responsible for ensuring that any future case management database updates meet state and federal technical requirements through the implementation phase.

CDA states that it is critical for the department to initiate this project now due to the time it will take to plan, procure, pilot, test, and fully implement the software, which will be in effect by 2027-28 at all 37 MSSP sites. CDA plans to initiate the project in September 2025 and for the project to take approximately 18 months, with a February 2027 project finish. The project will transition to operations beginning March 2027.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide a brief overview of the two budget change proposals included in this issue: (A) HICAP Administration funding and (B) MSSP Case Management Software and Support.

**4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT****Issue #1: Department of Community Services Budget Overview and Budget Change Proposals**

**Department of Community Services and Development -- Governor's Budget.** The Governor's budget proposes \$350.6 million (\$1 million General Fund) for the Department of Community Services and Development (CSD). CSD is a federally funded department, with the vast majority of CSD's budget supported by federal funds (\$343.9 million) and federal reimbursements (\$5.6 million).

**Background: Department of Community Services and Development (CSD).** CSD is responsible for administration of federal energy assistance programs for low-income households. The Low Income Home Energy Assistance Program (LIHEAP) provides financial assistance to eligible low-income households to offset the costs of heating and/or cooling residential dwellings, assistance for weather-related or energy-related emergencies, and weatherization services to improve the energy efficiency of low-income residential dwellings. The Low-Income Weatherization Program (LIWP) provides energy efficiency and renewable energy services in low-income single-family farmworker and multi-family dwellings to reduce greenhouse gas emissions and lower energy costs. LIWP projects include energy efficient weatherization and solar photovoltaic system installations.

CSD also is the administrative entity for the federal Community Services Block Grant, which enables local government and nonprofit community organizations to support low-income families achieve and maintain economic security through activities such as education, employment services, emergency services, housing, income support and management, and health and nutritional services, among others.

**Budget Change Proposals – Governor's Budget.** The Governor's proposed 2025-26 budget includes two budget change proposals for CSD:

- 1. Proposition 4: LIWP Farmworker Housing Component.** CSD proposes \$200,000 Proposition 4 Funds in 2026-27, and \$10 million ongoing Proposition 4 Funds, to support the LIWP Farmworker Housing Component. This component represents CSD's portion of the \$10 billion Proposition 4 spending plan.
- 2. LGBTQ Disparities Reduction Act (AB 1163) Augmentation.** CSD requests an augmentation of \$1.06 million General Fund to implement statewide data collection system changes to comply with AB 1163 (Luz Rivas, Chapter 832, Statutes of 2023.)

The two budget change proposals are described below.

**Proposition 4: LIWP Farmworker Housing Component.**

**Background: Proposition 4.** The Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Proposition 4 or the Climate Bond), approved by voters in November 2024, authorizes \$10 billion to protect communities and nature from the impacts of climate change, such as drought, flooding, wildfire, extreme heat, and sea level rise; to

reduce or remove carbon pollution where possible; and in some cases address existing environmental challenges exacerbated by climate change. The Administration proposes \$2.7 billion in Climate Bond funds in 2025-26. This item only pertains to the \$10 million in Proposition 4 funds proposed under CSD. The full Proposition 4 spending proposal is covered by Subcommittee #2 on Resources, Environmental Protection, and Energy.

**LIWP Farmworker Housing Component.** CSD's Low-Income Weatherization Program (LIWP) provides low-income households with solar photovoltaic systems and energy efficiency upgrades at no cost to residents. The program reduces greenhouse gas emissions and household energy costs by saving energy and generating clean renewable power. The energy efficiency improvements, funded by LIWP, reduce energy costs and provide a long-term solution for low-income households that might struggle to afford heating and cooling their home. There are currently two LIWP program components in operation, the LIWP Multifamily Component and the LIWP Farmworker Housing Component.

The LIWP Farmworker Housing Component has been in operation since 2017 and targets vulnerable farmworker households across 18 counties with high farmworker populations. Low-income farmworkers pay a large share of their income on energy expenses and often cut back on other critical needs to pay their energy bills. The energy efficiency upgrades and solar systems funded by the Farmworker Housing Component reduce energy bills, provide access to cost-saving, clean renewable energy, and improve the health and safety of residences owned or rented by farmworkers. The energy efficiency upgrades can include central heating and cooling, appliances (refrigerators, freezer, washers, and dryers), window replacements, insulation, water heaters, lighting, and rooftop solar systems, among other measures.

Proposition 4, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, provides \$10 million to support the LIWP Farmworker Housing Component.

### **LGBTQ Disparities Reduction Act (AB 1163) Augmentation.**

**Background: AB 1163.** AB 1163 (Luz Rivas), Chapter 832, Statutes of 2023, requires CSD to collect voluntary self-identification information pertaining to sexual orientation, gender identity, and intersexuality while collecting demographic data from applicants applying for services funded by the federal Community Services Block Grant (CSBG).

According to CSD, in order to collect these new data elements, CSD must make modifications to its third-party data collection system and the intake systems of the 60 local CSBG sub-grantees.

**Staffing and Resources Request.** The 2024 Budget Act appropriated \$943,000 General Fund one-time for local CSBG agencies to comply with AB 1163. Based on further analysis of surveys completed by CSBG agencies, CSD has determined that the total cost of compliance with AB 1163 is \$2 million. As such, CSD requests an additional \$1.057 million General Fund one-time to complete necessary system modifications.

According to CSD, with the requested funding, CSD will be able to update its current data systems and the data systems of CSBG sub-grantees to facilitate the collection of self-identification information pertaining to sexual orientation, gender identity, and intersexuality demographic data pursuant to AB 1163.

**Status of CSD Federal Funds.** As of April 15, 2025, California has received \$215,756,159 in LIHEAP funding for Federal Fiscal Year 2025. This funding was appropriated by Congress in September 2024 under a partial year continuing resolution. The amount appropriated for LIHEAP under the continuing resolution was equal to about 90 percent of what was appropriated to LIHEAP in Federal Fiscal Year 2024. Congress passed a continuing resolution on March 14, 2025 that funds the federal government for the 2025 Federal Fiscal Year at 2024 levels. CSD is awaiting details of additional LIHEAP grant awards for 2025.

For the Community Services Block Grant (CSBG), California has received \$33,847,608 in CSBG funding as of April 15, 2025 for federal fiscal year 2025. This funding was appropriated by Congress in two partial year continuing resolutions passed in September and December 2024. The amount appropriated for CSBG under these two continuing resolutions was equal to about 50 percent of what was appropriated for CSBG in federal fiscal year 2024.

Congress passed a continuing resolution on March 14, 2025 that funds the federal government for the 2025 federal fiscal year at 2024 levels. CSD is awaiting details of additional CSBG grant awards for 2025. When Congress passes a continuing resolution, 90 percent of LIHEAP funds are typically allocated to grantees based on the prior year appropriation amount, with the remaining 10 percent of funding allocated once a final budget is passed. The Office of Community Services (OCS), Administration for Children and Families, U.S. Department of Health and Human Services determines the amount of funds to be allocated to LIHEAP grant recipients and makes funds available.

The federal government recently laid off the entire LIHEAP division under the federal Office of Community Services (OCS) under the Administration for Children and Families (ACF).

According to CSD, There are two LIHEAP items that will require submission in 2025 that are typically reviewed and approved by OCS. The first item is the 2025 LIHEAP Weatherization Waiver Request. CSD is required under state law to request a waiver to use up to 25 percent of LIHEAP funds for residential weatherization services. The waiver gives LIHEAP grantees the ability to increase the maximum funding allowance for weatherization from 15 percent to 25 percent of the total grant award. CSD is scheduled to submit its 2025 Weatherization Waiver Request after the conclusion of the public comment period on the waiver, which is April 17, 2025.

The second item that will require federal submission is the 2026 LIHEAP State Plan. LIHEAP grantees must submit an annual application for funding, the LIHEAP State Plan, by early September, covering a grant period of October 1 through September 30. Federal approval of the state plan is a condition for receiving LIHEAP funds.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide a brief overview of the two budget change proposals included in this issue (A) Proposition 4 LIWP Farmworker Housing Component, and (B) LGBTQ Disparities Reduction Act (AB 1163) Augmentation.
2. Please describe the status of CSD's federal funds given the move to eliminate the LIHEAP division and Office of Community Services under the federal administration.



**5175 DEPARTMENT OF CHILD SUPPORT SERVICES****Issue #1: Department of Child Support Services Budget Overview**

**Department of Child Support Services – Governor’s Budget.** The Governor’s proposed 2025-26 budget includes \$1.2 billion (\$373.7 million General Fund) for the Department of Child Support Services (DCSS). DCSS is funded mainly by federal funds (\$735 million), and Child Support Collections Recovery Fund (\$81.3 million).

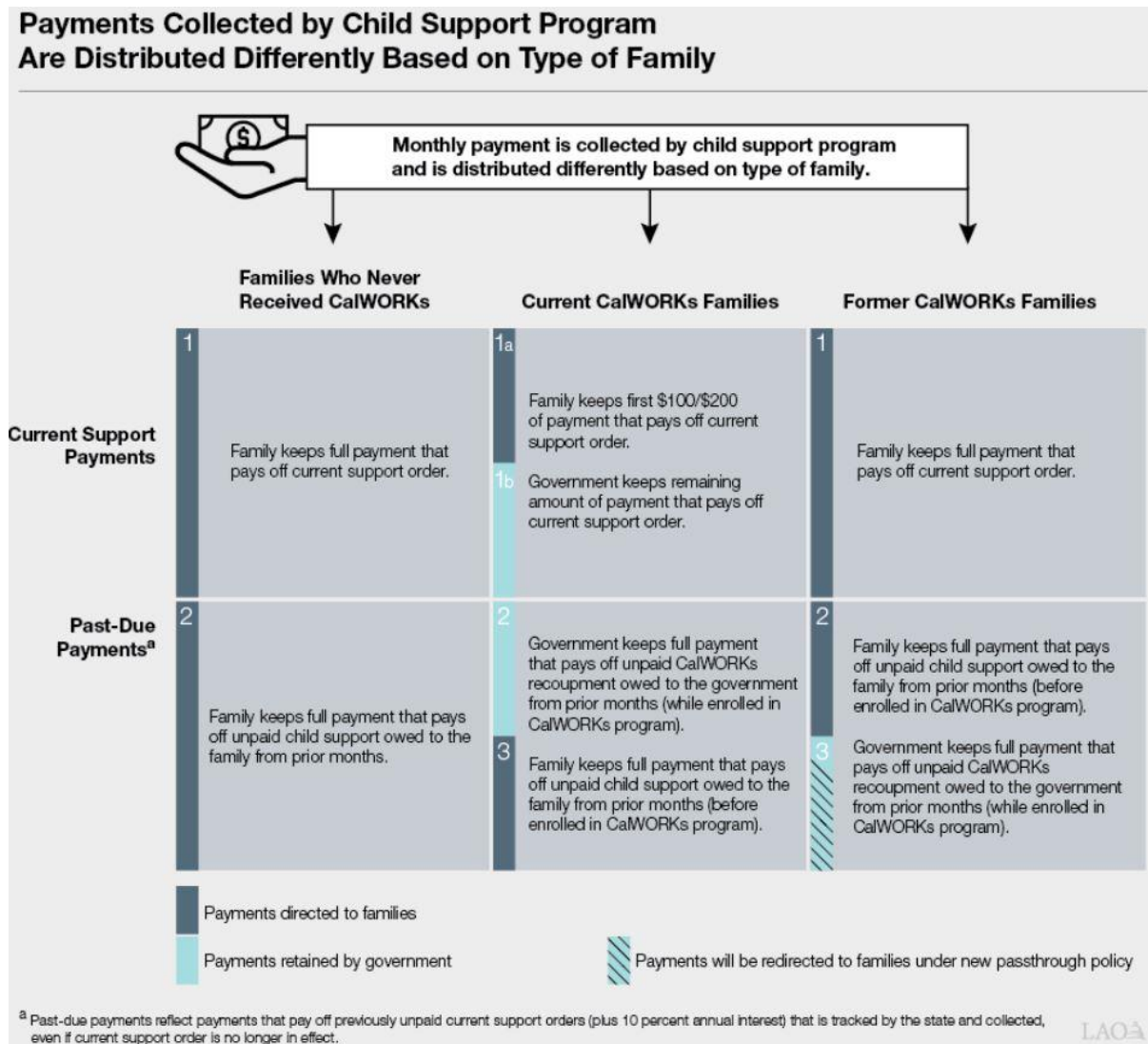
**Child Support Program Highlights**  
(Dollars in Thousands)

	2024-25 Enacted Budget	2025-26 Governor's Budget	Difference
Child Support Program Total	\$ 1,183,362	\$ 1,190,147	\$ 6,785
State Operations	\$ 215,790	\$ 218,058	\$ 2,268
General Fund	\$ 67,192	\$ 67,041	\$ (151)
Federal Fund	\$ 148,475	\$ 150,894	\$ 2,419
Reimbursements	\$ 123	\$ 123	\$ -
Local Assistance Administration	\$ 894,535	\$ 899,052	\$ 4,517
General Fund	\$ 281,896	\$ 281,837	\$ (59)
Federal Fund	\$ 550,202	\$ 534,754	\$ (15,448)
Child Support Collections Recovery Fund	\$ 62,437	\$ 81,284	\$ 18,847
Section 1115 (Federal Grants)	\$ -	\$ 1,177	\$ 1,177
Local Assistance Automation	\$ 73,037	\$ 73,037	\$ -
General Fund	\$ 24,832	\$ 24,832	\$ -
Federal Fund	\$ 48,205	\$ 48,205	\$ -
Program caseload	1,058,447	1,020,026	(38,421)
State Positions	699.2	699.2	-
LCSA Positions	5,481.9	5,390.1	(91.7)

**Background: Department of Child Support Services.** The child support program is a federal-state program that establishes, collects, and distributes child support payments to participating parents with children. These tasks include: locating parents; certifying paternity; establishing, enforcing, and modifying child support orders; and collecting and distributing payments. In California, the child support program is administered by 47 county and regional local child support agencies (LCSAs), in partnership with local courts. Local program operations are overseen by DCSS.

Approximately 75 percent of child support cases are comprised of families who receive or formerly received cash aid from the CalWORKs program. Under federal law, when a parent applies for CalWORKs cash aid (and is not living with the other parent), they generally are required to open

a child support case and sign over a portion of their child support payments to the state. The state retains this portion as reimbursement toward the total government costs for the cash aid the family received under the CalWORKs program. This process of retaining child support payments to offset CalWORKs costs is referred to as CalWORKs recoupment. The CalWORKs recoupment payments are generally split between the state (roughly 50 percent), counties (roughly five percent), and federal government (roughly 45 percent). The state's share of CalWORKs recoupment is accounted for as General Fund revenue. The following figure, provided by the Legislative Analyst's Office (LAO), illustrates how current support and past-due payments are directed to the family or government, depending on whether the family is currently receiving, or has ever received, CalWORKs cash aid.



Source: Legislative Analyst's Office

The Legislature has moved in recent years to end the practice of intercepting child support payments from low-income families receiving CalWORKs. Current practices differ whether a family formerly received CalWORKs (formerly assisted families), or is currently receiving CalWORKs (currently assisted families).

- **Formerly assisted families:** As part of the 2022 Budget Act, the state ended the practice of intercepting child support payments from families who were formerly enrolled in CalWORKs. This change took effect May 2024.
- **Currently assisted families:** In addition to ending the interception of child support payments for formerly assisted CalWORKs families, the 2022 Budget Act included trigger language to implement a full pass-through of child support payments to families currently receiving CalWORKs assistance. This was subject to an evaluation of General Fund availability by the Department of Finance (DOF) in spring 2024 (May Revision). Due to the deficit, the trigger was not activated in 2024, which means the state continues to intercept child support payments from families currently receiving CalWORKs.

**2024 Budget Act.** The 2024 Budget Act included the following changes related to DCSS:

- **Local Child Support Agency (LCSA) Reductions.** The 2024 Budget Act reduced funding for local child support agencies by \$6 million General Fund in 2023-34, 2024-25, and 2025-26 to align with recent expenditures.
- **Child Support Full Pass-through.** Supplemental report language requires DCSS to report to the Legislature on the infrastructure and other implementation components necessary to effectuate the full pass-through of child support to families currently receiving CalWORKs.

**Implementation of Pass-Through for Formerly Assisted Families.** Based on updated estimates, DCSS estimates formerly assisted arrears pass-through to be \$118 million total funds in 2024-25, and \$118.4 million total funds in 2025-26. In comparison with the enacted budget, the formerly assisted arrears pass-through estimate was reduced by \$47.5 million total funds, or 29 percent. Since implementation, between May 2024 and March 2025, \$88.7 million in former assistance collections has passed through to the families of nearly 75,000 cases.

**LCSA Spending.** The 2023-24 allocation for LCSAs was \$876.2 million, of which \$834.3 million, or 95.2 percent, was spent or obligated. Expenditures will be finalized in the spring 2025. The \$41.8 million in total savings does not account for the mandated early reversions of \$17.6 million (\$6 million General Fund) pursuant to the 2024 Budget Act. Additionally, \$5.01 million was reallocated across LCSAs, \$3.1 million reallocated to technology refresh, and \$3.4 million was reallocated for LCSA special depreciation of capital asset purchases.

In 2024-25, the LCSA allocation is \$858.5 million. LCSAs have expended \$539.9 million as of February 2025. DCSS has reallocated \$6.8 million of these savings to other LCSAs, \$6.3 million to technology refresh needs, and \$2.2 million for special depreciation. DCSS expects LCSAs to generate savings in 2024-25 as the budget reductions were scheduled for two years, while LCSA staffing costs are expected to increase in 2025-26. As such, LCSAs must generate savings in order to absorb cost increases.

**Uncollectible Debt.** The 2021 Budget Act included trailer bill language to cease enforcement of state-owed child support arrearages determined to be uncollectible. DCSS has already

implemented some sections of the statute regarding case participants that solely receive CAPI/SSI/SSP/SSDI/Veteran Disability Compensation. DCSS has contracted with UC San Diego to conduct a collectability study comprised of child support data of current case participants. The collectability study was expected to be completed and shared by DCSS by March 2024. DCSS received the report from UC San Diego, and it is currently under administrative review. Additionally, DCSS is engaging with an LCSA workgroup to gather input from local subject matter experts.

**DCSS State Operations and Vacancies Reductions.** The 2024 Budget Act included two control sections (Control Section 4.05 and Control Section 4.12) that aimed to implement efficiencies across state agencies in order to produce ongoing General Fund savings without adverse effects on state services. Both control sections established statewide administrative exercises led by the Department of Finance to (1) identify efficiencies in each department and (2) eliminate vacant positions and related funding.<sup>11</sup>

DCSS has identified 40 currently vacant positions and \$3.46 million in vacant position reductions (\$1.18 million General Fund and \$2.3 million in matching federal funds) and \$1.14 million General Fund from state operations reductions in 2025-26. According to DCSS, to achieve the state operations reduction, DCSS eliminated discretionary costs such as training, travel, supplies, software, and various discretionary contracts.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests DCSS respond to the following:

1. Please provide a brief overview of DCSS’s proposed budget for 2025-26. How is the department implementing state operations and vacancies reductions pursuant to Control Sections 4.05 and 4.12 of the 2024 Budget Act?
2. Please provide a brief update on the first full year of implementation of the child support pass-through for formerly assisted families.
3. What amount of additional savings from LCSA administrative funding does DCSS expect to materialize in 2024-25?

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<sup>11</sup> Legislative Analyst’s Office, “The 2025026 State Budget: State Departments’ Operational Efficiencies (Control Sections 4.05 and 4.12), February 19, 2025.

**ISSUES FOR NON-PRESENTATION****Issue #1: Proposals for Investment**

**Proposals for Investment.** The Subcommittee has received the following proposals for investment:

- **Special Olympics.** The Special Olympics of Northern and Southern California together propose \$68 million General Fund (\$13.6 million General Fund each year for five years) to continue their current statewide program delivery and expand their operations to reach a growing population of individuals with I/DD. If approved, this funding would support the Special Olympics' Unified Champion Schools Program, Healthy Athletes Program, Community Sports Program, and general operating expenses. According to the Special Olympics of California, "services by Special Olympics CA can reduce health care costs and combat health disparities among the I/DD Population with an emphasis on preventative care, create new programming for Adult Day Centers and Regional Centers, supporting inclusion programs in California's public schools to reduce bullying and absenteeism, and bringing opportunities for people with intellectual disabilities to develop and demonstrate their abilities in leadership roles and in the workforce. Special Olympics CA is year-round and no cost to participants and their families." Special Olympics CA received \$30 million General Fund through the California Department of Education (CDE) in the 2022 Budget Act over three years to support these programs. That funding expires June 30, 2025.
- **Supported Decision-Making Technical Assistance Program (SDM-TAP).** Disability Voices United proposes \$3 million General Fund one-time for the State Council on Developmental Disabilities (SCDD) Supported Decision-Making Technical Assistance Program (SDM-TAP). If approved, this funding would continue grants administered by SCDD under the 2022 Budget Act to promote supported decision-making (SDM) as alternatives to conservatorships. Grant activities include developing free trainings for professionals in the medical, legal, educational, and I/DD fields about SDM and individual coaching to educate people with I/DD and their families about Supported Decision-Making, craft agreements, and overcome obstacles. According to Disability Voices United, "Demonstrating the need for Supported Decision-Making education and the interest in this topic, [SCDD] received grant requests totaling \$8.5 million, however only \$3 million was available. Some examples of grant programs that weren't funded include support for individuals in group homes; standardized training development for IDD professionals such as regional center service coordinators; training for parents of children just entering the education system; and targeted outreach to rural, BIPOC and other underserved communities. The overwhelming interest in grant funding demonstrates the ongoing need to invest in Supported Decision Making education and promotion and shows the critical need for additional State investment to continue the program. Increasing awareness of Supported Decision Making and breaking down barriers for mainstream knowledge and acceptance will be a long-term driver of reduced costs to the State. By choosing options that keep families out of the court system, the courts can benefit from reduced workload and refined ability to focus resources where they are most needed."

- **Utilizing Special Fund Reserves for Long-Term Care Ombudsman Program Mandates.** The California Long-Term Care Ombudsman Association (CLTCOA) proposes \$15.9 million Special Funds (State Citations Account and Licensing and Certification Program Fund) ongoing to support the Long-Term Care Ombudsman Program. If approved, this funding would increase baseline funding for reach local ombudsman program from \$100,000 to \$200,000 – enabling local long-term care ombudsman programs to hire up to 100 additional staff and recruit, train, and supervise up to 500 additional volunteers to conduct ombudsman activities. Activities include unannounced facility visits, abuse and neglect investigations, and other essential ombudsman activities. According to CLTCOA, “Currently, Ombudsmen are unable to respond timely to many complaints or visit all facilities quarterly as required by federal and state law. Twenty eight percent of skilled nursing and fifty one percent of assisted living facilities are not receiving quarterly unannounced visits due to an ongoing lack of staff and volunteers. Despite losing 53 percent of the program’s certified volunteers since 2014, in no small part due to the COVID-19 pandemic, staffing for the program has not increased past 2019 staffing levels (175 full-time staff). Today, the average paid Ombudsman is responsible for 1,830 long-term care beds while the average volunteer Ombudsman, who only works 8-9 hours per month, is responsible for 885 beds. There are simply not enough staff or volunteer Ombudsmen in California to meet the existing demand for their services.” This proposed investment would build upon the 2024 Budget Act, which drew \$4.25 million one-time from the California Department of Public Health Licensing and Certification Program Fund and increased the amount available for the Long-Term Care Ombudsman Program from the State Health Facilities Citation Penalties Account in 2024-25 and ongoing, to supplement the Long-Term Care Ombudsman Program.
- **Phased Expansion and Sustainability of Aging and Disability Resource Connections (ADRCs) to Support Master Plan on Aging Implementation.** The California Association of Area Agencies on Aging (C4A) and the California Foundation for Independent Living Centers (CFILC) propose \$15 million General Fund ongoing to support emerging ADRCs and expand existing ones. If approved, these funds would support equitable access to long-term services and supports, enable infrastructure growth to ensure all Californians have access to an ADRC, and prevent a zero-sum funding environment to encourage new partnerships. According to C4A and CFILC, “California’s current ADRC network is significantly underfunded, with only \$10 million annually supporting 24 designated and two emerging ADRCs. This amount is insufficient to expand and meet growing demands, especially for regions and populations still unserved or underserved...A phased funding increase beginning with \$15 million in 2025-26 would support emerging ADRCs and expand existing ones, with the goal of building toward full \$62 million statewide funding for a statewide ‘No Wrong Door’ system.”