

# SUBCOMMITTEE NO. 3

# Agenda

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



Wednesday, May 20, 2026  
1:30 pm  
1021 O Street – Room 1200

Consultant: Elizabeth Freeman

## PART B

<u>Item</u>	<u>Department</u>	<u>Page</u>
<b>4170</b>	<b>CALIFORNIA DEPARTMENT OF AGING</b>	<b>3</b>
ISSUE 1: CDA MAY REVISION BUDGET		3
ISSUE 2: CDA MAY REVISION TRAILER BILL		4
<b>4700</b>	<b>DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT</b>	<b>7</b>
ISSUE 3: DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT MAY REVISION BUDGET		7
<b>5160</b>	<b>DEPARTMENT OF REHABILITATION</b>	<b>8</b>
ISSUE 4: DEPARTMENT OF REHABILITATION MAY REVISION BUDGET		8
<b>4300</b>	<b>DEPARTMENT OF DEVELOPMENTAL SERVICES</b>	<b>9</b>
ISSUE 5: DEPARTMENT OF DEVELOPMENTAL SERVICES MAY REVISION BUDGET		9
ISSUE 6: DEPARTMENT OF DEVELOPMENTAL SERVICES MAY REVISION TRAILER BILL		12
<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	<b>16</b>
ISSUE 7: CDSS MAY REVISION CASELOAD UPDATE – ALL PROGRAMS		16
ISSUE 8: CALFRESH AND FOOD PROGRAMS MAY REVISION BUDGET		18
ISSUE 9: CALFRESH AND FOOD PROGRAMS MAY REVISION TRAILER BILLS		24
ISSUE 10: CALWORKS MAY REVISION BUDGET		25
ISSUE 11: CALWORKS MAY REVISION TRAILER BILL		27
ISSUE 12: CDSS ADULT PROGRAMS MAY REVISION BUDGET		28
ISSUE 13: CDSS ADULT PROGRAMS MAY REVISION TRAILER BILLS		31

ISSUE 14: CHILD WELFARE MAY REVISION BUDGET..... 32  
ISSUE 15: OTHER CDSS PROGRAMS MAY REVISION ..... 33  
ISSUE 16: OTHER CDSS PROGRAMS MAY REVISION TRAILER BILLS ..... 35

**PUBLIC COMMENT**

---

*Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.*

**4170 CALIFORNIA DEPARTMENT OF AGING****Issue 1: CDA May Revision Budget**

**California Department of Aging – Governor’s May Revision.** The Governor’s May Revision includes the following budget changes for CDA:

1. **Budget Change Proposal - Multipurpose Senior Services Program Case Management Software and Support.** CDA requests to revert \$51,000 General Fund in 2025-26 and reduce \$196,000 General Fund in 2026-27 and \$16,000 in 2027-28 from the Multipurpose Senior Services Program Case Management Software and Support appropriated in the 2025 Budget Act. The department identified cost efficiencies from reducing California Department of Technology oversight as a result of a reduction in the project’s complexity. This proposal is a technical budget adjustment that will not impact the Multipurpose Senior Services Program Case Management Software Project.

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

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

1. Please provide a brief overview of this proposal.

**Issue 2: CDA May Revision Trailer Bill**

**California Department of Aging – Governor’s May Revision Trailer Bill.** The Governor’s May Revision includes one trailer proposal for CDA:

**Interstate Funding Formula.** The Governor’s May Revision proposes statutory changes to the Interstate Funding Formula (IFF) allocation methodology, factors, and weights.

**Background - Interstate Funding Formula (IFF).** CDA is California’s designated State Unit on Aging for the state’s Older Americans Act, Older Californians Act, and specified Medi-Cal programs that serve older adults, adults with disabilities, family caregivers, and residents in long-term care facilities throughout the state. CDA contracts with a network of 33 Area Agencies on Aging (AAAs) that directly manage a wide array of federal and state-funded programs and services that support older adults, people with disabilities, and family caregivers to live independently in the community and promote healthy aging and social connection.

CDA is responsible for oversight, administration, and allocation of the State’s Title III Older Americans Act funds. The AAAs, comprised of local non-profit and government entities, use Title III funds to locally deliver programs and services. Specifically, CDA allocates Title III Older Americans Act funding to the 33 AAAs for Title III B – Supportive Services, C1 – Congregate Nutrition, C2 – Home Delivered Meals, D – Health Promotion, and E – Family Caregiver programs. California’s IIFF governs how CDA allocates state and federal Title III Older Americans Act funds across the 33 AAAs. CDA states that the IFF was last updated in 1996 and no longer reflects California’s current demographics, equity needs, or administrative realities.

In a September 2025 State Plan letter, the federal Administration for Community Living (ACL) noted that California’s IFF is outdated and formally requested that CDA review and update the formula. In addition, SB 1249 (Roth), Chapter 337, Statutes of 2024 requires CDA to develop an updated IFF and submit a revision to ACL and the Legislature by September 30, 2026.

**Proposed Trailer Bill Language.** CDA provided the below summary of proposed amendments to the IFF:

- **Modernize administrative base funding** by replacing the fixed \$50,000 base in statute with an amount determined by CDA and posted publicly on a four-year schedule. CDA’s first iteration would set a \$250,000 base administrative amount using existing federal and state funding. With a higher base administrative amount, there will be greater parity amongst the AAAs because less of the administrative funding is being allocated on factors and weights. No additional funding is needed because this formula uses existing funds and redistributes them with a higher base amount and less being allocated using factors and weights.
- **Streamline allocations** by moving toward a simpler framework, reducing duplicative or conflicting formulas. The existing formula uses different factors and weights for OAA funds and General Funds. CDA proposes using the same factors and weights across all funding. This includes updating weights used for each variable to 20 percent. Factors and weights have been determined in collaboration with the AAA network.

- **Update rural and hold-harmless provisions** so CDA can set and transparently publish current values on a scheduled basis aligned with the State Plan on Aging. Existing hold harmless levels date back to 1984-85 and are no longer relevant for existing funding levels and the cost of services. CDA proposes updating the hold-harmless to 2021 levels with routine review to ensure parity across the network.
- **Establish a carryover redistribution process** that incentivizes strong expenditure performance, reallocating carryover to AAAs that expend at least 90 percent of Title III funds by subcategory in the previous fiscal year, using the determined factors and weights.
- **Improve local cash flow** by increasing CDA’s authority to advance funds to AAAs from one sixth to one fourth of annual allocations. One fourth advances have allowed for administrative efficiencies by reducing the number of advances submitted, reviewed, and processed throughout the year and have alleviated the need for local partners to seek lines of credit, often with interest rates that adversely impact their limited cash reserves.

**Stakeholder Concerns.** The California Association of Area Agencies on Aging (C4A) has expressed concerns regarding this trailer bill proposal. C4A notes that the introduction of this trailer bill came as a surprise as prior discussions with CDA conveyed that legislation related to IFF would not be pursued until next year and a two-week public comment period on the proposed IFF changes just closed on May 12. According to C4A: “C4A is also concerned that the proposed language was not developed in partnership with the AAA network. The Older Californians Act envisions meaningful coordination and collaboration between the Department and the Area Agencies on Aging. A proposal that fundamentally restructures the distribution of resources across California’s aging network should not move forward absent direct partnership with those responsible for implementing and delivering services on the ground. Additionally, C4A does not believe there is a compelling reason for this proposal to move through budget trailer bill language at this time. The Intrastate Funding Formula is not required to be updated until development of California’s next State Plan on Aging, which is due to the Administration for Community Living in 2029. Existing federal correspondence approved California’s current State Plan and suggested consideration of formula updates rather than requiring immediate action.

Further, C4A notes that “C4A remains concerned that the proposed formula does not adequately reflect the current and growing needs of California’s rapidly aging population. California continues to experience increasing demand for nutrition services, caregiver supports, transportation, information and assistance, and community-based aging and disability services. Any funding methodology should align with the goals of California’s Master Plan on Aging and strengthen—not destabilize—the systems intended to help older adults, people with disabilities, and caregivers remain healthy and independent in their communities.”

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

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

1. Please provide an overview of this proposal.

2. Why are changes to IFF being proposed at the May Revision? What is the Administration's response to concerns raised by C4A that the introduction of this proposal is unexpected and conflicts with the closure of a recent public comment period?

**4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT****Issue 3: Department of Community Services and Development May Revision Budget**

**Department of Community Services and Development (CSD) – Governor’s May Revision.** The Governor’s May Revision includes the following changes to CSD’s budget:

1. **Increased Reimbursement Authority - California Earned Income Tax Credit Program.** The May Revision proposes to increase reimbursements by over \$5 million ongoing to support an existing interagency agreement with the Franchise Tax Board to provide outreach regarding the California Earned Income Tax Credit and the federal Earned Income Tax Credit, among other programs and services.
2. **General Fund Cash Flow Loan.** The May Revision proposes to increase CSD’s General Fund loan authority from \$3 million to \$5 million for state operations, and from \$40 million to \$305 million for local assistance, to assist in program cash flow needs related to unanticipated delays in the receipt of federal 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 May Revision budget proposals included in this item.

**5160 DEPARTMENT OF REHABILITATION****Issue 4: Department of Rehabilitation May Revision Budget**

**Department of Rehabilitation (DOR) – Governor’s May Revision.** The May Revision includes the following adjustments to the DOR budget:

1. **Technical Cashflow Adjustment.** The May Revision proposes to make technical changes to budget bill language regarding the use of certified time and cash as match for federal vocational rehabilitation funds and to add General Fund loan authority, not to exceed 50 percent of the amount of federal appropriations, to assist in program cashflow needs related to delays in the receipt of federal vocational rehabilitation grant 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 adjustments to the DOR proposed in the May Revision.

## 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

### Issue 5: Department of Developmental Services May Revision Budget

**Department of Developmental Services (DDS) - Governor's May Revision.** This issue includes May Revision changes to the DDS Budget.

**May Revision Overview and Caseload.** The May Revision includes \$21.6 billion (\$13.5 billion General Fund) for 2026-27; a net increase of \$2.9 billion (\$1.6 billion General Fund) over the updated 2025-26 budget, a 15.5 percent increase.

For 2025-26, DDS projects a total caseload of 487,114, a net decrease of 2,140 individuals.

For 2026-27, the May Revision maintains the Governor's Budget projection of a total caseload of 526,848 individuals. The May Revision includes \$1.8 billion (\$1.2 billion General Fund) for regional center operations; an increase of \$15.9 million (a net decrease of \$34.2 million General Fund) compared to the Governor's Budget. The increase is primarily attributed to regional center rents resulting from hiring to address caseload increases and staffing ratios.

**Increased Federal Reimbursements.** The May Revision reflects increased federal reimbursements as a result of improvements in the claiming of federal financial participation for eligible individuals. This includes a net increase of \$52.7 million in 2025-26 and approximately \$520.9 million in 2026-27.

### May Revision DDS Budget Proposals

1. **Budget Change Proposal – Equitable and Consistent Needs Assessment.** DDS requests \$11.5 million (\$9.1 million General Fund) in 2026- 27, \$9.4 million (\$7.1 million General Fund) in 2027-28, and \$2.8 million (\$2.4 million General Fund) in 2028-29 and ongoing thereafter to support implementation of standardized intake and assessment practices and modernization of the current evaluation tool, the Client Development Evaluation Report (CDER). The proposal includes 9 permanent headquarters positions, two year limited-term regional center resources, and contract support for tool development, information technology infrastructure, training, and statewide change management activities. This proposal includes corresponding trailer bill language.

According to DDS, "In recent years, the Department has undertaken several statewide standardization efforts pursuant to SB 138 (Committee on Budget & Fiscal Review), Chapter 192, Statutes of 2023, including implementation of a standardized IPP template, statewide vendorization procedures, standardized race, ethnicity, and language data definitions, respite assessment processes, and intake process improvements. These efforts are intended to improve consistency, equity, transparency, and statewide data quality across the developmental services system. As part of these ongoing modernization and standardization efforts, the Department is evaluating and updating processes related to standardizing intake and assessment practices. Regional centers currently use the CDER to document diagnoses, evaluate adaptive functioning, and support eligibility and service planning activities. The CDER is not a standardized clinical assessment tool and has not been comprehensively modernized to align with current clinical standards, person-centered practices, or statewide data and reporting needs since its inception in

1977, with the most recent changes occurring in 2014. Modernization will enable the evaluation of needs, monitoring of outcomes, statewide trend analysis, and will support data-informed policy and service planning decisions that increase access, equity, and consistency in the developmental services system.”

*Headquarters Position Resources.* DDS requests 9 permanent headquarters positions to support development and implementation of standardized intake guidance, assessment modernization activities, statewide monitoring, policy development, training coordination, information technology integration, and ongoing system support activities. Requested program resources include 1 Supervisor I and 4 Analyst III positions to support statewide consistency efforts, guidance development, implementation activities, and monitoring functions. Requested information technology resources include 1 Information Technology Supervisor II, 2 Information Technology Specialist II, and 1 Information Technology Specialist I positions to support assessment tool development, information technology infrastructure, system integration, data management, reporting capabilities, and ongoing technical support.

*Headquarters Contract and Information Technology Support.* The request includes \$3 million General Fund in 2026-27 and \$1 million General Fund ongoing thereafter for contracted support, information technology infrastructure, system development, tool evaluation, integration activities, and specialized implementation support. These resources will support assessment tool evaluation and acquisition activities, customization and integration efforts, data storage and reporting capabilities, and training and implementation support on an ongoing basis.

*Two Year Limited Term Regional Center Operations Resources.* The request includes two years of regional center operations funding equivalent to 3 positions at each of the 21 regional centers to support training, transition activities, implementation of standardized practices, change management, and local coordination efforts during rollout of updated intake and assessment processes and tools.

DDS states that the requested staffing will allow the department to adequately research and analyze current practices at regional centers relating to intake and engage with subject matter experts. The Department will design a standardized process and provide guidance, training, and technical assistance to regional centers to support consistent and standard implementation.

2. **Center-Based Early Intervention Services.** \$15 million (\$12.4 million General Fund) to update the rate model methodology for certain early intervention services delivered outside the home.
3. **Home and Community-Based Services Federal Access Rule—Resources for Regional Centers.** The May Revision proposes an increase of \$1.1 million (\$779,000 General Fund) in 2026-27 and \$2.2 million (\$1.6 million General Fund) in 2027-28 and ongoing to address increased workload at regional centers associated with the implementation of the new Federal Access Rule grievance process. Implementation of the new process is proposed to shift from July 2026 to February 2027.
4. **Capital Outlay: Porterville Developmental Center.** \$7.9 million General Fund to continue the Fires Sprinkler System and Residences Rehabilitation projects at Porterville Development Center.

This includes a reversion of \$2.2 million for the construction phase, resulting in a net increase of \$4.82 million. The overall cost of the construction phase is \$10.92 million of which \$3.9 million was previously encumbered. According to the Department of Finance, “The project was bid in early 2026, with the only respondent seeking \$6.7 million for the contract, well over the state’s estimate. The higher bid was attributable to ceiling deficiencies, hazardous materials, and working in a secure environment at a remote location. Concurrently, the capital outlay project schedule now aligns with a deferred maintenance effort to replace the ceiling and walls in the same building. By consolidating these two projects, the department anticipates improved project delivery and overall reduced costs.”

- 5. **General Fund Loan Authority.** The May Revision proposes to change DDS’s General Fund loan authority from \$1.48 billion to \$1.59 billion to reflect revised federal reimbursement estimates.

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

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

- 1. Please provide an overview of the major changes to the DDS budget at May Revision.

**Issue 6: Department of Developmental Services May Revision Trailer Bill**

**DDS – May Revision Trailer Bills.** The Governor’s May Revision includes the following DDS trailer bills:

1. **Equitable and Consistent Needs Assessment.** According to DDS, to become eligible for Lanterman Act services, a regional center must determine that an individual has a “developmental disability” that is considered a “substantial disability.” Regional centers do not currently use a standardized method for assessing developmental disability or substantial disability, resulting in variability in intake processes across the state. Through the implementation of SB 138, it has become clear that a critical part of the requirements to standardize intake is to specifically standardize the assessment practices for determining developmental disability and substantial disability. Standardization of these practices will improve consistency and equity in accessing the regional center system.

Regional centers currently use the Client Diagnostic and Evaluation Report (CDER) to record eligible individuals’ diagnoses and evaluate daily living skills. This informs the Individual Program Plan, outlining the services and supports to meet a person’s needs and achieve individualized outcomes. The CDER is not a standardized clinical tool, and while periodically updated to revise names of diagnoses, it has not been meaningfully updated since 1977 to reflect individuals’ developmental needs. As a result, the types and levels of services provided to eligible individuals may not align with actual developmental needs, limiting the ability to determine whether purchased services are addressing specific needs.

DDS states that the developmental service system needs a modern, person-centered needs evaluation tool that supports decision-making for planning teams in identifying and obtaining services and supports that align with the identified needs of the person. Establishing standardized methods for determining whether an individual meets the criteria of “developmental disability” that constitutes a “substantial disability” is necessary for equity and consistency in the individual’s experience with, access to, and outcomes from, the intake process. Evaluating needs and using that information to determine service provision is not a new process. However, the current process is inconsistent across the state. The current CDER tool contains outdated clinical terminology and criteria inconsistent with current clinical diagnostic evaluation criteria, as well as deficit-based language that does not align with person-centered culture. It also includes inconsistent rating scale coding and values, creating confusion and fidelity concerns that make data difficult to analyze and interpret.

Modernizing the needs evaluation tool will strengthen alignment between evaluation and service provision, enabling the development of standard metrics, and improving the state’s ability to monitor outcomes of service plans, treatments, services, and supports. The updated tool is intended to align service levels to specific service needs. Adoption of a new tool will support service provision standardization, increasing equity and consistency for the community’s service experience.

2. **Merge Community Placement Plan and Community Resource Development Plan to Align with current developmental services delivery system.** This proposal combines the Community Placement Plan (CPP) and the Community Resource Development Plan (CRDP) into one unified program.

Under existing law, DDS annually establishes policies and procedures for regional centers to develop and submit annual CPP and CRDP funding proposals.

WIC section 4418.25 prioritizes CPP funding to support the closure of developmental centers and creation of services for individuals transitioning from restrictive settings. The Agnews, Lanterman, Sonoma, and Fairview Developmental Centers all have closed, with final transitions completed in 2020. This language no longer reflects the needs of California's developmental services delivery system.

WIC Section 4679 established CRDP funding to address the needs of individuals with intellectual and developmental disabilities living in the community. It prioritizes the development of services that reduce reliance on the secure treatment program at Porterville Developmental Center, institutions for mental disease, out-of-state resources, and other restrictive settings. This language better reflects current conditions and evolving priorities in California's developmental services system. Also, the 2025 establishment of the Provider Directory provides insights into the geographical availability of services, so the Department can be more directive about the development of provider capacity to close gaps in access and availability.

DDS states that merging and consolidating these two programs will align current law with the needs of the community. Updating WIC section 4418.25 to remove outdated references to CPP and its focus on developmental center closures, and modernizing WIC section 4679, will streamline ongoing efforts to develop service options for individuals in or diverted from restrictive settings or to address broader community needs.

3. **State-operated Transitional and Rehabilitative Services.** This proposal would place time limits on the length of stay at Canyon Springs Community Facility (CS) and Porterville Developmental Center (PDC).

CS is a state-operated facility licensed for 63 individuals and staffed to support an average of 56 individuals. As of December 2025, the facility's average census at CS was 34 individuals. Admissions to CS are permitted only through transfers from PDC under WIC section 6500(a)(1) court commitments, which are determined through clinical certification and judicial review. CS does not currently impose limits on lengths of stay, and transitions depend on a regional center's ability to identify or develop appropriate community resources. As of January 2026, individuals served at CS had an average stay of 4 years, ranging between 8 days to 19 years.

PDC is a state-operated secure treatment facility for 469 beds, with 99 beds in suspense and an average census of 166 individuals. Admissions to PDC occur under Penal Code section 1370.1 court commitments. After two years, individuals with intellectual and developmental disabilities who do not complete "competency restoration" training (after being determined Incompetent to Stand Trial) and who continue to pose a danger to themselves or others, may be civilly committed

to the facility as a WIC section 6500(a)(1). As of December 2025, 72 individuals with WIC section 6500(a)(1) commitments resided at PDC, with an average stay of 5.5 years, ranging from 7 months to 26 years.

According to DDS, the absence of time limits has led the developmental services system to rely on CS and PDC for long-term residential placements rather than prioritizing transitional and community-based options. As a result, some individuals remain in highly restrictive settings for extended periods, well beyond what is necessary for rehabilitation and transition.

A full continuum of care is essential to meet the needs of individuals with complex forensic backgrounds. The proposed changes will realign the purpose and programming of CS and PDC WIC section 6500(a)(1) placements with their intended roles as therapeutic and rehabilitative step-down settings. By establishing clear transition timelines and expectations, CS and PDC will function as transitional programs that provide the support, training, and preparation necessary for individuals to reintegrate successfully. This approach makes sure that people are safe, equipped, and stable for community living, while preventing the use of these facilities as long-term placement options.

Under this proposal, starting July 1, 2031, no one can be committed to PDC under a WIC section 6500(a)(1) commitment for more than 24 months from that date forward. Anyone who is already living at PDC on or before July 1, 2031, cannot stay there past July 1, 2034. A WIC 6500(a)(1) commitment order for placement at CS lasts for one year unless the regional center asks the court to extend it. To request an extension, the regional center must explain why the person still needs to be there and provide an updated assessment and plan. No one can remain at CS more than 24 months after July 1, 2027, unless a specific legal exception applies. This proposal also restricts the right of return only to PDC. In addition, this proposal removes various obsolete language and makes technical clarifications.

4. **Rate Model Update: Tailored Day Services.** Tailored Day Services (TDS) was designed as a flexible alternative to traditional day services supporting community integration, education and employment through individualized, one-to-one support. Welfare and Institutions Code (WIC) section 4688.21 requires TDS to have an individualized service design through the Individual Program Plan (IPP) process. WIC section 4519.10 implements rate reform and standardized services, but Community Integration Training Program, service code 055, and Community Activities Support Services, service code 063, were excluded from the rate study, leaving TDS as the only individualized day service option for vendors transitioning from blended programs. Current limitations, such as restrictions on same-day services, and caps on hours, create barriers to fully supporting individuals and providers.

This proposal would allow TDS to occur on the same day as employment services. DDS states this will support individuals transitioning from day programs to employment.

5. **Rate Model Update: Family Teaching Model.** The Family Teaching Model (FTM) originated during developmental center closures and continues to meet housing needs for individuals transitioning from Porterville Developmental Center, institutions for mental disease, and other community living arrangements. Currently, FTM exists under the Family Home Agency (FHA)

service code that also includes the “Family Teaching Home” which refers to a home approved by an FHA and owned, leased or rented by the FHA. FTM differs from the FHA model in several ways: FTM homes are owned by a housing developer rather than family home providers; generally serve up to three individuals in a home compared to two; use hourly shift-based staff; and provide separate living quarters for providers with attached or contiguous housing.

This proposal would establish a new FTM rate. DDS states that this will provide greater transparency and consistency while maintaining this unique residential option for individuals; provide separate purchase of service data; and improve clarity while demonstrating that costs remain comparable to the FHA residential model.

6. **State-operated facility purchases.** This proposal would add a purchase exemption that authorizes purchases of essential goods and services necessary for state-operated facilities.

DDS operates a range of facilities that provide services and supports to individuals with intellectual and developmental disabilities. This includes the Stabilization Training Assistance Reintegration (STAR) program, Canyon Springs Community Facility, and Porterville Developmental Center. The facilities must follow an extensive procurement process when purchasing household goods, supplies, and furniture. Staff at these facilities currently use the state Cal-Card for direct-care needs and prepare exemption memos and supplemental documentation to justify deviations from standard procurement practices. This process causes delays in sustaining home-like, person-centered care. These locations require timely, low-dollar, point-of-sale purchases.

DDS states that this proposal supports efficiency and responsiveness by exempting the Department’s essential purchases for facilities from standard procurement requirements, enabling timely acquisition of goods and services critical to individuals served while maintaining appropriate internal controls and reporting transparency.

7. **Sunsetting outdated legislative reporting language.** This proposal would sunset various DDS reporting requirements. These requirements generally relate to developmental centers closures that have been completed.

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

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

1. Please provide an overview of each trailer bill proposal included in this issue.
2. For the equitable and consistent needs assessment proposal, what statutory authority does the department believe is needed to standardize the intake process beyond the existing mandate under SB 138 from the 2023 Budget Act? How will this proposal change the intake for individuals and families entering the developmental services system? What impact will this proposal have on long-term caseload growth?

**5180 DEPARTMENT OF SOCIAL SERVICES**

**Issue 7: CDSS May Revision Caseload Update – All Programs**

**May Revision Caseload Update – All CDSS Programs.** The May Revision includes caseload updates to all CDSS programs.

The 2026-27 May Revision proposes a net increase of \$131.88 million total funds in 2026-27, primarily driven by updated caseload estimates since the 2026-27 Governor’s Budget. The net increase in total funds in 2026-27 is comprised of a \$29.68 million General Fund decrease, \$70.28 million federal fund decrease, \$231.85 million reimbursement increase, and \$1,000 in special fund decrease. Caseload and workload changes from the 2026-27 Governor’s Budget are displayed in the following table:

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

The chart on the following page provided by CDSS summarizes caseload changes from 2025-26 to 2026-27 projected at May Revision:

**CDSS CASELOAD PROJECTIONS<sup>6</sup>**

<b>Program</b>	<b>FY 2025-26 Caseload</b>	<b>FY 2026-27 Caseload</b>	<b>CY to BY % Change</b>
<b>CalWORKs Child Care</b>	155,137	159,559	2.9%
<b>CalWORKs</b>	347,632	344,310	-1.0%
<b>CalFresh</b>	3,156,385	2,957,775	-6.3%
<b>California Food Assistance Program (CFAP)<sup>7</sup></b>	55,247	46,288	-16.2%
<b>IHSS</b>	806,809	875,179	8.5%
<b>SSI/SSP</b>	1,085,604	1,075,049	-1.0%
<b>Cash Assistance Program for Immigrants (CAPI)</b>	18,668	20,063	7.5%
<b>Child Welfare Services (CWS)<sup>8</sup></b>	102,150	101,321	-0.8%
<b>FC<sup>9</sup></b>	40,108	37,795	-5.8%
<b>Adoption</b>	84,573	84,660	0.1%
<b>Kinship Guardianship Assistance Payment (Kin-GAP)</b>	16,315	16,230	-0.5%

**General Fund loan authority.** The May Revision also includes budget bill language to increase CDSS's General Fund loan authority to 20 percent of federal appropriations for various programs.

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

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

1. Please provide a brief overview of CDSS caseload changes proposed in the May Revision and the General Fund loan authority requested in budget bill language.

**Issue 8: CalFresh and Food Programs May Revision Budget**

**Governor’s May Revision - CalFresh and Food Programs.** The May Revision includes the following adjustments to CalFresh and food programs under the Department of Social Services (CDSS).

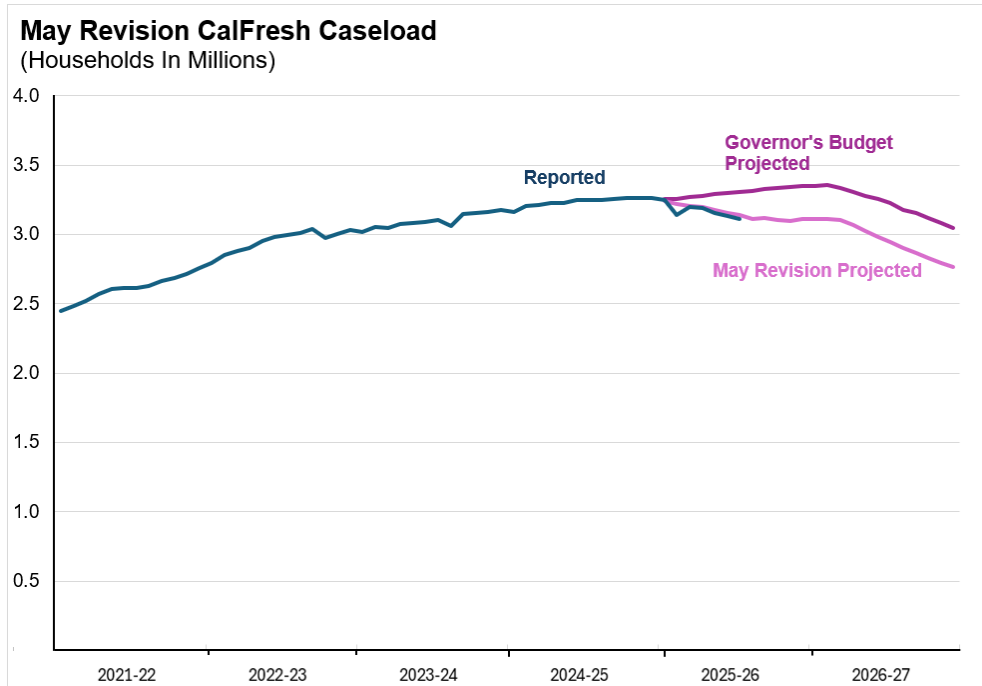
**2025-2026 Overview.** The May Revision includes \$17.2 billion (\$1.5 billion General Fund) in 2025-26 for CalFresh and Nutrition programs, reflecting a net decrease of \$850.2 million (increase of \$40.9 million General Fund) from the Governor’s Budget. The decrease is primarily due to lower than previously projected CalFresh, SUN Bucks, and CACFP caseloads; and lower carry-in funding for Nutrition Education, partially offset by an augmentation for Able-Bodied Adults Without Dependents (ABAWD) administration and maintaining the CalFresh administration funding level for 2025-26.

**2026-27 Overview.** The May Revision proposes \$16 billion (\$1.6 billion General Fund) in 2026-27 for CalFresh and Nutrition programs, reflecting a decrease of \$1.3 billion (\$24.9 million General Fund) from the Governor’s Budget. The decrease is primarily due to lower than previously projected CalFresh and CACFP caseloads, and lower carry-in funding for Nutrition Education, partially offset by augmentations for ABAWD county administrative resources and CalFood, and lower than previously projected savings for ABAWDs and newly excluded noncitizens due to updated caseload projections using more recent data.

**CalFresh and California Food Assistance Program (CFAP) caseload and administrative funding.** The May Revision projects caseload declines of 6.3 percent for CalFresh and 16.2 percent for CFAP in 2026-27. As a result of caseload declines, the May Revision includes a reduction of \$158 million General Fund for county CalFresh administration, as the funding formula is driven by caseload.

**LAO caseload assessment.** According to the LAO, “in recent years, CalFresh enrollment underwent sustained, but slowing, growth. The Governor’s January proposal was based on enrollment data through the summer of 2025. These data showed that growth might have peaked and reversed, but a solid downward trend had not yet emerged. Since that time, the emerging downward trend has continued. The start of this decline precedes the state implementing any major H.R. 1 changes. The exact cause of the decline is not known but could in part be related to a “chilling effect” in anticipation of H.R. 1 policies being implemented. The Governor’s May Revision updates its CalFresh projections consistent with these more recent data and continues to incorporate estimated future impacts of H.R. 1. Under the May Revision projections, CalFresh enrollment declines by 2.2 percent in 2025-26 and an additional 6.3 percent in 2026-27.”

CFAP enrollment has also declined since the January budget proposal, more steeply than in CalFresh. The May Revision projects that CFAP enrollment will decline by 11.7 percent in 2025-26 and another 16.2 percent in 2026-27.



Source: LAO

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

(Dollars in Millions)

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

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

Source: LAO

**LAO CalFresh administration assessment.** According to the LAO, “While the May Revision provides more funding for county H.R. 1 implementation, it is important to note that, overall, proposed total funding for CalFresh administration in 2026-27 is down by \$158 million (6 percent) compared to the January proposal. This is because caseload projections have been revised downward to align with more recent enrollment data. Adjusting administrative funding for caseload changes is a longstanding practice that recognizes that workload depends on the number of individuals enrolled or going through the enrollment processes. However, when enrollment changes rapidly, changes in funding can be abrupt in a way that is disruptive to county planning. The Legislature may wish to consider increased funding for H.R. 1

implementation against the backdrop of broader decline in CalFresh enrollment. For example, funding to support H.R. 1 implementation could be used to offset more of the impact of caseload reductions on administrative funding than the May Revision proposal does. This would allow funding to remain more consistent from 2025-26 to 2026-27 while allowing counties to repurpose freed up capacity from a declining caseload to support H.R. 1 implementation.”

### **May Revision CalFresh & Food Budget Proposals**

1. **ABAWD \$30 million Administrative Augmentation.** For 2025-26, the May Revision includes \$28.6 million (\$20.0 million General Fund and \$8.6 million county funds) using Provision 17 (Section 188) from the Budget Act of 2025 to allow for an increase up to \$20 million General Fund to fund county administration activities related to implementation of policies impacting ABAWDs under H.R. 1. These funds support administrative readiness activities, including training of county staff, to ensure consistent and accurate application of new ABAWD policies. This federal policy limits adults ages 19-65 to three months of CalFresh in a three-year period if they cannot prove they are working 20 hours a week or meet exemption criteria. California is implementing the rule beginning June 1, 2026, and at May Revision, CDSS estimates approximately 562,000 Californians will be discontinued from CalFresh as a result of this policy.

For 2026-27, the May Revision proposes \$61.9 million (\$30 million General Fund) one-time in to augment ABAWD county administrative resources to support county administration workload. The planned triennial CalFresh reassessment in 2026-27 will inform county administrative needs for the 2027-28 Governor’s Budget.

2. **CalFood \$30 million augmentation.** The May Revision proposes \$30 million General Fund one-time in 2026-27 to augment the CalFood Program baseline funding of \$8 million General Fund, for a total of \$38 million in 2026-27. The funding will support food banks for the purchase, storage, and transportation of food grown and/or produced in California.
3. **Federal State Administrative Expense (SAE) Target.** The SAE target allocation serves as a guide on federally allowable state administrative costs for SNAP. The May Revision includes \$52.9 million (\$37 million General Fund) in 2025-26 and \$43.7 million (\$30.6 million General Fund) in 2026-27 for cash flow purposes to maintain CalFresh operations while the state requests additional federal funding above the federal SAE target.
4. **Budget Change Proposal: CalFresh Staffing for H.R. 1 and Federal Changes.** The May Revision proposes \$7.15 million in 2026-27 and \$9.11 million in 2027-28 and ongoing for six permanent positions to provide state operations support for the administration of CalFresh.

According to CDSS, “implementation of the time limit for ABAWDs under H.R. 1 requires not only significant upfront resources but also introduces new federally required monitoring requirements that must be implemented by CDSS to maintain federal compliance. Further, increased federal oversight, particularly around application and recertification timeliness, threatens fiscal sanctions for noncompliance if 95 percent timeliness performance rates are not met. CDSS currently lacks sufficient capacity to support counties in meeting these standards, and counties requesting support often wait 6-12 months due to backlogs. Lastly, unforeseen federal

audit and data demands have diverted essential resources from daily operations, creating unsustainable pressure on CDSS staffing resources. In addition to the need for new resources, several previously approved short-term resources must be made permanent to ensure CDSS's ability to implement H.R. 1 related changes, as well as to navigate ongoing and likely future challenges... Lastly, federal flexibilities for the SUN Bucks program are ending and the CDSS will need dedicated resources to continue meeting requirements under 7 CFR 292.26(a)(1) specific to the availability of SUN Bucks hearings.”

*The Family Engagement and Empowerment Division (FEED) requests three positions:*

- Three Analyst IIIs to support the newly formed County Technical Assistance (TA) Unit B within the CalFresh TA and Correction Action Bureau, one of which was included as a limited-term resource in the 2025 Budget Act. The requested Analyst III positions will increase CDSS' capacity to provide TA by tracking performance and assisting underperforming counties. The Payment Error Rate (PER) is measured yearly, and these positions will be focused on continually monitoring counties' PER and helping them improve accuracy.

*The Administrative Division requests one position:*

- One Analyst II within the Human Resources Services Branch (HRSB) will provide human resources support for the growing number of staff dedicated to CalFresh administration at the state level. These activities include monthly payroll, salary determinations, new hire paperwork, claim administration and case management for departmental employees while applying all applicable Control Agency, State and Federal laws, rules, regulations, policies and procedures.

*The Research Automaton and Data Division (RADD) requests two positions:*

- One Research Data Specialist III will provide advanced statistical and research expertise to mitigate the impact of new benefit cost sharing on the state, inform strategic adjustments, and ensure timely, data-driven decision-making. This position will conduct root cause analysis of the PER, perform real-time quantitative assessments, and evaluate intervention effectiveness, and is essential to maintain compliance, reduce fiscal risk, and enable rapid, data-informed strategy adjustments.
- One Analyst IV to serve as the dedicated project manager for the H.R. 1 technology response. This position currently operates under one-year limited-term funding and authority, expiring June 30, 2026. Permanent authority will support continuity in overseeing cross-functional efforts, including vendor management, CalSAWS integration, and strategic planning for initiatives such as streamlining income and work hours verification and improving client adoption of new reporting technologies as well as the development of a comprehensive roadmap.

This budget change proposal also includes \$550,000 General Fund and \$550,000 Federal Funds to support the administration of SUN Bucks (Summer EBT) hearings in alignment with federal requirements. Data from a recent full program cycle of SUN Bucks demonstrates an expected annual hearing caseload of 145 hearings for CDSS. As the program enters its third year, federal flexibilities are ending and full compliance with hearing requirements under 7 CFR 292.26(a)(1) continues to be required. Without these dedicated

resources to administer hearings, the state risks noncompliance, and potential loss of funding to support the program.

Lastly, CDSS requests \$5.7 million General Fund in 2026–27 and \$7.6 million ongoing to account for changes under H.R. 1 that reduce the federal cost-sharing ratio for SNAP administration (including CDSS state operations) from 50 percent to 25 percent starting October 1, 2026. This shift increases the state’s share from 50 percent to 75 percent of costs. The amounts listed are the estimated increased costs to support the current level of approved and budgeted staff given this new sharing ratio. Without the increase CDSS will not have the funds to support the current workload.

*LAO Assessment of this budget change proposal.* The LAO notes that 85 percent of estimated costs in this proposal would cover the state share of CalFresh administrative costs for existing positions, and the remaining 15 percent related to the requested six positions. The LAO notes that there is overlap with this proposal and a January Governor’s Budget proposal: “H.R. 1 implementation places significant new demands on CDSS and counties. Additional capacity for CDSS to monitor county implementation and provide technical assistance will be an important part of successfully rolling out H.R. 1 changes. In January, the administration proposed \$4.8 million (\$3.3 million General Fund) in 2026-27 and \$4.7 million (\$3.4 million General Fund) in 2027-28 and ongoing for 21 positions to support increased compliance monitoring and implementation of the H.R. 1 work requirement. The positions in the January proposal also would build out the FEED and data analysis teams. It appears that the January proposal and the May proposal affect many of the same units within the CDSS FEED and data analysis teams. As the Legislature reviews this proposal, we recommend asking the department to elaborate on how the two proposals overlap or work together to accomplish effective H.R. 1 implementation.”

5. **CalFresh Fruit and Vegetable Electronic Benefit Transfer (EBT) Reappropriation.** The May Revision proposes reappropriating \$4.8 million General Fund from 2025-26 to 2026-27. The extension allows for the funding to be fully utilized for benefits and to pay the final invoices for grantee costs received after June 30, 2026.
6. **CalFresh Accuracy Improvement Initiative Funding Reappropriation.** The May Revision proposes reappropriating any unspent funds for the CalFresh Accuracy Improvement Initiative from 2025-26 to 2026-27. The 2025 Budget Act included \$39.9 million (\$20.1 million General Fund) for efforts to reduce benefit errors and better position the state to manage anticipated federal cost sharing requirements through system enhancements, automation, staff training, and outreach efforts.
7. **Summer EBT for Children Reappropriation.** The May Revision proposes reappropriating up to \$419,000 General Fund and up to \$420,000 federal funds from the Budget Act of 2025, for the Summer Electronic Benefits Transfer for Children Program. The May Revision also includes a shift from local assistance to state operations for the Summer EBT program.
8. **Employment and Training (E&T) Workers’ Compensation Account.** The May Revision proposes authority for CDSS to deposit funds set aside for 2023-24, 2024-25, and ongoing into the E&T Workers’ Compensation Fund. To comply with a corrective action from the federal government, the Workers’ Compensation Fund was established in 2022 to pay workers’ compensation claims resulting from participation in the E&T program with federal dollars.

However, the authority for CDSS to deposit funds into this account has not yet been established. This proposal has no General Fund impact.

9. **H.R. 1 State Hearings Division.** The May Revision includes provisional language to allow the Department of Finance to approve expenditures in excess of the amounts appropriated for the State Hearings Division for increased fair hearing requests due to policy changes from H.R. 1.
10. **Child and Adult Care Food Program.** The May Revision also reflects an update to the Child and Adult Care Food Program meal reimbursement rate due to the statutorily required cost of living adjustment and an update to the state match portion of the child nutrition program.

**Senate Budget Plan.** The Senate Budget Plan proposes \$100 million above the \$8 million baseline for the CalFood program for food bank purchasing to meet increased demand as a result of Californians losing CalFresh under H.R. 1. In addition, the Senate Budget Plan proposes that a portion of special funds generated by the Medi-Cal employer Fair Share Contribution would support county costs for increased health and human services administrative work due to H.R. 1.

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

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

1. Please describe the major proposals for CalFresh and food programs proposed in the Governor’s May Revision including the ABAWD and CalFood augmentations and the budget change proposal for CDSS staffing related to H.R. 1.
2. Please describe the changes to CalFresh and CFAP caseload at May Revision, the major drivers of those changes, and corresponding changes to CalFresh county administration. How do the adjusted caseload projections impact CDSS’s projections of Californians who may lose access to CalFresh due to H.R. 1?

**Issue 9: CalFresh and Food Programs May Revision Trailer Bills**

**Governor’s May Revision – CalFresh and Food Programs Trailer Bills.** The Governor’s May Revision proposes the following trailer bills related to CalFresh and food programs:

1. **County Reassessment Timeline (multiple programs).** There are three CDSS programs with a statutory requirement to re-assess administrative funding every three years: CalWORKs (W&IC section 15204.35), CalFresh (W&IC section 18900.8), and IHSS (W&IC section 12306.19). Under current law, both the CalWORKs and CalFresh reassessments are due in 2027-28. This proposal will shift the timing of the IHSS and CalWORKs reassessments, so that only one program is reassessed each year. Under the proposed timeline, the next reassessment for each program would be as follows: CalFresh in 2027-28; CalWORKs in 2028-29; and IHSS in 2029-30.
2. **EBT Theft Administrative Authority.** CDSS has statutory authority to use county letters for guidance related to electronic food benefit theft, until formal regulations are adopted; however, this authority will expire June 30, 2026. This proposal amends current law to extend the expiration date to June 30, 2030, and to expand the authority to also apply to electronic cash benefit theft.

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

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

1. Please provide a brief overview of the trailer bill proposals included in this issue.

**Issue 10: CalWORKs May Revision Budget**

**Governor's May Revision – CalWORKs.** The May Revision includes the following adjustments to the CalWORKs program.

**2025-26 Overview.** The May Revision includes \$6.2 billion (\$682 million General Fund) in 2025-26, for CalWORKs, which reflects a decrease of \$124.6 million (\$138.2 million General Fund) from the Governor's Budget. The decrease reflects lower CalWORKs assistance expenditures due to faster caseload decline than previously projected.

**2026-27 Overview.** The May Revision proposes \$6.3 billion (\$963.8 million General Fund) in 2026-27, which reflects a net decrease of \$184.2 million (\$219 million General Fund) from the Governor's Budget. The decrease reflects faster CalWORKs caseload decline and slower growth in Employment Services caseload than previously projected. The May Revision proposes \$1.6 billion in 2026-27 for the Single Allocation, which reflects a decrease of \$33.6 million compared to the Governor's Budget. The decrease reflects slower Employment Services caseload growth than previously projected, partially offset by a decrease in the Shared Eligibility shift.

**May Revision CalWORKs Budget Proposals**

- 1. CalWORKs Maximum Aid Payment Increase.** The May Revision proposes \$59.5 million in 2026-27 for an ongoing Maximum Aid Payment (MAP) increase of 1.80 percent, effective October 1, 2026, funded with revenues in the Child Poverty and Family Supplemental Support Subaccount. This increase will bring the non-exempt MAP level from \$1,175 to \$1,196 per month for an assistance unit of three residing in a high-cost county, which is a \$21.00 increase from the current level and equates to 53 percent of the 2026 Federal Poverty Level. This proposal includes corresponding trailer bill language.
- 2. Transforming CalWORKs Initiative Training Fund Shift.** The May Revision proposes a shift of \$500,000 from 2025-26 to 2026-27 for the county staff training associated with the Streamlined Appraisal Tool. As part of the effort to Transform the CalWORKs Initiative, the new Streamlined Appraisal Tool will replace the existing Online CalWORKs Appraisal Tool. Upon development of the new streamlined appraisal tool, comprehensive training will be provided to county staff to effectively administer and conduct appraisals for CalWORKs families.
- 3. CalWORKs Special Needs Notice of Action (NOA).** The May Revision proposes \$605,000 in 2026-27 to automate new standardized NOAs in CalSAWS for CalWORKs families requesting special needs payments. These notices will provide clear communication on approval or denial of both recurring and non-recurring special needs, ensuring timely discontinuation of payments when needed, and inform recipients of their rights to a hearing.
- 4. Provisional Language for CalWORKs transfers.** The May Revision includes provisional language allowing the Department of Finance to transfer funds to support costs of the administrative hearing process associated with the CalWORKs program.

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

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

1. Please provide an overview of the major May Revision changes to the CalWORKs budget.

**Issue 11: CalWORKs May Revision Trailer Bill**

**Governor's May Revision – CalWORKs Trailer Bill.** The Governor's May Revision includes the following trailer bills relating to CalWORKs:

1. **CalWORKs Maximum Aid Payment Increase.** The May Revision includes trailer bill language to codify the 1.8 percent CalWORKs Maximum Aid Payment.

**Subcommittee Staff Comment and Recommendation – Hold Open.** The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of the CalWORKs trailer bill language proposed in the May Revision.

**Issue 12: CDSS Adult Programs May Revision Budget**

**Governor’s May Revision – CDSS Adult Programs.** This issue covers May Revision budget proposals for In-Home Supportive Services (IHSS), SSI/SSP, and Adult Protective Services (APS).

**2025-26 SSI/SSP Overview.** The May Revision includes \$11.4 billion (\$3.6 billion General Fund) in 2025-26 for SSI/SSP programs, which reflects an increase of \$133.5 million (\$99.7 million General Fund) from the Governor’s Budget. The increase reflects growth in the projected SSI/SSP cost per case and caseloads declining more slowly than previously projected.

**2026-2027 SSI/SSP Overview.** The May Revision proposes \$11.6 billion (\$3.6 billion General Fund) in 2026-27, which reflects an increase of \$62.2 million (\$5.6 million General Fund) from the Governor’s Budget. The increase reflects growth in the projected SSI/SSP cost per case and caseloads declining more slowly than previously projected.

**2025-26 IHSS Overview.** The May Revision includes \$30.5 billion (\$11.4 billion General Fund) in 2025-26 for the IHSS program, which reflects a net increase of \$64.4 million (-\$1.1 million General Fund) from the Governor’s Budget. The increase reflects growth in the projected cost per hour, and number of hours per case, partially offset by a slower caseload growth than previously projected.

**2026-27 IHSS Overview.** The May Revision proposes \$33.7 billion (\$12.8 billion General Fund) in 2026-27, which reflects an increase of \$303.8 million (\$226.3 million General Fund) from the Governor’s Budget. The increase reflects a growth in cost per hour and conforming IHSS qualified non-citizens to restricted-scope Medi-Cal due to the federal eligibility change, partially offset by a slower than previously projected caseload growth and number of hours per case for IHSS overall and conforming IHSS with the reinstatement of the Medi-Cal asset limit.

**IHSS Caseload Growth.** According to the LAO, “on a year-over-year basis, the May Revision reflects an increase of \$1.3 billion General Fund (12 percent) between 2025-26 and 2026-27. As shown in the figure below, the primary drivers of this year-to-year General Fund cost increase include continued estimated growth in the three primary IHSS cost drivers—caseload, cost per hour, and hours per case.”

May Revision Updates: Some Key Assumptions in IHSS								
	2025-26			2026-27			Year over Year Change at May Revision	
	January	May	Difference January to May Revision	January	May	Difference January to May Revision	Amount	Percent
Caseload	810,336	806,809	-3,527	875,344	875,179	-165	68,370	8.5%
Cost per Hour	\$21.85	\$21.99	\$0.14	\$22.36	\$22.77	\$0.41	\$0.78	3.5%
Hours per Case	125.1	125.4	0.3	127	126.3	-0.7	0.9	0.7%
<b>Total General Fund</b>	<b>\$11.4 Billion</b>	<b>\$11.4 Billion</b>	<b>-\$1.1 Million</b>	<b>\$12.5 Billion</b>	<b>\$12.8 Billion</b>	<b>\$226.3 Million</b>	<b>\$1.3 Billion</b>	<b>11.7%</b>

**May Revision Proposals for CDSS Adult Programs:**

- \$70 Million to Reduce Adult Protective Services (APS) Expansion.** A reduction of \$70 million General Fund in 2026-27 and ongoing to revert the expansion of APS adopted in 2021-22, including changing the age of eligibility from 60 back to 65. This proposal includes corresponding trailer bill language.

The number of adults in APS ages 60-64 who would be impacted by this proposal is 60,000 adults (out of an overall caseload of about 250,000), or roughly 24 percent of the APS caseload. In addition, those adults in APS ages 60-64 would no longer be eligible for housing support under the Home Safe program. Based on available data, about 552 adults 60-65 were in the Home Safe caseload (about 21 percent of the total adults served by Home Safe). CDSS has clarified that adults 60-64 who are currently receiving APS or Home Safe would not be affected, but no new enrollments of this age group would occur. Additionally, the 2021 APS expansion did not just lower the age threshold for APS. It also allowed for more intensive, longer-term case management. Those program aspects would also be eliminated under this proposal. Additionally, the LAO notes that “as APS expansion funds are allocated to counties to be spent on APS program costs generally, any reductions in services will likely affect the county APS programs more broadly.”

2. **IHSS Impacts of the Medi-Cal Asset Test.** The May Revision includes a reduction of \$62.6 million General Fund in 2026-27 to conform IHSS with the reinstatement of the Medi-Cal asset limit for seniors and disabled adults to \$2,000 for an individual or \$3,000 for a couple, effective no sooner than January 1, 2027.

The Medi-Cal asset limit was first raised from \$2,000 for individuals (\$3,000 for couples) to \$130,000 for individuals (\$195,000 for couples) in 2022. The asset limit was then fully repealed in 2024. As part of the 2025 Budget Act, the asset limit was partially re-instated to \$130,000 for individuals (\$195,000 for couples. According to the LAO, “this proposal is estimated to save roughly \$62.6 million General Fund in 2026-27 and is estimated to result in roughly 7,800 IHSS recipients losing Medi-Cal eligibility. In 2027-28, this proposal is estimated (based on the best information we have available at this time) to save roughly \$174.3 million and result in a little over 11,000 IHSS recipients losing Medi-Cal eligibility.”

3. **IHSS Impact of the delay to restricted-scope Medi-Cal.** The May Revision reflects an increase of \$30.8 million General Fund in 2026-27 to conform IHSS to the delayed transition to restricted-scope Medi-Cal for individuals impacted by the federal eligibility change for qualified non-citizens to July 1, 2027.
4. **Updated estimates for IHSS cuts proposed in Governor’s Budget.** The May Revision includes updated cost estimates for the three proposed reductions to IHSS included in the Governor’s January Budget proposal (1) Shift costs of assessed hours per case growth to counties; (2) Eliminate the IHSS Back-up Provider System; and (3) Align IHSS termination with Medi-Cal termination.

<b>May Revision Updated IHSS General Fund Savings Estimates for Governor's Proposals</b>				
(In Millions)	2026-27	2027-28	2028-29	2029-30
<b>Elimination of Backup Provider System</b>				
Governor's Budget	\$3.5	\$3.7	\$3.9	\$4.1
May Revision	\$3.2	\$3.4	\$3.6	\$3.8
Change in General Fund Savings	-\$0.3	-\$0.3	-\$0.3	-\$0.3
<b>Streamlining IHSS Eligibility to Align with Medi-Cal</b>				
Governor's Budget	\$86.0	\$181.3	\$197.3	\$214.3
May Revision	\$56.3	\$141.1	\$199.9	\$215.3
Change in General Fund Savings	-\$29.7	-\$40.3	\$2.6	\$1.0
<b>Assessed Hours</b>				
Governor's Budget	-	\$233.6	\$499.5	\$805.0
May Revision	-	\$360.6	\$385.0	\$414.7
Change in General Fund Savings	-	\$127.0	-\$114.5	-\$390.3

As the LAO notes, the out year General Fund savings associated with the assessed hours per case proposal are significantly less in May than envisioned in January. This reduction in savings is reflective of the administration no longer proposing to shift 100 percent of growth in hours to the counties but instead continuing to fund some portion of hours growth and shifting the remainder to counties. According to the LAO, “this essentially means that the May Revision attempts to adjust the average hours per case baseline in future years to better incorporate the natural growth in average hours per case.” The revised methodology assumes that the state will cover costs associated with a 0.7 percent increase in hours per case each year, and anything above a 0.7 percent increase would be shifted to the counties.

**Senate Budget Plan.** The Senate Budget plan proposes rejecting all three of the Governor’s proposed reductions to IHSS.

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

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

1. Please provide a description of the major changes proposed at May Revision to IHSS, including the impact of the Medi-Cal asset test.
2. Please provide an overview of May Revision proposal to reverse the APS expansion. What impact will this have on adults age 60-64 who may need APS intervention, on local APS programs overall, and on the Home Safe program?
3. Please describe the May Revision updates to cost estimates for the Governor’s proposed reductions to IHSS proposed in January.

**Issue 13: CDSS Adult Programs May Revision Trailer Bills**

**Governor’s May Revision – Adult Programs Trailer Bills.** The Governor’s May Revision includes the following trailer bills relating to CDSS Adult Programs:

1. **Reverse APS Expansion.** Reverses the 2021 APS expansion by increasing the age of eligibility for APS from age 60 to age 65. Removes the expanded definition of neglect under APS eligibility criteria to include being homeless.
2. **IHSS Collective Bargaining.** This proposal will add enforcement provisions related to collective bargaining agreement for IHSS provider wages and benefits. Specifically, counties that have not reached an agreement by July 1, 2026, would be required to reach an agreement with the employee organization within 90 days. Failure to reach agreement within that timeframe would result in withholding of 1991 realignment funding, regardless of whether the county is operating under an expired contract.

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

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

1. Please provide an overview of the trailer bill proposals included in this issue.

**Issue 14: Child Welfare May Revision Budget**

**Governor’s May Revision – Child Welfare.** This issue covers May Revision budget proposals for child welfare.

**2025-26 Overview.** The May Revision includes \$10 billion (\$1.1 billion General Fund) in 2025-26 for Child Welfare Services Programs, which reflects a decrease of \$0.9 million (\$2.5 million General Fund) from the Governor’s Budget. The decrease reflects a slower foster care and Fed-GAP caseload growth than previously projected, partially offset by growth in the average foster care and Federal Kinship Guardianship Assistance Payment (Fed-GAP) grant, and foster care expenditures associated with the home-based family care rate.

**2026-27 Overview.** The May Revision proposes \$10.5 billion (\$1.1 billion General Fund) in 2026-27, which reflects a net increase of \$180.1 million (\$75.3 million General Fund) from the Governor’s Budget. The net increase reflects growth in the projected foster care expenditures associated with the home-based family care rate and inclusion of the 2023-24 Continuum of Care Reform reconciliation funding.

**May Revision Child Welfare Proposals:**

1. **Title IV-E Stipend Project One-Time Augmentation.** The May Revision proposes a one-time augmentation of \$18.4 million General Fund to provide continuity for those currently enrolled in Bachelor of Social Work/Master of Social Work programs. This funding will provide a bridge to adjustments of sharing ratios in the Title IV-E Stipend Project contract, so the training plans reflect the allowable reimbursement percentage for Title IV-E eligible foster youth.
2. **Child Welfare Services – California Automated Response and Engagement System.** The May Revision includes \$357.3 million (\$179.8 million General Fund) for continued development and implementation of the Child Welfare Services – California Automated Response and Engagement System (CWS-CARES) consistent with Special Project Report No. 6. For this Budget Change Proposal, see the Part A agenda under the California Health and Human Services Agency Office of Technology and Solutions Integration.
3. **CWS-CARES Reappropriation for Tiered Rate Structure.** The May Revision includes a reappropriation of up to \$4.29 million from the 2025 Budget Act and up to \$1.31 million from the 2024 Budget Act for CWS-CARES to automate the Foster Care Tiered Rate Structure.

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

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

1. Please provide an overview of the May Revision proposals for child welfare.

**Issue 15: Other CDSS Programs May Revision**

**Governor’s May Revision – Other CDSS Programs.** The Governor’s May Revision proposes changes to various other CDSS programs, including immigration legal services, community care licensing, housing programs, and automation, among others.

**May Revision Various Programs Proposals:**

1. **\$20 Million Augmentation for CDSS Immigration Legal Services.** The May Revision proposes to augment funding for immigration legal services programs by \$20 million General Fund one-time (above the \$75 million General Fund baseline) in 2026-27. This funding would support programs that increase legal capacity to help Californians who are facing immigration court proceedings, particularly for individuals in civil immigration detention.
2. **Budget Change Proposal – Guardian Background Check System.** CDSS requests \$858,000 General Fund in 2026 27 and \$1.22 million General Fund in 2027-28, on a limited-term basis, to continue to support the Guardian Background Check System and development of an interface with the Facility Management System (FMS).

*Guardian Interface for Facility Management System.* CDSS requests resources to maintain compliance through an interface between the Guardian system and the Department’s new FMS, which will replace multiple licensing legacy systems. This interface is critical to safeguard vulnerable populations, comply with state and federal law, and ensure uninterrupted licensing and background check operations. This integration supports over two dozen licensed facility types. The interface must support the exchange of background check data required under numerous licensing programs.

*Funding for Guardian Contract.* The 2023 and 2024 Budget Acts provided the CDSS contract funding for three years through 2026-27. The current Guardian contract ends on October 31, 2026. CDSS has received the necessary authorization to execute an additional four-year Non-Competitive Bid (NCB) amendment to maintain Guardian operations. Funding for this new four-year contract term is needed to provide uninterrupted service, maintain compliance with statutory mandates, and support the Licensing Division during the FMS implementation period. This request funds the initial two years of the contract, including the additional costs of the new contract in 2026-27.

3. **State Supplemental Grant Program Reversion and Reappropriation.** The State Supplemental Grant Program provides up to \$10,000 to assist disaster survivors with rebuilding, replacement of personal property, or rental assistance following a major disaster if other sources of assistance (such as FEMA assistance) are inadequate. The May Revision reappropriates \$10 million from 2025-26 to 2026-27 and reverts the remaining \$65 million from the 2025 Budget Act due to lower than expected claims caused by a backlog of insurance adjustment claims.
4. **Reappropriation of Tribal Housing Funds.** The May Revision proposes reappropriation authority to align one-time tribal program funds for Bringing Families Home (BFH), Home Safe, and Housing and Disability Advocacy Program (HDAP) from the 2021-22 appropriations to a

liquidation deadline of June 30, 2030, and to extend the encumbrance or expenditure deadline for the 2022-23 appropriations through June 30, 2028. The total amount of funding with encumbrance or expenditure deadlines aligned includes up to \$4.1 million each for BFH and Home Safe, and \$7.4 million for HDAP. Additionally, the proposal would align liquidation deadlines for the remaining one-time funding available as of January 2026, including up to \$2.4 million for BFH, \$2.5 million for Home Safe, and \$5.9 million for HDAP.

**Senate Budget Plan.** The Senate Budget Plan includes a \$50 million augmentation for CDSS legal services, including \$15 million for the Children’s Holistic Immigration Representation Program (CHIRP).

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

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

1. Please provide an overview of the major May Revision proposals included in this issue. For the \$20 million augmentation to immigration legal services programs, how could these funds be used to improve legal capacity for individuals in civil immigration detention? Could this funding support capacity-building program models such as the Immigration Legal Fellowship Program or an attorney-of-the-day model?

**Issue 16: Other CDSS Programs May Revision Trailer Bills**

**Governor’s May Revision – Other CDSS Trailer Bills.** The Governor’s May Revision proposes trailer bill language relating to various CDSS programs, including immigration legal services and community care licensing, among others.

**May Revision Various CDSS Programs Trailer Bills:**

1. **Amended Definitions for Immigrant Youth.** Currently, CDSS serves immigrant youth through the Children’s Holistic Immigration Representation Project (CHIRP), which has been funded on a one-time basis in recent budget acts, and the general Youth Legal Services program, which receives approximately \$3 million annually. CHIRP is a comprehensive model that pairs legal representation with social worker support. This proposal would provide youth receiving services through the Youth Legal Services program to also receive social services support. In addition, this trailer bill would update demographic reporting requirements. It also includes technical clean-up provisions.
2. **Home care branch fee structure.** This proposal changes the Home Care Organization (HCO) licensing process from a two-year license to an annual license with an annual fee and delinquency fee, if applicable. The proposal transitions Home Care licensing to an annual license system effective January 1, 2029, and includes various administrative fees, as well as authority to use interim licensing standards related to violation fines until regulations are adopted.
3. **Community Care Licensing Statute Modernization.** This proposal allows for the use of electronic signatures and electronic payments for activities related to CDSS licensing programs.
4. **California Guaranteed Income Pilot Program sunset extension.** This proposal would extend the California Guaranteed Income Pilot Program’s inoperative date to January 1, 2029, and extend the repeal date to January 1, 2030. This would allow for additional time to accommodate the anticipated release dates of data necessary for evaluations required under state law.