

SUBCOMMITTEE NO. 3

Agenda

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Senator Shannon Grove
Senator Caroline Menjivar



Monday, May 19, 2025
3:00 pm, or upon adjournment of session
1021 O Street – Room 1200

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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.

5180 DEPARTMENT OF SOCIAL SERVICES

Issue 1: Child Care May Revision Overview

Governor’s May Revision – Child Care. The May Revision includes the following solutions and adjustments to child care and development programs under the Department of Social Services (CDSS).

Significant May Revision Solutions: Child Care

- **Child Care Cost of Living Adjustment (COLA) Suspension.** Reduction of \$60.65 million General Fund in 2025-26 and ongoing to suspend the statutory cost of living adjustment for child care and development programs in 2025-26. This solution includes corresponding trailer bill language.
- **Emergency Child Care Bridge.** Reduction of \$42.7 million General Fund in 2025-26 and ongoing to the Emergency Child Care Bridge program, which funds child care slots for children in foster care on an emergency basis. According to the Department of Finance (DOF), this reduction aligns funding with current expenditures. Approximately \$51 million General Fund remains to support the program for state operations and local assistance. The chart below, provided by DOF, displays spending on Emergency Child Care Bridge over the last three years.

EMERGENCY CHILD CARE BRIDGE (ECCB)

FISCAL YEAR	ALLOCATION ASSISTANCE (GF)	EXPENDITURES ASSISTANCE (GF)	ALLOCATION ADMIN (GF)	EXPENDITURES ADMIN (GF)
FY 2022-23	\$63,832,000	\$27,700,512	\$25,075,000	\$9,110,729
FY 2023-24	\$57,830,000	\$27,230,138	\$24,825,000	\$11,883,512
FY 2024-25*	\$66,329,081	\$16,462,769	\$28,245,820	\$6,077,815

* FY 2024-25 includes July 2024 - December 2024 expenditure data.

Significant May Revision Augmentations: Child Care

- **Pay Providers Prospectively.** Increase of \$52 million General Fund to support the implementation of paying Child Care and Development providers prospectively and align with a Final Rule issued by The Administration for Children and Families (ACF). The Final Rule requires states to pay child care providers prospectively prior to the delivery of services. The ACF has approved a waiver until August 1, 2026, to provide California with two years of additional time to begin implementing prospective payments. Of the \$52 million, \$43.8 million is to support local administration ongoing, and \$8.2 million is to support system automation costs. The budgeted costs support implementation for Child Care & Development contractors, as well as administrative support to county administered programs.

This funding does not address a related new federal rule which requires providers to be paid based on enrollment. Absent any further changes, the state would default back to an attendance-based enrollment system on July 1, 2025.

- **Administrative Support for Alternative Payment Programs.** Increase of \$70 million General Fund in 2025-26 to provide resources to Alternative Payment Program agencies (child care contractors) for administration and support costs associated with implementing ongoing provisions of the Memorandum of Understanding with Child Care Providers United.
- **Rate Reform Support Costs.** Increase of \$21.8 million one-time federal funds to support start-up automation activities for CDSS to implement a single rate structure for child care based on the alternative methodology. The Department is working towards the goal of automating the new single rate structure as early as July 1, 2027.
- **Administrative Costs to Distribute Cost of Care plus Payments.** Increase of \$44.8 million for child care contractors to continue distributing the “cost of care plus” monthly rate supplements for child care providers, pursuant to the 2023 and 2024 Budget Acts.

Other May Revision Budget Adjustments: Child Care

- **Preschool Development Grant Award Authority Adjustment.** Increase reimbursements by \$280,000 one-time federal funds for the Preschool Development Grant.
- **Child Care Direct Deposit Staffing and Re-appropriation.** Increase of \$944,000 and 5 positions in 2025-26, and \$922,000 and 5 positions in 2026-27 and ongoing to provide administrative support to process child care and development contract payments. Re-appropriation of up to \$1.1 million from the 2022 Budget Act to extend the existing direct deposit contract funds.
- **Prospective Pay Implementation.** Increase of \$582,000 and 6 positions in 2025-26 and \$1,111,000 and 6 positions in 2026-27 and ongoing to support implementation of prospective pay for child care providers to comply with federal requirements.

Subcommittee Staff Comment and Recommendation – Hold Open. On the Emergency Child Care Bridge Program, DOF states that the \$42.7 million reduction is designed to right-size the program budget with recent spending. Subcommittee staff is aware of at least one county (Santa Barbara), which has fully exhausted its Emergency Bridge Program funds for 2024-25, and has requested access to unspent program funds from other counties in order to cover its shortfall. This casts doubt on the Administration’s assertion that the program could sustain current services for children in foster care with a \$42.7 million reduction.

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

1. Please provide an overview of the May Revision proposals for CDSS child care programs.
2. Please explain the Administration’s rationale for suspending the child care COLA.
3. What assumptions is the Administration making about Emergency Child Care Bridge program trends to determine that a permanent reduction of \$42.7 million will not affect program access for children in foster care? Will Emergency Child Care Bridge program funds be reallocated across counties to maximize available funding?

4. Please describe the May Revision proposal to use \$21.8 million in one-time federal funds for automation and start-up costs for the single rate structure. How will these federal funds be used, and over what time period will they be spent? What components of the single rate structure are being automated?
5. Existing law requires that if the new single rate structure does not take effect July 1, 2025, CDSS shall provide the Legislature with a timeline for transitioning from the rates that are in effect on July 1, 2025, to the new rates. What is the timeline for transitioning to a single rate structure?

Issue 2: May Revision Child Care Trailer Bills

Governor’s May Revision – Child Care Trailer Bills. The Governor’s May Revision includes the following trailer bills for CDSS child care programs:

- **Cost of Care Plus Payments.** CDSS proposes trailer bill language to extend the current “cost of care plus” supplemental rate payments to child care providers for an additional year. These payments are monthly per-child supplemental payments required under the 2023 CCPU collective bargaining agreement and the 2023 Budget Act. The 2024 Budget Act required that future child care rates be no lower than the rates in effect June 30, 2024, inclusive of the cost of care plus payments.
- **Child Care Cost of Living Adjustment (COLA).** The May Revision includes trailer bill to suspend the statutorily required COLA for child care programs in 2025-26, to align with the proposed \$60.65 million reduction. This trailer bill is not available as of this writing.

Subcommittee Staff Comment and Recommendation – Hold Open.

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

1. Please provide an overview of the Administration’s proposed child care trailer bills.

Issue 3: CDSS May Revision Overview (Non-IHSS Items)

Governor’s May Revision – CDSS. The May Revision includes the following solutions and adjustments programs under CDSS. This item includes all CDSS May Revision proposals except for child care, which is included in Issue #1 of this agenda, and In-Home Supportive Services (IHSS), which is on the Subcommittee’s agenda for May 20, 2025.

Significant May Revision Solutions: CDSS (Non-IHSS Items)

- **Family Urgent Response System (FURS).** Decrease of \$13 million General Fund in 2025-26 and ongoing. FURS provides 24/7 in-person mobile response to support children in foster care and their caregivers. According to DOF, this reduction aligns budgeted funds with current expenditures (see chart below for recent annual spending). Approximately \$18 million (\$17 million General Fund) remains to support the system.

FAMILY URGENT RESPONSE SYSTEM (FURS)

FISCAL YEAR	ALLOCATION (GENERAL FUND)	EXPENDITURES (GENERAL FUND)
FY 2022-23	\$26,277,215	\$10,876,868
FY 2023-24	\$26,407,215	\$12,639,944
FY 2024-25*	\$26,597,000	\$5,338,233

* FY 2024-25 includes July 2024 - December 2024 expenditure data.

- **Foster Care Tiered Rate Structure.** Makes implementation of the Foster Care Tiered Rate Structure subject to a “trigger,” based on DOF’s assessment of the availability of General Fund in spring 2027. Implementation of the Foster Care Tiered Rate Structure is under way with rates scheduled to take effect on July 1, 2027.
- **California Food Assistance Program (CFAP) Expansion.** Makes implementation of the expansion of CFAP to all adults ages 55 and over subject to a “trigger,” based on DOF’s assessment of General Fund availability in spring 2027.
- **Elimination of the CalWORKs RADEP and E2Lite.** Increase of \$1.5 million total funds in one-time automation costs and decrease of \$18.2 million total fund in ongoing savings to streamline the CalWORKs program experience by implementing a set of policy changes that are consistent with more holistic interventions and family-centered approaches to CalWORKs. The \$18.2 million in savings results from replacing county welfare to work data reporting activities with data elements using administrative data extracts from CalSAWS, instead of the Research and Development Enterprise Project (RADEP) and E2Lite. The proposal to streamline the CalWORKs program experience includes trailer bill.

Significant May Revision Augmentations: CDSS (Non-IHSS Items)

- **Facility Management System.** CDSS requests additional one-time funding of \$14.78 million General Fund in 2025-26 to support the development, implementation, and maintenance of the Facility Management System (FMS). This includes resources equivalent to 16 positions to facilitate the successful completion and maintenance of the FMS project. This funding will allow CDSS to procure and deploy the first iteration of FMS in 2025-26. Additionally, this request includes provisional language to make expenditure of these funds contingent upon project approval by the Department of Technology and in alignment with approved project documents.

Other May Revision Budget Adjustments: CDSS (Non-IHSS Items)

- **SUN Bucks Administration.** Increase of \$267,000 General Fund in 2025-26, \$262,000 General Fund in 2026-27 and ongoing, and 4 positions to support administration of the SUN Bucks program pursuant to the approval of the 2025 plan by the United States Department of Agriculture Food and Nutrition Service. Increase of \$267,000 federal funds in 2025-26, and \$262,000 federal funds in 2026-27 and ongoing. Includes provisional language for contract exemption language related to administration of the program.
- **Immigration Services Bureau Workload.** Increase of \$582,000 in 2025-26 and ongoing, and 3 positions to maintain ongoing immigration services.
- **Oversight of Manual Restraints and Seclusions in Short-Term Residential Therapeutic Programs, SB 1043 (Grove), Chapter 628, Statutes of 2024.** Increase of \$1,135,000 and 6 positions in 2025-26 and \$1,109,000 and 6 positions ongoing beginning in 2026-27 to implement SB 1043.
- **First Phase of Foster Care Tiered Rate Structure State Operations.** Increase of \$788,000 General Fund and 6.3 positions in 2025-26, \$771,000 General Fund and 6.3 positions in 2026-27 and 2027-28, and \$538,000 General Fund and 4.2 positions in 2028-29 and ongoing to provide additional resources to support the implementation of the Tiered Rate Structure. Increase of \$1,103,000 federal funds and 2.7 positions in 2025-26, \$1,074,000 and 2.7 positions in 2026-27 and 2027-28, and \$974,000 and 1.8 positions in 2028-29 and ongoing for the same purpose. These resources are incremental increases to the state operations proposal included in the Governor's Budget for the Tiered Rate Structure and include adjustments to the Governor's Budget proposal to reflect eligible federal funds that can be leveraged.
- **Information Systems Division Growth and Sustainability.** Decrease of \$1,171,000 General Fund in 2025-26 and 2026-27, and \$150,000 in 2027-28 and ongoing to reflect a technical change to align resources with the proposal included in the Governor's Budget.
- **Technical Cleanup of Program Funds for Foster Family Home and Small Family Home Insurance Fund.** Elimination of federal fund transfer authority to correct that Foster Family Home and Small Family Home Insurance Fund claims are not eligible for Title IV-E federal funding because the claims are not tied to service delivery.

- **Provisional Language Only: Foster Family Home and Small Family Home Insurance Fund.** Increase of the General Fund transfer amount to the Foster Family Home and Small Family Home Insurance Fund and to increase the expenditure authority in the special fund by a corresponding amount, for approved claims exceeding the current \$600,000 appropriation.
- **New Aid Code for TANF Timed-Out Two-Parent Families.** Increase of \$455,000 federal funds in 2025-26 to automate a new aid code into the Medi-Cal Eligibility System and California Statewide Automated Welfare System (CalSAWS) for the two parent Temporary Assistance for Needy Families (TANF) timed-out cases to ensure compliance with federal rules and reporting requirements.
- **Work Participation Rate Penalty Impact.** Increase of \$21,096,000 in 2025-26 to supplement the reduction to the federal TANF block grant due to the Work Participation Rate penalty imposed on the state for failure to meet the requirements from federal fiscal year 2012 through 2014.
- **CalFresh Enhancement to Populate Income Page.** Increase of \$270,000 federal funds in 2025-26 to auto-populate the income page with data from the Payment Verification System to reduce manual data entry and improve accuracy.
- **CalFresh Standard Utility Allowance Standardization.** Increase of \$700,000 General Fund in 2025-26 and \$1 million federal funds to support updates to client-facing forms and notices as well as automation updates to CalSAWS necessary to implement the Final Rule released by United States Department of Agriculture Food and Nutrition Service in 2024, in time for federal fiscal year 2026.
- **Refugee Cash Assistance Eligibility Change.** Increase of \$30,000 General Fund and \$266,000 federal funds in 2025-26 for automation changes to effectuate the federal changes to the Refugee Cash Assistance (RCA) program.
- **Child and Adolescent Needs and Strengths Fidelity and Training.** Increase of \$928,000 in 2025-26 and ongoing to provide additional resources for child and adolescent needs and strengths fidelity and training activities related to the foster care Tiered Rate Structure. Increase of \$335,000 federal funds in 2025-26 and ongoing for corresponding federal funds. These adjustments are in addition to the proposal included in the Governor's Budget.
- **Case Management Information and Payrolling System Automation for Ensuring Access to Medicaid Services Final Rule.** Increase of \$162,000 one-time General Fund in 2025-26 and reimbursement increase of \$1,294,000 one-time in 2025-26 to implement automation changes to the Case Management Information and Payrolling System related to the Ensuring Access to Medicaid Services Final Rule. Includes provisional language to authorize DOF to decrease this item and related reimbursement up to these amounts if the rule is rescinded or repealed.
- **CalFresh Employment and Training Fund.** Allows for the transferring of federal funds to the newly established CalFresh Employment and Training Fund.

- **Ongoing Temporary Protected Status Deadline Extension.** Extends the availability of ongoing funding for the Temporary Protected Status (TPS) Program. This would extend the deadline from one to three years for encumbrance and five years to liquidate.
- **Child Welfare Services - California Automated Response and Engagement System.** Provides flexibility for DOF to increase augmentation amounts available from prior years.
- **Various Re-appropriations for Support and Local Assistance through June 30, 2026.** Proposes to re-appropriate funding from the following items through June 30, 2026:
 - Up to \$80 million from the Budget Act of 2024, for the State Supplemental Grant Program.
 - Up to \$25 million from the Budget Act of 2023, for the California Statewide Automated Welfare System interface with the Child Welfare Services - California Automated Response and Engagement System.
 - Up to \$1,820,000 from the Budget Act of 2024, for automation in the California Statewide Automated Welfare System to support implementation of the foster care Tiered Rate Structure.
 - Up to \$2,531,000 from the Budget Act of 2024, for automation in the Child Welfare Services - California Automated Response and Engagement System to support implementation of the foster care Tiered Rate Structure.
 - Up to \$40 million from the Budget Act of 2022, to increase the use of home-based family care and the provision of services and supports to children in foster care and their foster caregivers.
 - Up to \$301,000 from the Budget Act of 2024, for the County Welfare Department Offices Physical Accessibility Review.
 - Up to \$1.1 million from the Budget Act of 2022, to extend the existing direct deposit contract funds.
 - Up to \$1,850,000 from the Budget Act of 2024, to allow CDSS to conduct a contracted zero trust assessment to comply with statewide cybersecurity standards.
- **Various Re-appropriations through June 30, 2027.** Proposes to re-appropriate funding from the following items through June 30, 2027:
 - Up to \$4 million from the Budget Act of 2021, for complex care services.
 - Up to \$521,000 from the Budget Act of 2021, for the California Fruit and Vegetable EBT Pilot Project.
 - Up to \$10,434,000 from the Budget Act of 2021, for administration of various housing programs.

- **Rapid Response Re-appropriation.** Re-appropriates all remaining Rapid Response Funds from the Budget Acts of 2021, 2022, and 2023, to continue services for the Rapid Response Program.
- **California Food Assistance Program Expansion Re-appropriation.** Re-appropriates up to \$38,000,000 General Fund to be available through June 30, 2029, for the automation of the California Food Assistance Program expansion.

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

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

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 the CDSS non-IHSS programs included in this item.
2. Please explain the Administration’s rationale for imposing a “trigger” on the Foster Care Tiered Rate Structure and the CFAP expansion. Please describe (A) how this would affect ongoing implementation activities for these programs, and (B) how the Administration would move forward in 2027 should DOF decide not to “trigger on” implementation in spring 2027?
3. Please explain the Administration’s rationale for reducing FURS by \$13 million permanently. Stakeholders have noted that FURS utilization has grown steadily since FURS launched in 2021, and that the Administration’s proposal to fully eliminate FURS in 2024 had a chilling effect on implementation. How would the Administration ensure that FURS is able to continue providing its essential services with a reduction of this magnitude, especially if utilization increases?

Issue 4: CDSS May Revision Trailer Bills (Non-IHSS Items)

Governor’s May Revision -- CDSS Trailer Bills. The Governor’s May Revision includes the following trailer bills for CDSS (not including IHSS trailer bills, which will be on the May 20, 2025 Subcommittee agenda):

- **Streamlining CalWORKs.** According to CDSS, this proposal makes various changes to streamline the CalWORKs program:
 - **Reassessing mandatory activity by making Job Club optional**—This would make Job Club an optional program component and simplify its rules and exceptions. Job Club would instead be offered to, but not required of, all participants.
 - **Expanding allowable welfare to work activities**—This would expand the list of eligible welfare-to-work (WTW) program activities available to participants. Currently, the required development of a WTW Plan consists of participants and their caseworker making selections from a prescribed list of allowable WTW activities. The expanded list of activities includes but is not limited to case plan development, WTW Plan revision, and coaching with a case manager.
 - **Simplifying the sanction curing process**—This would simplify the WTW sanction curing process by allowing an individual to indicate to the county verbally or in writing that they want to cure their sanction and begin participating in activities. In addition, it would clarify that, pursuant to WIC section 11322.81, individuals known to be meeting federal work participation requirements shall have their sanctions automatically cured without the need for the individual to express the desire to cure.
- **Pre-populated Semiannual Report 7.** Clarifies that the requirement to provide recipients of CalFresh and California Work Opportunity and Responsibility to Kids (CalWORKs) benefits with a pre-populated (i.e. pre-filled) Semi Annual Report (SAR) 7 may be completed via mail or electronically, at the election of the recipient.
- **Child and Family Team Meetings for Family Maintenance Cases.** Requires all county child welfare agencies to conduct Child and Family Team (CFT) meetings for youth receiving both voluntary and court ordered Family Maintenance (FM) services. According to CDSS, this helps make sure youth in FM cases receive CFT meetings to help prevent additional children from going into out-of-home placements by providing families with appropriate case plans.
- **Adoption Assistance Program – Wraparound Services and Out-of-Home Placement.** According to CDSS, clarifies the allowable use of Adoption Assistance Program (AAP) payments for wraparound services and out-of-home placement. The proposed changes include:
 - Authorizing AAP payments for wraparound services.
 - Defining and clarifying eligibility criteria for wraparound services and out-of-home placement including standards and requirements that must be met.

- Updating the AAP payments for out-of-home placement to align with the new Tiered Rate Structure.
 - Authorizing the utilization of AAP payments for wraparound services for 12 months, and for an additional 12 months if there is a continued need to resolve a child's specific condition(s).
 - Clarifying eligibility for wraparound services upon discharge of out-of-home/out-of-state placement.
 - Clarifying the out-of-home/out-of-state placement maximum for 12 months with 60 days additional for transitional planning.
 - Authorization for All-County Letter/written instruction.
- **California Food Assistance Program (CFAP) Expansion Trigger.** At the time of this writing, this trailer bill was not available.
 - **Foster Care Tiered Rate Structure Trigger.** At the time of this writing, this trailer bill was not available.

Subcommittee Staff Comment and Recommendation – Hold Open.

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

1. Please provide an overview of the proposed trailer bills included in this item.

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY

Issue 1: Budget Change Proposals and Other Adjustments

Budget Change Proposals – May Revision. CalHHS requests special fund expenditure authority to support the following two budget change proposals.

Behavioral Health Transformation – Behavioral Health Services Act Continued Implementation. CalHHS requests expenditure authority from the Behavioral Health Services Fund of \$280,000 in 2025-26 to support coordination and implementation of behavioral health initiatives, including SB 326 (Eggman), Chapter 790, Statutes of 2024, the Behavioral Health Services Act, approved by voters in March 2024 as Proposition 1.

Multi-Year Funding Request Summary – Behavioral Health Transformation		
Fund Source	2025-26	2026-27
3085 – Behavioral Health Services Fund	\$280,000	\$-
Total Funding Request:	\$280,000	\$-
Total Requested Positions:	0.0	0.0

SB 326 (Eggman), Chapter 790, Statutes of 2023, and AB 531 (Irwin), Chapter 789, Statutes of 2023, made significant changes to the MHSA, with many provisions appearing on the ballot as Proposition 1, approved by voters in March 2024. These changes recast the Mental Health Services Act as the Behavioral Health Services Act (BHSA), revising categories of expenditures for county behavioral health systems with a focus on housing interventions, expanding access to substance use disorder services, increasing transparency in county behavioral health planning, increasing evaluation and reporting on outcomes in the behavioral health system, and realigning oversight responsibilities between state departments and entities. In addition, Proposition 1 authorized \$6.4 billion in bonds to construct, acquire, and rehabilitate more than 10,000 new treatment beds and supportive housing units, as well as sites to help serve more than 100,000 people annually.

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Child Welfare Services – California Automated Response and Engagement System. CalHHS requests expenditure authority from the CalHHS Automation Fund of \$15 million in 2025-26 to support project flexibility in accessing unspent appropriations and unused augmentations from prior years.

Multi-Year Funding Request Summary – CWS-CARES		
Fund Source	2025-26	2026-27
9745 – CalHHS Automation Fund	\$15,015,000	\$-
Total Funding Request:	\$15,015,000	\$-
Total Requested Positions:	0.0	0.0

OTSI requests an increase of \$15,015,000 one-time to align funding already approved in the Department of Social Services' budget from prior Budget Acts. These funds are separate from the CWS-CARES project costs requested in the 2025-26 Governor's Budget proposal.

Preschool Development Grant Award Federal Funds Adjustment – May Revision. CalHHS requests federal fund expenditure authority of \$280,000 in 2025-26 to align federal funding authority with receipt of the federal Preschool Development Grant.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CalHHS to respond to the following:

1. Please provide a brief overview of these proposals and adjustments.

4100 STATE COUNCIL ON DEVELOPMENTAL DISABILITIES**Issue 1: May Revision Overview**

Governor's May Revision – State Council on Developmental Disabilities (SCDD). The May Revision includes the following adjustment to SCDD:

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

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 adjustment included in this item.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY

Issue 1: Budget Change Proposals and Other Adjustments

Budget Change Proposals – May Revision. EMSA requests General Fund and reimbursement expenditure authority to support the following two budget change proposals.

California Poison Control Systems Funding Augmentation. EMSA requests expenditure authority of \$2.7 million (\$1.1 million General Fund and \$1.6 million reimbursements) in 2025-26, \$3.5 million (\$1.4 million General Fund and \$2.2 million reimbursements) in 2026-27, and \$4.4 million (\$1.7 million General Fund and \$2.7 million reimbursements) annually thereafter. If approved, these resources would support increased salaries and benefit expenses resulting from negotiated union bargaining agreements for staff operating the California Poison Control System.

Multi-Year Funding Request Summary – California Poison Control Systems		
Fund Source	2025-26	2026-27*
0001 – General Fund	\$1,072,000	\$1,359,000
0995 - Reimbursements	\$1,626,000	\$2,159,000
Total Funding Request:	\$2,698,000	\$3,518,000
Total Requested Positions:	0.0	0.0

* Additional fiscal year resources requested – 2027-28 and ongoing: \$4,386,000.

The California Poison Control System (CPCS) is a statewide network of health care professionals that provide free, immediate, confidential expert information, treatment advice, and referral through a public toll-free hotline accessible 24 hours a day, seven days a week. CPCS also maintains separate 24 hour free hotline numbers for medical professionals and 911 police and emergency medical services. CPCS is composed of four Poison Control Centers (PCCs): 1) Fresno/Madera Division located at Valley Children’s Hospital, 2) Sacramento Division located at UC Davis Medical Center, 3) San Diego Division located at UC San Diego Medical Center, and 4) San Francisco Division located at Zuckerberg San Francisco General Hospital and Trauma Center.

CPCS staff are represented under a collective bargaining agreement with the UC Office of the President. Increased salaries and benefit costs negotiated under these agreements have led to increased costs for the program. CPCS has addressed these costs using carryover Health Resources and Services Administration (HRSA) grant funds and federal Medicaid matching funds. However, according to EMSA, no HRSA or federal matching funds are available for 2025-26, 2026-27, or 2027-28. As a result, EMSA requests General Fund resources to fill these funding gaps and avoid operational and programmatic reductions in the CPCS.

Enterprise Services and Data Management (ESDM) Solution - Reappropriation. EMSA requests reappropriation of General Fund expenditure authority of \$3.6 million, originally authorized in the 2021 Budget Act and reappropriated in the 2024 Budget Act. If approved, these reappropriated resources would support continued implementation of the Enterprise Services and Data Management Solution that will support the Electronic Physician Orders for Life Sustaining Treatment (ePOLST) system, the Central

Registry replacement system, and the California EMS Information System (CEMSIS) replacement system.

According to EMSA, it has re-evaluated its approach to implement three information technology (IT) solutions approved in previous fiscal years:

- ePOLST Project – The Electronic Physician Orders for Life Sustaining Treatment (ePOLST) system will digitize the POLST form, allowing emergency responders to have access to real-time, electronic patient care data, including patient care instructions on POLST forms regarding life-sustaining treatment for those who are seriously ill. This project was authorized by the Legislature in the 2021 Budget Act.
- CEMSIS – The California EMS Information System (CEMSIS) collects data related to the provision of emergency medical services in California and provides participating local EMS agencies (LEMSAs) access to aggregate statewide data. CEMSIS is a tool for local EMS system quality improvement, improved EMS system management, and a limited benchmarking against and compliance with national EMS standards. The 2021 Budget Act had allocated resources to support replacement of CEMSIS with another system. However, EMSA has re-evaluated its business needs and instead will reprocure to continue operation of the existing CEMSIS system.
- Central Registry – The Central Registry tracks EMS personnel certification and licensure, accreditation, and enforcement history. The 2023 Budget Act included resources to begin planning to replace the legacy Central Registry with a new system that addresses deficiencies of the legacy system.

EMSA proposes to implement an integrated enterprise data management solution rather than these three separate IT systems to provide faster implementation and cost effectiveness. EMSA is requesting to reappropriate resources originally authorized in the 2021 Budget Act to support the streamlining of the EMSA data enterprise solution.

Technical Correction to Baseline Budget – May Revision. EMSA requests annual General Fund expenditure authority of \$5.5 million to correct an error in the 2024 Budget Act that inadvertently duplicated a reduction in ongoing resources.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested EMSA to respond to the following:

1. Please provide a brief overview of these proposals and adjustments.

4150 DEPARTMENT OF MANAGED HEALTH CARE

Issue 1: Budget Change Proposals and Other Adjustments

Budget Change Proposals and Trailer Bill Language – May Revision. DMHC requests special fund expenditure authority to support the following four budget change proposals and associated trailer bill language.

Behavioral Health Transformation – Behavioral Health Services Act Continued Implementation. DMHC requests one position and expenditure authority from the Managed Care Fund of \$194,000 in 2025-26, \$188,000 in 2026-27 through 2029-30. If approved, this position and resources would support investigation of county complaints about managed care health plans’ compliance with SB 326 (Eggman), Chapter 790, Statutes of 2024.

Multi-Year Funding Request Summary – Behavioral Health Transformation		
Fund Source	2025-26	2026-27*
0933 – Managed Care Fund	\$194,000	\$188,000
Total Funding Request:	\$194,000	\$188,000
Total Requested Positions:	1.0	1.0

* Position and resources ongoing after 2026-27 until 2029-30.

SB 326 (Eggman), Chapter 790, Statutes of 2023, and AB 531 (Irwin), Chapter 789, Statutes of 2023, made significant changes to the MHSA, with many provisions appearing on the ballot as Proposition 1, approved by voters in March 2024. These changes recast the Mental Health Services Act as the Behavioral Health Services Act (BHSA), revising categories of expenditures for county behavioral health systems with a focus on housing interventions, expanding access to substance use disorder services, increasing transparency in county behavioral health planning, increasing evaluation and reporting on outcomes in the behavioral health system, and realigning oversight responsibilities between state departments and entities. In addition, Proposition 1 authorized \$6.4 billion in bonds to construct, acquire, and rehabilitate more than 10,000 new treatment beds and supportive housing units, as well as sites to help serve more than 100,000 people annually.

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Pharmacy Benefit Manager Licensure and Data Reporting Requirements. DMHC requests six positions and expenditure authority from the Pharmacy Benefit Manager Fund of \$2.3 million in 2025-26. If approved, these positions and resources would support implementation of licensure and data reporting requirements for Pharmacy Benefit Managers.

DMHC also requests trailer bill language to implement the licensure and data reporting requirements for Pharmacy Benefit Managers.

Multi-Year Funding Request Summary – PBM Licensure and Data Reporting		
Fund Source	2025-26	2026-27
3447 – Pharmacy Benefit Manager Fund	\$2,279,000	\$-
Total Funding Request:	\$2,279,000	\$-
Total Requested Positions:	6.0	0.0

As of publication of this agenda, the subcommittee has not received this budget change proposal or associated trailer bill language from the Department of Finance.

Web Accessible Service Portal Replacement Adjustment. DMHC requests reduction of expenditure authority from the Managed Care Fund of \$274,000 in 2025-26 and \$136,000 in 2026-27 to reduce project resources for the Web Accessible Service Portal Replacement proposed in the January budget, to reflect project authority being delegated back to DMHC.

Multi-Year Funding Request Summary – Web Accessible Service Portal Replacement		
Fund Source	2025-26	2026-27
0933 – Managed Care Fund	(\$274,000)	(\$136,000)
Total Funding Request:	(\$274,000)	(\$136,000)
Total Requested Positions:	0.0	0.0

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Health Care Service Plans Discipline – Civil Penalties (SB 858). DMHC requests reappropriation of expenditure authority from the Managed Care Fund of up to \$2.8 million, originally authorized in the 2024 Budget Act. If approved, these reappropriated resources would align with information technology delays in receiving final approval in the project approval lifecycle process, to support implementation of SB 858 (Wiener), Chapter 985, Statutes of 2022.

As of publication of this agenda, the subcommittee has not received this budget change proposal from the Department of Finance.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DMHC to respond to the following:

1. Please provide a brief overview of these proposals.

4170 CALIFORNIA DEPARTMENT OF AGING**Issue 1: May Revision Overview**

Governor’s May Revision – California Department of Aging (CDA). The May Revision includes the following adjustments to CDA:

- **Technical Baseline Adjustment.** Technical adjustment of net-zero shifts of existing funds for various programs within each respective state operations item.
- **Federal Trust Fund Authority Technical Adjustment.** Increase of federal fund reimbursement authority by \$23.2 million in 2025-26 and ongoing and \$3,870,000 in 2025-26 to align federal fund reimbursement authority with receipt of federal funds.
- **Multipurpose Senior Services Program.** Allows the Department of Finance to decrease funding if the Centers for Medicare and Medicaid Services’ Medicaid and Children’s Health Insurance Program Managed Care Access, Finance, and Quality Final Rule is rescinded or repealed. Any adjustment of this item shall be reported in writing to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee within 10 days of the date the adjustment is approved.

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 adjustments included in this item.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**Issue 1: May Revision Overview**

Governor's May Revision – Department of Developmental Services. The May Revision includes the following solutions and adjustments to programs under the Department of Developmental Services (DDS).

Significant May Revision Solutions: DDS

- **Quality Incentives Program Eligibility Provider Mandate.** Reduction of \$221.7 million General Fund in 2026-27 and ongoing. This includes corresponding trailer bill.
- **Service Provider Rate Reform Hold Harmless Provision.** Reduction of \$75 million General Fund in 2025-26 to end service provider rate reform hold harmless policy as of February 28, 2026 instead of June 30, 2026. This includes corresponding trailer bill.
- **Self-Determination Program Updates.** Reduction of \$22.5 million General Fund in 2025-26, and \$45.5 million General Fund ongoing. This includes corresponding trailer bill.
- **Regional Centers Direct Service Professional Workforce Training and Development.** Reduction of \$17.6 million General Fund in 2025-26 and 2026-27 and \$36.8 million General Fund in 2027-28 and ongoing.
- **Porterville Developmental Center Ongoing Savings.** Reduction of \$10 million General Fund in 2026-27 and ongoing reflecting historical savings.
- **Implicit Bias Training.** Reduction of \$5.6 million General Fund in 2025-26 and ongoing. This includes corresponding trailer bill.
- **Health and Safety Wavier Assistance.** Reduction of \$3.0 million General Fund in 2025-26 and ongoing. This includes corresponding trailer bill.

May Revision Augmentations: DDS

- **Life Outcomes Improvement System (LOIS)** (\$13.3 million total funds, \$5.1 million General Fund). Includes one-year limited-term resources equivalent to seventeen (17.0) positions at the Department, and resources for regional centers to continue the planning phase of the Project Approval Lifecycle (PAL) process.
- **Federal Access Rule** (\$1.9 million total funds, \$1.6 million General Fund). Includes one-year limited term resources equivalent to nine (9.0) positions to support the increased workload related to compliance with the new federal Home and Community-Based Access Rule requirements.

- **Staffing for Health and Safety Investigations and Due Process Caseload** (\$1.4 million total funds, \$1.2 million General Fund). Includes nine permanent positions and \$2.0 million total funds (\$1.7 million General Fund) in 2026-27 and ongoing to support increased workload related to health and safety concerns, such as rising appeals and complaints workloads.
- **Clinical Monitoring Team Support for Specialized Community Homes.** (\$680,000 total funds, \$544,000 General Fund). Includes four permanent positions to support development and monitoring of specialized community homes and services.
- **Increased Reimbursement and Cost Recovery** (\$1.3 million total funds, \$1.1 million General Fund). Includes five permanent positions and contracted consultant support to explore options and obtain payment from public and private health insurers for services purchased by regional centers on behalf of eligible individuals.
- **Porterville Developmental Center Capital Outlay.** Request to appropriate \$2.2 million one-time General Fund for the construction phase of the Fire Sprinkler System project at Porterville Development Center and to revert \$1.1 million General Fund of existing authority for the construction phase, resulting in a net increase of \$1.0 million.

Other May Revision Adjustments: DDS

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

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 budget solutions and other adjustments under DDS, including a description of the anticipated impacts of the proposed solutions.

Issue 2: DDS May Revision Trailer Bills

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

- **Fiscal Allocation Letter Authority.** Proposes statutory changes to streamline administrative processes for issuing fiscal allocations to regional centers, consistent with appropriations in the annual state budget. These changes would add Welfare and Institutions Code (WIC) section 4621.6 to statute and amend Public Contract Code (PCC) section 10295. According to DDS, “Regional centers, as nonprofit community organizations, rely on state and federal funds to perform core operations and provide services. The proposed statutory changes will align the Department’s processes with other health and human services government programs and allow the Department to utilize fiscal letters for allocations and funding adjustments, eliminating the need for formal contract amendments for every adjustment. The current bureaucratic process does not add value to the allocation process but does require multiple months for DGS and regional center board reviews and approvals. This proposal would improve efficiencies and timeliness of making funding accessible to regional centers for operations and the delivery of critical services.”
- **Repeal of Parental Fee Program.** Repeals the Parental Fee Program (PFP) and redirect positions to support increased reimbursement and cost recovery efforts.
- **Implicit Bias Training.** Makes regional center implicit bias training initiative subject to appropriation.
- **Health and Safety Waiver Assistance.** Makes allocations for health and safety waiver application assistance subject to appropriation.
- **Require Provider Mandates for Quality Incentive Program Eligibility.** Stipulates that to qualify for the Quality Incentive Program (QIP), providers must comply with Electronic Visit Verification (EVV), Home and Community-Based Services (HCBS) rules, and independent audit and fiscal review requirements. The proposal assumes that approximately one-third of providers may not meet compliance targets such as EVV, independent audit and fiscal reviews, and HCBS requirements. This trailer bill is associated with a May Revision solution to generate \$221.7 million in General Fund savings in 2025-26 and ongoing.
- **Service Provider Rate Reform Hold Harmless.** Welfare and Institutions Code section 4519.10(d)(1)(2), until June 30, 2026, requires a hold harmless policy for providers whose rates exceed rate model recommendations. The hold harmless policy also applies to providers whose rates, as of January 1, 2023, exceeded 90 percent of the rate model. This policy allows providers time to revise their business practices to align with the new rate models. Once the hold harmless period ends, rates will be adjusted to align with the rate models for other providers within the same service category and region. All providers subject to rate models will be funded using the two-payment component model, the base rate equaling 90 percent of the rate model, and a quality incentive payment, equaling up to 10 percent of the rate model. Rates are required to be fully aligned to rate reform rate models as of December 31, 2025. The proposed trailer bill would move

forward the end of the hold harmless by four months, from June 30, 2026, to February 28, 2026. This is associated with a May Revision solution to generate one-time savings of \$75 million.

- **Self-Determination Program.** Implements guardrails in the Self-Determination Program (SDP) to comply with federal law and protect the program’s long-term sustainability. According to DDS, approximately 7,000 consumers are enrolled in the SDP; however, concerns have emerged that must be addressed to safeguard the program’s future. DDS proposes the following changes:
 - Budget Methodology: Modify the budget calculation to be based on authorized services from the prior year, with adjustments allowed for changes in needs and circumstances.
 - Spending Plan Certification: Require regional centers to certify that spending plans meet federal requirements and align with the needs and goals identified in the Individual Program Plan process.

Subcommittee Staff Comment and Recommendation – Hold Open.

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

1. Please provide an overview of the proposed DDS May Revision trailer bills.

4440 DEPARTMENT OF STATE HOSPITALS**Issue 1: May Revision Overview**

Summary of Expenditures at May Revision. The May Revision includes \$3.2 billion for the Department of State Hospitals (DSH) in 2025-26, a decrease of 6 percent, or \$192 million, as compared to Governor's budget. Major budget adjustments are outlined below.

Incompetent to Stand Trial (IST). DSH reports a waitlist of 278 IST individuals as of the 2025-26 May Revision, a reduction of nearly 23 percent as compared to Governor's budget. Of these, 121 are already receiving substantive treatment services. DSH has also reported consistently meeting the court-ordered timelines for treatment of IST patients. Due to DSH's current ability to meet the court-ordered timelines, DSH is proposing to various budget solutions related to rightsizing its IST programs. These include:

- Reduction of \$232.5 million one-time General Fund included in the 2022 Budget Act for grants to counties to increase residential treatment housing capacity for individuals designated IST. This funding was unspent due to a lack of demand, and all applications received were funded.
- Savings of \$4.5 million in 2024-25, \$161.1 million in 2025- 26, \$238.8 million in 2026-27 and \$157.3 million in 2027-28 and ongoing from right-sizing IST programs including Early Access and Stabilization Services (EASS), Community Based Restoration and Diversion, and County Collaborative Workgroup Grant funding. This sets a new, reduced baseline funding level for IST programs that will support current service levels and program contracts in active negotiation.
- Savings of \$12.3 million in 2025-26 and ongoing related to the LA County Community-Based Restoration and Diversion contract to reflect current enrollment rates.
- Reversion of \$4.6 million from 2023-24 and \$4.5 million from 2024-25 in unused funding originally appropriated for the Judicial Council to develop training for court-appointed evaluators.
- Caseload adjustment resulting in savings of \$10.9 million in 2024-25, \$37.8 million in 2025-26, and \$39.0 million in 2026-27 related to EASS and Jail-Based Competency Treatment.

County Bed Billing Reimbursement Authority. The May Revision includes \$13.4 million in 2025-26 and \$21 million in 2026-27 and ongoing in reimbursement authority to collect county bed payments. This increased reimbursement authority is due to (1) a projected increase in the Lanterman-Petris-Short (LPS) patient census and (2) negotiated daily bed rate increases of 4 percent in 2025-26 and 3.5 percent in 2026-27. The increase in LPS census is due to the conversion of 25 existing beds, and the decision to use one of the new secure 44-bed units at DSH-Metropolitan for LPS patients instead of IST patients, due to higher demand for LPS beds.

DSH-Coalinga Telepsychology Pilot. The May Revision includes \$474,000 in 2025-26 and \$342,000 in 2026-27 and 2027-28 for a three-year telepsychology pilot at DSH-Coalinga. The proposal would also utilize four vacant psychologist positions. The additional resources requested are for two limited-term

coordinators to provide administrative and technical support onsite at the hospital to the telepsychologists, and for equipment.

Capital Outlay. The 2025-26 May Revision reflects a net increase of \$55.9 million in General Fund to continue two existing DSH capital outlay projects, including:

- *Patton: Fire Alarm System Upgrade.* DSH proposes a reappropriation of \$21.6 million General Fund in 2025-26 for the construction phase of the Patton Fire Alarm System Upgrade project.
- *Coalinga: Hydronic Loop.* DSH proposes a reversion of \$26.2 million General Fund from 2024-25 and a new appropriation of \$34.4 million General Fund in 2025-26 for the construction phase of the DSH-Coalinga Hydronic Loop Replacement project. According to DSH, the project design phase experienced delays that, combined with inflation and the remote project location, caused the final bid tabulations to be approximately 36 percent above the state's estimate.

Solutions. The May Revision includes DSH budget solutions resulting in combined savings of \$232.5 million in 2022-23, \$4.6 million in 2023-24, \$4.5 million in 2024-25, \$202.1 million in 2025-26, \$281.1 million in 2026-27, and \$196.5 million ongoing beginning in 2027-28. These savings include those described above related to IST Solutions, as well as the following:

- Savings of \$4.8 million in 2025-26, \$5.9 million in 2026-27, and \$2.3 million in 2027-28 and ongoing related to various operational efficiencies.
- Savings of \$250,000 in 2025-26, \$500,000 in 2026-27, and \$1 million in 2027-28 and ongoing related to the implementation of a prior authorization and utilization management software for certain specialty care services.
- Savings of \$22.1 million in 2025-26 and ongoing related to the reduction of 124.1 isolation unit related positions, to align with current isolation practices and utilization.
- Statutory changes and a reduction of 3 positions and \$1.5 million in 2025-26 and ongoing to modify requirements for reporting to the court from semi-annually to annually for the Not Guilty by Reason of Insanity (NGI) population, which aligns with the annual reporting requirements for other long-term patient populations.

Various Other Adjustments. The May Revision includes the following other adjustments for DSH:

- Reappropriation of \$7.5 million from 2024-25 to 2025-26 related to DSH's Employee Health Record project, and budget bill language allowing a mid-year augmentation.
- One-time savings in 2024-25 of \$10.3 million due to additional delays in the DSH-Metropolitan Increased Secure Bed Capacity project.
- Reduction of \$1.5 million in 2024-25 and increase of \$290,000 in 2025-26 and ongoing for adjustments to patient-driven operating expenses and equipment.

- Savings of \$3.3 million in 2024-25 in the Conditional Release Program Non-Sexually Violent Predators, due to unfilled beds and a program closure related to staffing issues experienced by providers.

Subcommittee Staff Comment and Recommendation—Hold Open.

Questions. The subcommittee has requested DSH respond to the following:

1. Please provide a brief overview of the major adjustments to the DSH budget included in the May Revision.

4560 COMMISSION ON BEHAVIORAL HEALTH

Issue 1: Elimination of Mental Health Wellness Act Funding and Other Technical Adjustments

Elimination of Mental Health Wellness Act Funding – May Revision. The Administration requests ongoing reduction of expenditure authority from the Behavioral Health Services Fund of \$20 million. If approved, this reduction would eliminate funding for peer respite, maternal behavioral health, and full-services partnership performance contracting programs. These resources were originally approved ongoing through the Investment in Mental Health Wellness Act, SB 82 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2013, and SB 833 (Committee on Budget and Fiscal Review), Chapter 704, Statutes of 2016.

Multi-Year Funding Request Summary – Investment in Mental Health Wellness Elimination		
Fund Source	2025-26	2026-27*
3085 – Behavioral Health Services Fund	(\$20,000,000)	(\$20,000,000)
Total Funding Request:	(\$20,000,000)	(\$20,000,000)
Total Requested Positions:	0.0	0.0

* Elimination of resources ongoing after 2026-27.

SB 82 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2013, known as the Investment in Mental Health Wellness Act, included expenditure authority from the Behavioral Health Services Fund (BHSF, then known as the Mental Health Services Fund) of \$32 million annually for CBH to support counties to increase capacity for client assistance and services in crisis intervention, crisis stabilization, crisis residential treatment, rehabilitative mental health services, and mobile crisis support teams. In 2018-19 the expenditure authority was reduced to \$20 million annually. Previous expenditures under this program included school-behavioral health partnerships that became the basis for the Mental Health Student Services Act and, subsequently, the Children and Youth Behavioral Health Initiative. Currently, these resources support peer respite, maternal behavioral health, and full-service partnership contracting programs. The Administration proposes to eliminate these ongoing resources.

Technical Adjustments to Extend Liquidation Periods – May Revision. CBH requests the following technical adjustments to extend the liquidation periods of previously authorized resources:

- *Emergency, Psychiatric Assessment, Treatment, and Healing (EmPATH).* CBH requests extension of the liquidation deadline of expenditure authority from the Behavioral Health Services Fund of up to \$7.8 million, originally approved in the 2021 Budget Act, until June 30, 2027. These resources support grants for EmPATH units delivering psychiatric care to individuals with behavioral health conditions.
- *Early Psychosis Intervention (EPI) Plus Program.* CBH requests extension of the liquidation deadline of expenditure authority from the Behavioral Health Services Fund of up to \$430,000, originally approved in the 2019 Budget Act, until June 30, 2026. These resources support evidence-based early psychosis and mood disorder detection through the EPI Plus Program, pursuant to the requirements of AB 1315 (Mullin), Chapter 414, Statutes of 2017.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CBH to respond to the following:

1. Please provide a brief overview of these proposals.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT**Issue 1: May Revision Overview**

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

- **Climate Bond (Proposition 4): Low-Income Weatherization Program Farmworker Housing Component.** Increase of \$230,000 one-time to support the allocation of Proposition 4 resources to the Low-Income Weatherization Program Farmworker Housing Component. This request accelerates the expenditure timeline proposed at Governor’s Budget by one year, allocating \$9,459,000 for local assistance in fiscal year 2026-27 and continuing support funding through 2027-28.
- **Low-Income Weatherization Program Farmworker Housing Component Re-appropriation.** Extends the liquidation period for one-time 2021-22 General Fund resources supporting the Low-Income Weatherization Program Farmworker Housing Component.
- **Low-Income Weatherization Program Multifamily Housing Component Re-appropriation.** Re-appropriates the remaining balance of unexpended one-time 2022-23 General Fund resources extends the liquidation period for one-time 2022-23 General Fund resources supporting the Low-Income Weatherization Program Multifamily Housing Component.
- **General Fund Cash Flow Loan.** Authorizes a General Fund loan or loans, not to exceed a cumulative total of \$40 million, to assist in cash flow program needs related to unanticipated delays in the receipt of federal funds.

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 included in this item.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES**Issue 1: May Revision Overview**

Governor’s May Revision – Department of Child Support Services (DCSS). The May Revision includes the following adjustment to DCSS:

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

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 proposal included in this item.