



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 4100-001-0001 and Reimbursements, Support, State Council on Developmental Disabilities

Increased Reimbursement Authority – Quality Assessment Project (Issue 009)—It is requested that Item 4100-001-0001 be amended by increasing reimbursements by \$198,000 in fiscal year 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.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Christopher Odneal, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Corey Jackson, Chair, Assembly Budget Subcommittee No. 2
Honorable Akilah Weber Pierson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Brendan McCarthy, Deputy Secretary, Health and Human Services Agency
Aaron Carruthers, Executive Director, State Council on Developmental Disabilities
Rihana Ahmad, Chief Deputy Director, State Council on Developmental Disabilities
Lynn Villoria, Budget Officer, State Council on Developmental Disabilities

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Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 4120-001-0001 and Reimbursements, and Addition of Item 4120-490, Support, Emergency Medical Services Authority

California Poison Control System Funding Augmentation (Issue 026)—It is requested that Item 4120-001-0001 be increased by \$1,072,000 in fiscal year 2025-26, \$1,359,000 in 2026-27, and \$1,663,000 in 2027-28 and ongoing to support increased personnel salaries and benefits for employees of the California Poison Control System. It is also requested that reimbursements be increased by \$1,626,000 in 2025-26, \$2,159,000 in 2026-27, and \$2,723,000 in 2027-28 and ongoing. These adjustments align with bargaining agreements negotiated by the University of California Office of the President.

Technical Correction to Baseline Budget (Issue 033)—It is requested that Item 4120-001-0001 be increased by \$5,516,000 ongoing to correct an error included in the 2024 Budget Act that inadvertently duplicated a reduction in ongoing resources that had previously been corrected through a prior budget process. This request is consistent with an associated Item 9840 adjustment to augment the Department's budget by the same amount in 2024-25.

Enterprise Services and Data Management (ESDM) Solution - Reappropriation (Issue 028)—It is requested that Item 4120-490 be added to reappropriate up to \$3,562,000 in Item 4120-001-0001, in the 2021 Budget Act, through June 30, 2026, to support the continued planning and implementation of the ESDM solution, contingent upon the submission of updated project documents for the implementation of Electronic Physicians Order for Life Sustaining Treatment (ePOLST) functionality (see Attachment 1).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Christopher Odneal, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

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Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brendan McCarthy, Deputy Secretary, Health and Human Services Agency
Julie Souliere, Assistant Secretary, California Health and Human Services Agency
Elizabeth Basnett, Director, Emergency Medical Services Authority
Gabrielle Santoro, Chief Deputy Director, Emergency Medical Services Authority
Craig Johnson, Administration and HR Division Chief, Emergency Medical Services Authority

4120-490—Reappropriation, Emergency Medical Services Authority. The amounts specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2026:

0001—General Fund

(1) Up to \$3,562,000 in Item 4120-001-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021), as reappropriated by Item 4120-490, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024), for the purpose of continuing the implementation of the Enterprise Services and Data Management (ESDM) solution. The expenditure of funds is contingent on the approval of project documents by the Department of Technology for the Electronic Physicians Order for Life Sustaining Treatment (ePOLST) phase of the project.

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to and Addition of Various Budget Bill Items, Support and Local Assistance, and Statutory Changes, Department of Health Care Access and Information

Long-Term Care Staffing and Transparency Data Reporting (Issue 47)—It is requested that Item 4140-001-0143 be increased by \$597,000 and 3 positions one-time, to implement new healthcare data reporting requirements related to the federal Centers for Medicare and Medicaid Services Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting Final Rule.

Pharmacy Benefit Manager Licensure and Data Requirements (Issue 96)—It is requested that Item 4140-001-3447 be added in the amount of \$6,209,000 and 6 positions one-time to implement proposed statutory changes to Pharmacy Benefit Manager licensure and data reporting requirements. Provisional language is also requested authorizing expenditure of funds upon the approval of the post-implementation evaluation report by the Department of Technology (see Attachment 1).

Behavioral Health Services Act Workforce Initiative (Issues 111 and 112)—It is requested that the following Items be amended to align Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment resources proposed in the Governor's Budget:

- Item 4140-001-0001 be decreased by \$14.2 million in fiscal year 2025-26, and \$32,050,000 in 2026-27 through 2029-30.
- Item 4140-002-0001 be added in the amount of \$14.2 million and 57 positions in 2025-26, and \$32,050,000 and 57 positions in 2026-27 through 2029-30.
- Item 4140-101-0001 be decreased by \$52.4 million in 2025-26, \$153.2 million in 2026-27 through 2028-29, and \$153.1 million in 2029-30.
- Item 4140-102-0001 be added in the amount of \$52.4 million in 2025-26, \$153.2 million in 2026-27 through 2028-29, and \$153.1 million in 2029-30.
- 4140-101-3085 be increased and decreased by 28.5 million for a Net-zero technical adjustment between two programs.

- Reimbursements in Item 4140-001-0001 be decreased by \$14.2 million in 2025-26 and \$32,050,000 in 2026-27 and annually through 2029-30.
- Reimbursements in Item 4140-002-0001 be increased by \$14.2 million in 2025-26 and \$32,050,000 in 2026-27 and annually through 2029-30.
- Reimbursements in Item 4140-101-0001 be decreased by \$80.9 million in 2025-26, \$181.7 million in 2026-27 and annually through 2028-29, and \$181.6 million in 2029-30.
- Reimbursements in Item 4140-102-0001 be increased by \$80.9 million in 2025-26, \$181.7 million in 2026-27 and annually through 2028-29, and \$181.6 million in 2029-30.

Health Care Payments Data Program Funding Adjustment (Issue 120)—It is requested that Item 4140-001-0001 be decreased by \$3 million in 2025-26, Item 4140-001-3436 be decreased by \$700,000 in 2025-26, \$16.5 million in 2026-27 and ongoing, and reimbursements in Item 4140-001-3436 be decreased by \$3.3 million in 2025-26, to support the operations of the Health Care Payments Database in 2025-26. It is also requested that provisional language be added to Item 4140-001-3436 to authorize a one-time revenue transfer from the Managed Care Administrative Fines and Penalties Fund to the Health Care Payments Data Fund in 2025-26 (see Attachment 2).

CalRx Reduction (Issue 124)—It is requested that Item 4140-101-0001 be decreased by \$45 million in 2025-26 to adjust resources for the CalRx Initiative.

Technical Adjustment to Chaptered Legislation (Issue 126)—It is requested that Item 4140-001-0121 be decreased by \$268,000 in 2026-27, \$470,000 in 2027-28, \$161,000 in 2028-29, and increased by \$89,000 in 2029-30 to align expenditure authority with estimated costs of implementing chaptered legislation, AB 869 (Wood, 2024), SB 1382 (Glazer, 2024), and SB 1447 (Durazo, 2024).

Withdraw Resources for Relocation Rent Adjustment (Issue 140)—It is requested that Item 4140-001-0001 be decreased by \$839,000 in 2025-26, \$399,000 in 2026-27, \$416,000 in 2027-28, \$430,000 in 2028-29, and \$450,000 in 2029-30, and Item 4140-001-0143 be decreased by \$1,608,000 in 2025-26, \$765,000 in 2026-27, \$795,000 in 2027-28, \$828,000 in 2028-29, and \$860,000 in 2029-30 to withdraw the Governor's Budget proposal for resources to move to the May Lee State Office complex.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Joseph Donaldson, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

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Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Elizabeth A. Landsberg, Director, Department of Health Care Access and Information
Scott Christman, Chief Deputy Director, Department of Health Care Access and
Information
Deshai Knight, Budget Officer, Department of Health Care Access and Information
Vu Nguyen, Chief Fiscal Officer, Department of Health Care Access and Information
Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brendan McCarthy, Deputy Secretary, Health and Human Services Agency
Darci Delgado, Assistant Secretary, Health and Human Services Agency

4140-001-3447—For support of Department of Health Care Access and Information,
payable from the Pharmacy Benefit Managers Fund 6,209,000

Schedule:

(1) 3835-Health Care Payments Data Program 6,209,000

Provisions:

1. \$6,209,000 appropriated in Schedule (1) shall be made available and authorized for encumbrance or expenditure upon the approval of the Post-Implementation Evaluation Report by the California Department of Technology for the Health Care Payments Database Project.

Add Provision 1 to Item 4140-001-3436 as follows:

1. Notwithstanding subdivision (c)(2) of Section 1341.45 of the Health and Safety Code, after the Department of Managed Health Care transfers funds pursuant to subdivision (c)(1) of Section 1341.45 of the Health and Safety Code, the Department of Managed Health Care shall transfer an amount not to exceed \$4,900,000 to the Health Care Payments Data Fund from the Managed Care Administrative Fines and Penalties Fund in 2025-26.

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to and Addition of Various Budget Bill Items, Support, and Statutory Changes,
Department of Managed Health Care**

Web Accessible Service Portal Replacement Adjustment (Issue 038)—It is requested that Item 4150-001-0933 be decreased by \$274,000 in fiscal year 2025-26 and \$136,000 in 2026-27 to reduce project resources proposed in the Governor's Budget due to the project authority being delegated back to the department.

Pharmacy Benefit Manager Licensure and Data Reporting Requirements (Issue 045)—It is requested that Item 4150-001-3447 be increased by \$2,279,000 and 6 position in 2025-26 and statutory changes be added to implement the Pharmacy Benefit Manager licensure and data reporting requirements.

Behavioral Health Transformation (Issue 046)—It is requested that Item 4150-001-0933 be increased by \$194,000 and 1 position in 2025-26, and \$188,000 and 1 position in 2026-27 through 2029-30 to investigate county complaints about managed care health plans' compliance with Chapter 790, Statutes of 2023 (SB 326) and Proposition 1.

Health Care Service Plans Discipline: Civil Penalties (SB 858) (Issue 057)—It is requested that Item 4150-490 be added to reappropriate up to \$2,778,000 from Item 4150-001-0933 of the 2024 Budget Act to align with information technology implementation due to delays in receiving final approval in the project approval lifecycle process (see Attachment 1).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Joseph Donaldson, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

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Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Mary Watanabe, Director, Department of Managed Health Care
Dan Southard, Chief Deputy Director, Department of Managed Health Care
Sara Ream, Deputy Director Chief Counsel, Department of Managed Health Care
Nichole Eshelman, Deputy Director, Department of Managed Health Care
Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brendan McCarthy, Deputy Secretary, Health and Human Services Agency
Kimberly Chen, Assistant Secretary, Health and Human Services Agency

4150-490—Reappropriation, Department of Managed Health Care. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2026:

0933—Managed Care Fund

- (1) Item 4150-001-0933, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023), as reappropriated by Item 4150-490, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024), up to \$2,778,000 in Program 3870 - Health Plan Program.

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items, Reimbursements, Support and Local Assistance, California Department of Aging

Technical Baseline Adjustment (Issue 043)—It is requested that Items 4170-001-0001, 4170-001-0289 and 4170-001-0890 be amended one-time in fiscal year 2025-26 to reflect net-zero shifts of existing funds for various programs within each respective state operations item.

Federal Trust Fund Authority Technical Adjustment (Issue 049)—It is requested that Item 4170-101-0890 be amended to increase federal fund reimbursement authority by \$23.2 million in 2025-26 and ongoing and Item 4170-001-0890 be amended to increase federal fund reimbursement authority by \$3,870,000 in 2025-26 and ongoing. Both increases will align federal fund reimbursement authority with receipt of federal funds.

Language Only: Multipurpose Senior Services Program—It is requested that Provision 1 of Item 4170-001-0001 be added to allow the Department of Finance to decrease this item if the Centers for Medicare and Medicaid Services' Medicaid and Children's Health Insurance Program Managed Care Access, Finance, and Quality Final Rule (CMS-2439-F) 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 (see Attachment 1).

The effect of my requested action is reflected on the attachment.

If you have any questions, or need additional information regarding this matter, please call Shelina Noorali, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

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Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Brendan McCarthy, Deputy Secretary for Program and Fiscal Affairs, California
Health and Human Services Agency
Darci Delgado, Assistant Secretary, California Health and Human Services Agency
Susan DeMarois, Director, California Department of Aging
Nicole Shimosaka, Deputy Director, California Department of Aging
Kim Elliott, Chief Budget Officer, California Department of Aging

Add the following provision to Item 4170-001-0001:

Provisions:

1. The Department of Finance may decrease this item if the Centers for Medicare and Medicaid Services' Medicaid and Children's Health Insurance Program Managed Care Access, Finance, and Quality Final Rule (CMS-2439-F) 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.

May 14, 2025

Honorable Scott D. Wiener, Chair
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Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to, Addition of, and Elimination of Various Budget Bill Items, Reimbursements, Support and Local Assistance, Department of Health Care Services

It is requested that Item 4260-101-0001 be decreased by \$4,899,926,000 in fiscal year 2025-26 and \$7,155,622,000 in 2026-27 and ongoing. It is also requested that Item 4260-101-0890 be decreased by \$3,379,205,000 in 2025-26 and \$2,983,073,000 in 2026-27 and ongoing. It is also requested that Item 4260-101-3085 be increased by \$140 million in 2025-26.

- Eliminate Glucagon-Like Peptide-1 Coverage (GLP-1) for Weight Loss (Issue 320)
- Proposition 35 Support for Medi-Cal Rate Increases (Issue 322)
- Elimination of Over-the-Counter Drug Coverage (Issue 325)
- Prescription Drug Utilization Management (Issue 327)
- Pharmacy Step Therapy Protocols (Issue 328)
- HIV and Cancer Drug Rebates (Issue 329)
- Prior Authorization for Continuation of Drug Therapy (Issue 330)
- Leverage Drug Rebates for Members with Unsatisfactory Immigration Status (Issue 337)—It is requested that Provision 21 be added to Item 4260-101-0001 to conform to this action (see Attachment 1).
- Delay Repayment of the Medical Providers Interim Payment Loan (Issue 339)—It is requested that Provision 22 be added to Item 4260-101-0001 to conform to this action (see Attachment 1).
- Eliminate Proposition 56 Dental Supplemental Payments (Issue 340)
- Eliminate Proposition 56 Family Planning Supplemental Payments (Issue 341)
- Eliminate Proposition 56 Women's Health Supplemental Payments (Issue 342)
- Behavioral Health Services Fund General Fund Offset (Issue 347)—It is requested that Item 4260-495 be added to conform to this action (see Attachment 3).
- Medi-Cal Managed Care Plans Medical Loss Ratio Increase (Issue 369)
- Reinstate Medi-Cal Asset Limit Test (Issue 370)

- Eliminate Skilled Nursing Facility (SNF) Workforce and Quality Incentive Program (Issue 373)
- Prior Authorization for Medi-Cal Hospice Services (Issue 374)
- Eliminate Optional Medi-Cal Benefit: Acupuncture (Issue 375)
- Enrollment Freeze for Full-Scope Medi-Cal Coverage, Adults 19 and Older (Issue 376)
- Establish Monthly Premium for Individuals with Unsatisfactory Immigration Status, Adults 19 and Older (Issue 377)—It is requested that Provision 23 be added to Item 4260-101-0001 to conform to this action (see Attachment 1).
- Eliminate Prospective Payment System Payments to Clinics for State-Only Services (Issue 378)
- Eliminate Long Term Care for Individuals with Unsatisfactory Immigration Status (Issue 379)
- Suspend the Skilled Nursing Facility (SNF) Back-Up Power Requirement (Issue 380)
- Eliminate Dental Benefits for Individuals with Unsatisfactory Immigration Status (Issue 382)
- Cap Program of All-Inclusive Care for the Elderly (PACE) Organization Capitation Payments (Issue 383)
- Suspend Proposition 56 Loan Repayment Program for 2025-26 (Issue 405)

Health Care Services Plan Fines and Penalties Fund Transfer (Issue 402)—It is requested that Item 4260-101-0001 be decreased by \$24.9 million in 2025-26 and \$3.5 million in 2026-26 and ongoing. It is also requested that Item 4260-101-3311 be added in the amount of \$24.9 million in 2025-26 to reflect the offset of General Fund with Health Care Services Plan Fines and Penalties Fund to support health care services in the Medi-Cal Program.

State Operations

Behavioral Health Infrastructure Bond Act: Chapter 789, Statutes of 2023 (AB 531) (Issue 259)—It is requested that Item 4260-501-6092 of the Behavioral Health Infrastructure Fund be increased by \$13,522,000 in 2025-26 through 2028-29 and \$3,522,000 in 2029-30 and ongoing to support 22 positions and one-time contracting resources. The additional resources will support the Department of Health Care Services in implementing and administering the Behavioral Health Infrastructure Bond Act.

Behavioral Health Transformation: Behavioral Health Services Act Continued Implementation (Issue 260)—It is requested that Item 4260-001-3085 be increased by \$79 million in 2025-26, \$54 million in 2026-27, and \$9 million ongoing, and Item 4260-001-0890 be increased by \$52,045,000 in 2025-26, \$26,109,000 in 2026-27, and \$9,109,000 ongoing, to support 104 positions and the continued implementation of Proposition 1 and Behavioral Health Services Act requirements.

Centers for Medicare and Medicaid Services (CMS) Interoperability (Issue 261)—It is requested that Item 4260-001-0001 be increased by \$194,000 in 2025-26 and \$270,000 in 2026-27 and ongoing, and Item 4260-001-0890 be increased by \$909,000 in 2025-26 and \$811,000 in 2026-27 and ongoing, for contracting resources and 8 positions to support the implementation of federal rules.

Federally Qualified Health Center (FQHC) Policy Guide (Issue 263)—It is requested that Item 4260-001-0001 be amended by increasing reimbursements by \$350,000 one-time and Item 4260-001-0890 be increased by \$350,000 one-time to support the development of a Federally Qualified Health Center Reimbursement Policy Guide. It is also requested that Provision 3 be added to Items 4260-001-0001 and 4260-001-0890 to conform to this action (see Attachments 4 and 5).

Human Resources Plus Modernization (HR+ Modernization) (Issue 264)—It is requested that Item 4260-001-0001 be increased by \$1,831,000 in 2025-26 and \$1,382,000 in 2026-27 and ongoing, and Item 4260-001-0890 be increased by \$1,829,000 in 2025-26 and \$1,381,000 in 2026-27 and ongoing, to support contracting resources and 3 positions for the HR+ Modernization project. It is also requested that Provision 4 be added to Items 4260-001-0001 and 4260-001-0890 to conform to this action (see Attachments 4 and 5).

Transforming Maternal Health Model (Issue 265)—It is requested that Item 4260-001-0890 be increased by \$1.1 million in 2025-26 and \$1,782,000 and 2 positions in 2026-27 and ongoing to support the implementation of a maternal health initiative.

Long-Term Staffing and Payment Transparency Final Rule (Issue 266)—It is requested that Item 4260-001-0890 be increased by \$1,369,000 one-time and Item 4260-001-3213 be increased by \$1,247,000 one-time to support contracting resources and 8 positions for the implementation of a federal rule.

Medicaid Managed Care, Access, and Eligibility Final Rule (Issue 303)—It is requested that Item 4260-001-0001 be increased by \$3,908,000 one-time and Item 4260-001-0890 be increased by \$3,908,000 one-time for 47 positions to support implementation of federal rules. It is also requested that Provision 5 be added to Item 4260-001-0001 to conform to this action (see Attachment 5).

Adjust State Operations for the Breast Cancer Fund (Issue 346)—It is requested that Item 4260-001-0009 be decreased by \$1,762,000 in 2025-26 and ongoing to align with updated revenue projections.

Local Assistance

Medi-Cal Estimate (Issues 297, 310, 319, 343, 348, 371, 388, 400, and 401)—It is requested that the one-time adjustments below be made to the following items to reflect caseload and other miscellaneous adjustments outlined in the Medi-Cal Estimate. These Item adjustments are not inclusive of other issues reflected in this letter.

- Item 4260-101-0001 be increased by \$7,553,216,000 and reimbursements be decreased by \$25,654,000
- Item 4260-101-0232 be decreased by \$13,354,000
- Item 4260-101-0233 be decreased by \$3,806,000
- Item 4260-101-0236 be decreased by \$2,792,000
- Item 4260-101-0890 be increased by \$3,957,471,000
- Item 4260-101-3085 be decreased by \$4,541,000
- Item 4260-101-3305 be increased by \$160,851,000
- Item 4260-101-8140 be decreased by \$328,000

- Item 4260-102-0001 be decreased by \$1,685,000
- Item 4260-102-0890 be increased by \$207,000
- Item 4260-106-0890 be increased by \$24,265,000
- Item 4260-112-0001 be eliminated by \$132,225,000
- Item 4260-117-0001 be decreased by \$128,000
- Item 4260-117-0890 be decreased by \$1,104,000

It is also requested that Provision 4 of Item 4260-101-0001 be amended to increase the loan authority to the Health Care Deposit Fund to meet cash needs (see Attachment 1).

It is further requested that Provision 8 of Item 4260-101-0001 be eliminated as a technical adjustment to conform to changes in programs funded within this item (see Attachment 1).

Family Health Estimate (Issue 296)—It is requested that the one-time adjustments below be made to the following items to reflect multiple updates outlined in the Family Health estimate:

- Item 4260-111-0001 be increased by \$6,902,000
- Item 4260-114-0009 be decreased by \$102,000
- Item 4260-114-0236 be decreased by \$4,320,000

Behavioral Health Federal Funds Adjustment (Issue 282)—It is requested that Item 4260-001-0890 be increased by one-time \$13,026,000, Item 4260-115-0890 be increased by one-time \$54,113,000, and Item 4260-116-0890 be increased by one-time \$5,795,000 for community mental health services and substance use disorder treatment and prevention services.

Behavioral Health Services Schoolsite Fee Schedule Administration Fund (Issue 297)—It is also requested that Item 4260-101-3451 be added in the amount of \$69.3 million in 2025-26 and ongoing to reflect the addition of the new Behavioral Health Services Schoolsite Fee Schedule Administration Fund outlined in the Medi-Cal Estimate.

988 Suicide and Crisis Lifeline (AB 988) (Issue 385)—It is requested that Item 4260-115-3414 be increased by \$17.5 million one-time to provide additional support to 988 Suicide and Crisis Lifeline centers.

Eliminate Mental Health Block Grant Reappropriation Item Related to Section 4, Chapter 75, Budget Act of 2021 (Issue 242)—It is requested that Item 4260-491 be eliminated to reflect a technical adjustment because the language is already included in Section 18, Chapter 2, Statutes of 2025.

Naloxone Distribution Project Augmentation (Issue 399)—It is requested that Item 4260-116-3397 be decreased by \$4,196,000 one-time 26 to reflect revised proposed resources for the Naloxone Distribution Project.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Paula Fonacier Tang, Meg Sabbah, or Jay Kapoor, Principal Program Budget Analysts, at (916) 445-6423.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee

Attention: Mark McKenzie, Staff Director

Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee

Attention: Kirk Feely, Fiscal Director

Honorable Buffy Wicks, Chair, Assembly Appropriations Committee

Attention: Jay Dickenson, Chief Consultant

Honorable Heath Flora, Vice Chair, Assembly Budget Committee

Attention: Joseph Shinstock, Fiscal Director

Honorable Dawn Addis, Chair, Assembly Budget Subcommittee No. 1

Honorable Akilah Weber Pierson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3

Gabriel Petek, Legislative Analyst

Christopher W. Woods, Senate President pro Tempore's Office

Jason Sisney, Assembly Speaker's Office

Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office

Katja Townsend, Capitol Director, Assembly Republican Leader's Office

Kim Johnson, Secretary, California Health and Human Services Agency

Corinn Buchanan, Undersecretary, California Health and Human Services Agency

Brendan McCarthy, Deputy Secretary, California Health and Human Services Agency

Kimberly Chen, Assistant Secretary, California Health and Human Services Agency

Michelle Baass, Director, Department of Health Care Services

Tyler Sadwith, State Medicaid Director, Department of Health Care Services

Erika Sperbeck, Chief Deputy Director, Department of Health Care Services

Lori Walker, Deputy Director and Chief Financial Officer, Department of Health Care
Services

Amend Provision 4 of Item 4260-101-0001 as follows:

"4. Without regard to fiscal year, the General Fund shall make one or more loans available not to exceed a cumulative total of ~~\$45,000,000~~ \$1,000,000,000 to be transferred as needed to the Health Care Deposit Fund to meet cash needs. All moneys so transferred shall be repaid as soon as sufficient revenue or reimbursements have been collected to meet immediate cash needs and in installments as revenue or reimbursements accumulate if the loan is outstanding for more than one year."

Add the following provisions to Item 4260-101-0001 as follows:

21. (a) The department may enter into exclusive or nonexclusive contracts on a bid, non-bid, or negotiated basis with a drug rebate aggregator or another entity that provides rebate aggregation services to consolidate and manage drug rebate negotiation, invoicing, collection, dispute resolution, and other related activities with manufacturers, distributors, dispensers, or suppliers of single-source and multiple source drugs, appliances, durable medical equipment, medical supplies, and other product-type health care services. Contracts entered into or amended pursuant to this section shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, the State Contracting Manual and the State Administrative Manual, and shall be exempt from the review or approval of any division of the State Department of General Services.

(b) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section, in whole or in part, by means of plan or county letters, information notices, plan or provider bulletins, or other similar instructions without taking any further regulatory action.

22. Notwithstanding Section 16531.1 of the Government Code, the General Fund cash loan made to the Medical Providers Interim Payment Fund in fiscal year 2024-25 is available over the 2024-25 and 2025-26 fiscal years for programs funded within this item. The Department of Health Care Services shall repay the loan no later than June 30, 2034. The Director of Finance may order the repayment of all or a portion of the loan sooner if the Department of Finance, in consultation with the Department of Health Care Services, determines that the funds appropriated in this item exceed the required costs for programs funded within this item.

23. Upon request by the Department of Health Care Services, the Department of Finance may authorize the transfer of up to \$30,000,000 in expenditure authority from this item to Item 4260-001-0001 for administrative costs associated with developing and implementing a premium collection system.

4260-112-3375—For transfer by the Controller, upon order of the Department of Finance,
to the Healthcare Treatment Fund 26,005,000

Provisions:

1. The amounts in this item shall be transferred notwithstanding any other law, including Section 14114 of the Welfare and Institutions Code.
2. The Legislature finds and declares that this item is:
 - a. Made in accordance with the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Article 2.5 (commencing with Section 30130.50) of Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code).
 - b. Based on criteria developed and periodically updated as part of the annual state budget process, in accordance with subdivision (a) of Section 30130.55 of the Revenue and Taxation Code.
 - c. Consistent with the purposes and conditions of expenditures described in subdivision (a) of Section 30130.55 of the Revenue and Taxation Code.

Attachment 3

4260-495—Reversion, State Department of Health Care Services. As of June 30, 2025, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

(1) Item 4260-101-0001, Budget Act of 2024 (Chs. 22, Stats. 2024). \$85,000,000 appropriated in Program 3960022-Benefits (Medical Care and Services) for Behavioral Health Bridge Housing in Provision 13(a).

Add the following provisions to Item 4260-001-0890 as follows:

3. (a) Of the funds appropriated in this Item, \$350,000 is available to support the development of a reimbursement policy manual or similar resources for Federally Qualified Health Centers in Medi-Cal. The authority to make expenditures pursuant to this provision, and any associated federal funds, shall be available without regard to fiscal year.

(b) For purposes of implementing this provision, the State Department of Health Care Services may enter into exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis. Contracts entered into or amended pursuant to this provision shall be exempt from Chapter 6 (commencing with section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Section 19130 of the Government Code, Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, and the State Administrative Manual, and shall be exempt from the review or approval of any division of the Department of General Services.

4. Of the amount appropriated in this item, up to \$1,382,000 is allocated for project activities associated with the department's Human Resources Plus Modernization (HR+ Mod) project. Expenditure of these funds is contingent upon approval by the Department of Technology of the appropriate Project Approval Lifecycle documentation.

Add the following provisions to Item 4260-001-0001 as follows:

3. (a) Of the funds appropriated in this item, \$350,000 is available to support the development of a reimbursement policy manual or similar resources for Federally Qualified Health Centers in Medi-Cal. The authority to make expenditures pursuant to this provision, and any associated federal funds, shall be available without regard to fiscal year.

(b) For purposes of implementing this provision, the State Department of Health Care Services may enter into exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis. Contracts entered into or amended pursuant to this provision shall be exempt from Chapter 6 (commencing with section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Section 19130 of the Government Code, Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, and the State Administrative Manual, and shall be exempt from the review or approval of any division of the Department of General Services.

4. Of the amount appropriated in this item, up to \$1,382,000 is allocated for project activities associated with the department's Human Resources Plus Modernization (HR+ Modernization) project. Expenditure of these funds is contingent upon approval by the Department of Technology of the appropriate Project Approval Lifecycle documentation.

5. The Department of Finance may decrease this item by up to \$3,908,000 if the Centers for Medicare and Medicaid Services' Medicaid and Children's Health Insurance Program Managed Care Access, Finance, and Quality Final Rule (CMS-2439-F), the Ensuring Access to Medicaid Services Final Rule (CMS-2442-F), the Streamlining Medicaid: Medicare Savings Program Eligibility Determination and Enrollment Final Rule (CMS-2421-F), or the Medicaid Program: Streamlining the Medicaid, Children's Health Insurance Program, and Basic Health Program Application, Eligibility Determination, Enrollment, or the Renewal Processes Final Rule (CMS-2421-F2) 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.

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to and Addition of Various Budget Bill Items, Support and Local Assistance,
Department of Public Health**

Data Collection: Sexual Orientation, Gender Identity, and Intersex Status (SB 957)

(Issue 241)—It is requested that Item 4265-001-0001 be increased by \$538,000 and 3 positions ongoing to support the collection of self-identified sexual orientation, gender identity, and sex characteristics and intersex demographic data and preparation of an annual report as required by Chapter 868, Statutes of 2024 (SB 957).

Industrial Hemp Compliance Enforcement (Issue 242)—It is requested that Item 4265-001-0001 be increased by \$758,000 one-time to support compliance enforcement of industrial hemp manufacturing and sales as required by Chapter 576, Statutes of 2021 (AB 45).

Anti-Fraud Death Data Files (SB 1511) (Issue 243)—It is requested that Item 4265-001-0099 be increased by \$492,000 annually in fiscal year 2025-26 and 2026-27 to meet the requirements of Chapter 492, Statutes of 2024 (SB 1511), which increases the number of entities eligible to receive death data indices and files for the purposes of preventing fraud.

Maintenance and Operations Support for the California Vaccine Management System

(Issue 245)—It is requested that Item 4265-001-0001 be increased by \$31,451,000 one-time to support the maintenance and operations of multiple information technology systems that support statewide vaccine distribution, appointment scheduling, vaccine clinic management, and vaccination records management and sharing.

Coroners: Duties (AB 1859) (Issue 246)—It is requested that Item 4265-001-0001 be increased by \$288,000 and 1 position in 2025-26 and \$200,000 and 1 position ongoing to analyze and post xylazine overdose data gathered by coroners to the California Overdose Surveillance Dashboard as required by Chapter 684, Statutes of 2024 (AB 1859).

California Syndromic Surveillance Program Reappropriation (Issue 249)—It is requested that Item 4265-491 be added to reappropriate up to \$2.5 million from Item 4265-001-3397 of the 2022 Budget Act and extend encumbrance or expenditure authority through June 30, 2028, to launch the California Syndromic Surveillance Program, respond to the state's overdose epidemic by tracking early symptoms data on opioid overdoses statewide, and enable general acute care hospitals with emergency departments to meet specified data reporting requirements (see Attachment 1).

Sustaining Wastewater Surveillance for Infectious Diseases (Issue 253)—It is requested that Item 4265-001-0001 be increased by \$3,249,000 one-time to support a statewide wastewater surveillance program of routine wastewater testing for detection of infectious diseases.

Patient Safety and Antidiscrimination (AB 3161) (Issue 258)—It is requested that Item 4265-001-3098 be increased by \$1,112,000 one-time to support implementation of Chapter 757, Statutes of 2024 (AB 3161), which requires health care facilities to update their reporting system for patient safety events to evaluate the impact of discrimination, and requires facilities to submit their patient safety plans beginning January 1, 2026, and biannually thereafter. It is also requested that provisional language be added authorizing expenditure of funds upon approval of a Project Delegation Request or the Project Approval Lifecycle by the Department of Technology (see Attachment 2).

Center for Health Care Quality Operations Support (Issue 259)—It is requested that Item 4265-001-3098 be increased by \$1,499,000 and 8 positions ongoing for the Center for Health Care Quality to update their health privacy violations investigative database and increase operational capacity.

Generative Artificial Intelligence (Issue 261)—It is requested that Item 4265-004-0942 be increased by \$8 million one-time to support development of a generative artificial intelligence Minimum Viable Product to improve the efficiency and accuracy of data collection, data analysis and report development for annual health facilities inspections. It is also requested that provisional language be added authorizing expenditure of funds upon approval of a Minimum Viable Product by the Department of Technology and the Department of Finance (see Attachment 3).

Transgender Wellness and Equity Reappropriation (Issue 262)—It is requested that Item 4265-492 be added to reappropriate up to \$441,000 from Item 4265-001-3385 and up to \$6,772,000 from Item 4265-111-3385 from the 2022 Budget Act and extend encumbrance or expenditure authority through June 30, 2028 to support existing gender health equity programs, grant agreements, and contracts related to trans-inclusive health care for individuals who identify as transgender, gender nonconforming, or intersex. It is also requested that provisional language be added authorizing exemption from Public Contract Code (see Attachment 4).

Vital Records Staffing Resources (Issue 285)—It is requested that Item 4265-001-0099 be increased by \$2,408,000 annually in 2025-26, 2026-27, and 2027-28, and \$1,740,000 annually in 2028-29 and ongoing to reduce response times for requests for vital records copies and amendments, including during emergencies such as wildfires when records requests increase.

Women, Infants and Children May Revision Estimate (Issue 297)—It is requested that Item 4265-111-0890 be decreased by \$20.2 million ongoing and Item 4265-111-3023 be decreased by \$176,000 ongoing to reflect updated expenditure estimates that are primarily driven by a decrease in projected food inflation and decreased caseload projections.

Genetic Disease Screening Program May Revision Estimate (Issue 300)—It is requested that Item 4265-111-0203 be decreased by \$735,000 ongoing to reflect updated expenditure estimates that are primarily driven by a projected decrease in program participation rate.

Behavioral Health Services Act Planning Resources (Issue 301)—It is requested that Item 4265-001-3085 be increased by \$7,355,000 one-time to support planning and implementation of the Behavioral Health Services Act.

AIDS Drug Assistance Program Estimate (Issue 304)—It is requested that expenditure authority for the AIDS Drug Assistance Program be decreased by \$50,583,000 ongoing to reflect decreased caseload projections.

Maintain Food Safety and Epidemiology Contract Services (Issue 310)—It is requested that Item 4265-001-0177 be increased by \$45,000 and Item 4265-111-0177 be decreased by \$45,000 to maintain existing contract services with the University of California, Davis to support the California Epidemiologic Investigation Service Fellowship Program. These adjustments reflect a net-zero shift of existing funds for this program from local assistance to state operations.

Online Accreditation and Certification Application System (SB 1076)

(Issue 314 and 323)—It is requested that Item 4265-001-3155 be decreased by \$4,989,000 one-time to reflect withdrawal of resources proposed in the Governor's Budget. It is requested that Item 4265-001-0001 be increased by \$2,196,000 one-time to support the development of an online accreditation and application system for firms and individuals who perform lead renovation, repair, and painting work as required by Chapter 507, Statutes of 2022 (SB 1076). It is also requested that provisional language be added to extend encumbrance or expenditure authority through June 30, 2027, and authorize expenditure of up to \$1,760,000 upon approval by the California Department of Technology through the Project Approval Lifecycle (see Attachment 5).

Mental Health and Impacts of Social Media Adjustment (AB 1282) (Issue 328)—It is requested that Item 4265-001-3085 be increased by \$100,000 in 2025-26 and \$50,000 in 2026-27 and Item 4265-111-3085 be decreased by \$100,000 in 2025-26 and \$50,000 in 2026-27 to shift resources proposed in the Governor's Budget. These adjustments reflect a net-zero shift of proposed funds from local assistance to state operations.

Center for Health Care Quality Acute Psychiatric Hospitals Support (Issue 329)—It is requested that Item 4265-001-3098 be increased by \$1,029,000 and 5 positions ongoing to support investigations of complaints against Acute Psychiatric Hospitals.

Public Contract Code Exemption for Emergencies and Threats (Language Only)

(Issue 330)—It is requested that Item 4265-401 be added to exempt the Department of Public Health from Public Contract Code requirements for department operations supporting preparedness and response during emergencies or imminent threats with potential for significant public health impacts (see Attachment 6).

Elimination of Public Health Workforce Development and Engagement Program

(Issue 338)—It is requested that Item 4265-001-0001 be decreased by \$3.2 million to reflect elimination of resources for public health workforce upskilling and Provision 5 be removed.

Proposition 99 Expenditure Adjustments (Issues 364, 365, and 366)—It is requested that the following items be amended to reflect updated cigarette tax revenue estimates (from specified Cigarette and Tobacco Products Surtax Funds):

- Item 4265-001-0234 be decreased by \$723,000 ongoing.
- Item 4265-001-0236 be decreased by \$286,000 ongoing.
- Item 4265-111-0231 be decreased by \$6,256,000 ongoing.

Adjustment to Reflect Available Resources in the Breast Cancer Research Account, Breast Cancer Fund (Issue 368)—It is requested that Item 4265-001-0007 be decreased by \$10,000 ongoing to reflect updated cigarette tax revenue estimates.

Reversion of Unspent Public Health Funds Adjustments (Issue 370, 371 and 372)—It is requested that Item 4265-495 be added to revert \$2,650,000 in Item 4265-001-0001 in the 2022 Budget Act, \$8,430,000 in Item 4265-001-0001 in the 2023 Budget Act, \$16,128,000 in Item 4265-111-0001 in the 2021 Budget Act, and \$3,800,000 in Item 4265-111-0001 in the 2022 Budget Act for various unspent investments (see Attachment 7).

Overdose Prevention and Harm Reduction Initiative (Issue 374)—It is requested that Item 4265-111-3397 be increased by \$4,196,000 for support of the Overdose Prevention and Harm Reduction Initiative.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Nina Hoang, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Dawn Addis, Chair, Assembly Budget Subcommittee No. 1
Honorable Akilah Weber Pierson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
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Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Dr. Erica Pan, Director, Department of Public Health
Brendan McCarthy, Deputy Secretary of Program and Fiscal Affairs, California
Health and Human Services Agency
Julie Souliere, Assistant Secretary, California Health and Human Services Agency
Brandon Nunes, Chief Deputy Director of Operations, California Department of
Public Health
Phuong La, Deputy Director, Administration Division, California Department of
Public Health

4265-491—Reappropriation, State Department of Public Health. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2028:

3397—Opioid Settlement Fund

(1) Up to \$2,500,000 in Program 4045—Public and Environmental Health of Item 4265-001-3397, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022), to support the Opioid Public Awareness Campaign.

Add the following provision to Item 4265-001-3098:

Of the amount appropriated in Schedule (1), up to \$1,112,000 shall be made available for implementation and the maintenance and operation of the Patient Safety and Antidiscrimination Project, upon the approval of a Project Delegation Request or the Project Approval Lifecycle by the California Department of Technology.

Add the following provision to Item 4265-004-0942:

1. Of the amount appropriated in Schedule (1), up to \$8,000,000 shall be made available for encumbrance or expenditure upon the approval of a Minimum Viable Product by the Department of Technology and the Department of Finance.

4265-492—Reappropriation, Department of Public Health. The amounts specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2028:

3385—Transgender, Gender Nonconforming, and Intersex Wellness and Equity Fund

1. Up to \$441,000 in Program 4045—Public and Environmental Health of Item 4265-001-3385, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022). Notwithstanding any other law, contracts entered into or amended pursuant to this provision are exempt from the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, the State Administrative Manual, and the State Contracting Manual, and are exempt from the review or approval of the Department of General Services.
2. Up to \$6,772,000 in Program 4045—Public and Environmental Health of Item 4265-111-3385, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022). Notwithstanding any other law, contracts entered into or amended pursuant to this provision are exempt from the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, the State Administrative Manual, and the State Contracting Manual, and are exempt from the review or approval of the Department of General Services.

Add the following provision to Item 4265-001-0001:

15. Of the funds appropriated in Schedule (2), \$2,196,000 shall be available for encumbrance or expenditure until June 30, 2027 for the State Department of Public Health to develop an online accreditation and certification application system.

- a. Up to \$1,760,000 of these funds shall be made available for the System Integrator Solution upon approval of Project Approval Lifecycle project documents by the California Department of Technology.

4265-401—The Department of Public Health may enter into exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis for the purposes of preparedness, mitigation, response and recovery activities for:

1. National, state, regional or local emergencies, defined as a sudden unexpected occurrence, emerging threat, natural disaster, or imminent public health hazard requiring Medical and Health Coordination Center activation or immediate action in preparedness for or in response to, the prevention or mitigation of loss or damage to life, health, property, or essential public services.
2. National, state, regional, or local threats, defined as a condition creating a substantial probability of harm requiring action to prevent, reduce, or mitigate damage to persons, property, or the public health or safety. Use of this exemption is limited to procure and address the need for required goods or services that cannot otherwise be met through normal procurement methods given the situational risk or urgency.

Contracts entered into or amended pursuant to this provision shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Section 19130 of the Government Code, Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, and the State Administrative Manual, and shall be exempt from review or approval of any division of the Department of General Services. Use of this exemption is limited to procure and address the need for required goods or services that cannot otherwise be met through normal procurement methods given the situational risk or urgency.

4265-495—Reversion, State Department of Public Health. As of June 30, 2025, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

- (1) Up to \$1,000,000 in Provision 6 of Item 4265-001-0001, Budget Act of 2023 (Chs. 12 and 38, Stats. 2023).
- (2) Up to \$1,420,000 in Provision 10 of Item 4265-001-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).
- (3) Up to \$840,000 in Provision 11 of Item 4265-001-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).
- (4) Up to \$1,270,000 in Provision 12 of Item 4265-001-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).
- (5) Up to \$1,200,000 in Provision 13 of Item 4265-001-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).
- (6) Up to \$1,700,000 in Provision 14 of Item 4265-001-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).
- (7) Up to \$1,000,000 in Provision 16 of Item 4265-001-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).
- (8) Up to \$250,000 in Provision 21 of Item 4265-001-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).
- (9) Up to \$1,000,000 in Provision 27 of Item 4265-001-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).
- (10) Up to \$500,000 in Provision 31 of Item 4265-001-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).
- (11) Up to \$900,000 in Provision 34 of Item 4265-001-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).

- (12) Up to \$3,800,000 in Provision 14 of Item 4265-111-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).
- (13) Up to \$15,800,000 in Provision 9 of Item 4265-111-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021).
- (14) Up to \$328,000 in Provision 10(d) of Item 4265-111-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021).

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Various Budget Bill Items and Reimbursements, Support and Local Assistance, and Statutory Changes, Department of Developmental Services

The May Revision include the following General Fund adjustments:

Increased Reimbursements and Cost Recovery (Issue 062)—It is requested that Item 4300-001-0001 be increased by \$1,118,000 and 4 positions and reimbursements be increased by \$155,000 and 1 position to support the development of improved processes to increase reimbursements and evaluate options to recoup costs for certain services. It is also requested that statutory changes be added to repeal the Parental Fee Program, redirecting 4 staff to this proposal.

Regional Centers – Self-Determination Program (Issue 075)—It is requested that Item 4300-101-0001 be decreased by \$22.5 million in fiscal year 2025-26 and \$45.5 million in 2026-27 and ongoing to reflect new guardrails that protect the sustainability of the program.

Regional Centers – Implicit Bias Training (Issue 078)—It is requested that Item 4300-101-0001 be decreased by \$5,553,000 and reimbursements be decreased by \$1,476,000 ongoing to eliminate dedicated resources for refreshing implicit bias training at regional centers. It is also requested that conforming statutory changes be added for these purposes.

Regional Centers – Health and Safety Waiver Assistance (Issue 079)—It is requested that Item 4300-101-0001 be decreased by \$3 million and reimbursements be decreased by \$1,412,000 ongoing for resources related to providing consumers and families assistance in applying for health and safety waivers. It is also requested that conforming statutory changes be added for these purposes.

Regional Centers – Service Provider Rate Reform Hold Harmless Provision

(Issue 086)—It is requested that Item 4300-101-0001 be decreased by \$75 million and reimbursements be decreased by \$37,952,000 one-time to end the service provider rate reform hold harmless policy in February 2026 instead of June 30, 2026. It is also requested that conforming statutory changes be added for these purposes.

Regional Centers – Direct Service Professional Workforce Training and Development

(Issue 088)—It is requested that Item 4300-101-0001 be decreased by \$17.6 million in 2025-26 and 2026-27 and by \$36.8 million ongoing to eliminate resources for this initiative, which has not yet been implemented. It is also requested that reimbursements be decreased by \$8,839,000 in 2025-26 and 2026-27, and \$18.5 million ongoing for these purposes.

Federal Access Rule (Issue 057)—It is requested that Item 4300-001-0001 be increased by \$1,642,000 and reimbursements be increased by \$285,000 one-time to facilitate compliance with the federal Home and Community-Based Services Access Rule mandate to establish a new grievance process for Medicaid consumers. It is also requested that provisional language be added for these purposes (see Attachment 1).

Staffing for Health and Safety Investigations and Due Process Caseload (Issue 058)—It is requested that Item 4300-001-0001 be increased by \$1,235,000 and 7 positions and reimbursements be increased by \$184,000 and 2 positions ongoing to address increased workload related to processing health and safety complaints submitted to the Department.

Clinical Monitoring Team Support for Specialized Community Homes (Issue 060)—It is requested that Item 4300-001-0001 be increased by \$544,000 and 3 positions and reimbursements be increased by \$136,000 and 1 position ongoing to provide additional staffing related to the monitoring of specialized community homes.

Public Records Act – Regional Center Requirements (AB 1147) (Issue 073)—It is requested that Item 4300-001-0001 be decreased by \$655,000 and 5 positions and reimbursements be decreased by \$164,000 and 1 position ongoing to adjust the Governor's Budget request based on updated resource needs.

Life Outcomes Improvement System (Issue 077)—It is requested that Item 4300-001-0001 be increased by \$2,324,000 and reimbursements be increased by \$3,720,000 one-time to support continued planning for the Life Outcomes Improvement System project. It is also requested that Item 4300-101-0001 be increased by \$2,789,000 and reimbursements be increased by \$4,466,000 one-time for these purposes.

Regional Centers – Caseload and Utilization May Revision (Issue 067)—It is requested that Item 4300-101-0001 be decreased by \$168,013,000 and reimbursements be decreased by \$57,795,000 ongoing. It is also requested that Item 4300-101-0890 be decreased by \$107,000 ongoing. These adjustments reflect updated expenditure estimates in operations and purchase of services driven by caseload and utilization.

Language Only—It is requested that Provision 2 of Item 4300-101-0001 be amended to change General Fund loan authority from \$1,290,420,000 to \$1,269,819,000 to reflect revised federal reimbursement estimates (see Attachment 2).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Christopher Odneal, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Corey Jackson, Chair, Assembly Budget Subcommittee No. 2
Honorable Akilah Weber Pierson, Chair, Senate Budget and Fiscal Review Subcommittee No. 3
Gabriel Petek, Legislative Analyst
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Brendan McCarthy, Deputy Secretary, Health and Human Services Agency
Debra Cooper, Assistant Secretary, Health and Human Services Agency
Pete Cervinka, Director, Department of Developmental Services
Carla Castañeda, Chief Deputy Director, Department of Developmental Services
Michi Gates, Chief Deputy Director, Department of Developmental Services
Steven Pavlov, Chief Financial Officer, Department of Developmental Services

Add Provision 7 to Item 4300-001-0001 as follows:

7. The Department of Finance may decrease this item by up to \$1,642,000 if the Centers for Medicare and Medicaid Services' Ensuring Access to Medicaid Services Final Rule (CMS-2442-F) 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.

Amend Provision 2 of Item 4300-101-0001 as follows:

"2. A loan or loans shall be made available from the General Fund to the State Department of Developmental Services not to exceed a cumulative total of ~~\$1,290,420,000~~ \$1,269,819,000. The loan funds shall be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements from the Health Care Deposit Fund. All moneys so transferred shall be repaid as soon as sufficient reimbursements have been collected to meet immediate cash needs and in installments as reimbursements accumulate if the loan is outstanding for more than one year."



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Addition of Budget Bill Items 4300-301-0001 and Item 4300-496, Capital Outlay, Department of Developmental Services

Porterville: Install Fire Sprinkler System—It is requested that Item 4300-301-0001 be added in the amount of \$2,196,000 one-time General Fund for the construction phase of this project and Item 4300-496 be added to revert \$1,148,000 General Fund of existing authority for the construction phase, resulting in a net increase of \$1,048,000 (see Attachments 1 and 2). The overall cost of the construction phase is \$6,101,000, of which \$3,905,000 was previously encumbered. This project has experienced delays as many of the buildings are protected by historic building code and require extensive design, inspection, and preservation planning. These delays, along with revised estimates of project overhead, have led to the need for additional funding.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Randall Katz, Principal Program Budget Analyst, at (916) 445-9694.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
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Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Corey Jackson, Chair, Assembly Budget Subcommittee No. 2
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Pete Cervinka, Director, Department of Developmental Services
Carla Castañeda, Chief Deputy Director, Department of Developmental Services
Michi Gates, Chief Deputy Director, Department of Developmental Services
Steven Pavlov, Chief Financial Officer, Department of Developmental Services

Attachment 1

4300-301-0001—For capital outlay, State Department of Developmental
Services.....2,196,000

Schedule:

(1) 0007358-Porterville: Install Fire Sprinkler System.....2,196,000

(a) Construction 2,196,000

Attachment 2

4300-496—Reversion, State Department of Developmental Services. As of June 30, 2025, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances in the funds from which the appropriations were made.

0001—General Fund

(1) Item 4300-301-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).

(1) 0007358-Porterville: Install Fire Sprinkler System

(a) Construction

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 4440-011-0001 and Addition of Items 4440-490 and 4440-495, and Reimbursements, Support, and Statutory Changes, Department of State Hospitals

Electronic Health Records Continuum Project Phase 1 Implementation (Issue 012)—It is requested that Item 4440-490 be added to reappropriate \$7,461,000 from Item 4440-011-0001, 2024 Budget Act, to support costs associated with planning and implementation of the Electronic Health Records project (see Attachment 1). It is also requested that provisional language be added to Item 4440-011-0001 to allow for increases in expenditure authority associated with an updated project schedule and negotiated vendor costs (see Attachment 2).

DSH-Coalinga Telepsychology Pilot (Issue 069)—It is requested that Item 4440-011-0001 be increased by \$474,000 in fiscal year 2025-26, and \$342,000 in 2026-27 and 2027-28 to support a 3-year telepsychology pilot at DSH-Coalinga.

CONREP Non-Sexually Violent Predator Program (Issue 070)—It is requested that Item 4440-011-0001 be decreased by \$3,335,000 in 2024-25 to reflect savings related to a reduced patient census and program closures.

County Bed Reimbursement Authority (Issue 071)—It is requested that Item 4440-011-0001 be amended by increasing reimbursements by \$13,402,000 in 2025-26, and \$21,023,000 in 2026-27 and ongoing for an updated contract with the California Mental Health Services Authority for the treatment of Lanterman Petris Short patients.

Incompetent to Stand Trial Program Savings (Issue 072)—It is requested that Item 4440-011-0001 be decreased by \$10,866,000 in 2024-25, \$37,816,000 in 2025-26, \$39,029,000 in 2026-27, and \$50,968,000 in 2027-28 and ongoing to reflect savings associated with changes to the Early Access and Stabilization Services program and the Jail Based Competency Treatment program.

DSH-Metropolitan Increased Secure Bed Capacity (Issue 073)—It is requested that Item 4440-011-0001 be decreased by \$5,880,000 in 2024-25 to reflect savings related to unrealized staffing costs from a three-month delay in the construction of the Skilled Nursing Facility building at DSH-Metropolitan.

Patient Driven Operating Expenses and Equipment (Issue 074)—It is requested that Item 4440-011-0001 be decreased by \$1,481,000 in 2024-25 and increased by \$290,000 in 2025-26 and ongoing to account for a projected increase in utilities, pharmaceuticals, foodstuffs, and outside hospitalization costs related to updated patient census data.

Educational Institution Partnership Contracts (Language Only) (Issue 087)—It is requested that provisional language be added to Item 4440-011-0001 to allow the Department of State Hospitals to enter into agreements with educational institutions and hospitals to provide clinical training and education (see Attachment 2).

Prior Authorization Software (Issue 088)—It is requested that Item 4440-011-0001 be decreased by \$250,000 in 2025-26, \$500,000 in 2026-27, and \$1 million in 2027-28 and ongoing to reflect savings associated with implementation of prior authorization software.

Various Operational Efficiencies (Issue 089)—It is requested that Item 4440-011-0001 be decreased by \$4,767,000 in 2025-26, \$5,899,000 in 2026-27, and \$2,321,000 in 2027-28 and ongoing to reflect savings associated with various operational efficiencies.

Rightsize Isolation Unit Staffing (Issue 091)—It is requested that Item 4440-011-0001 be decreased by \$22,100,000 and 124.1 positions ongoing to align isolation staffing resources with current utilization trends.

Decrease Court Reporting Requirements for Not Guilty by Reason of Insanity Patients (Issue 092)—It is requested that Item 4440-011-0001 be decreased by \$1.5 million ongoing and 3.1 positions conforming statutory changes are adopted to align court reporting requirements among long-term commitment patients.

Rightsize Community-Based Restoration and Felony Diversion Program Resources (Issue 093)—It is requested that Item 4440-011-0001 be decreased by \$12,306,000 ongoing to align program resources with current utilization trends.

Rightsize Incompetent to Stand Trial Program (Issue 094)—It is requested that Item 4440-011-0001 be decreased by \$4,513,000 in 2024-25, \$161,192,000 in 2025-26, \$238,839,000 in 2026-27, and \$157,262,000 in 2027-28 and ongoing. It is also requested that Item 4440-495 be added to revert \$4,605,000 from Item 4440-011-0001, 2023 Budget Act, and \$4,513,000 from Item 4440-011-0001, 2024 Budget Act (see Attachment 3).

Eliminate Incompetent to Stand Trial Infrastructure Grant Program (Issue 090)—It is requested that Item 4440-495 be added to revert \$232.5 million from Item 4440-011-0001, 2022 Budget Act (see Attachment 3).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Joseph Donaldson, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Dawn Addis, Chair, Assembly Budget Subcommittee No. 1
Honorable Akilah Weber Pierson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Brendan McCarthy, Deputy Secretary, Health and Human Services
Darci Delgado, Assistant Secretary, Health and Human Services Agency
Stephanie Clendenin, Director, Department of State Hospitals
Chris Edens, Chief Deputy Director - Program Services, Department of State Hospitals
Brent Houser, Chief Deputy Director - Operations, Department of State Hospitals
Stephanie Chambers, Chief Financial Officer, Department of State Hospitals

4440-490—Reappropriation, State Department of State Hospitals. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2026:

0001—General Fund

- (1) Item 4440-011-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024), Program 4400-Administration and 4410-State Hospitals, to support the Electronic Health Records Continuum Project.

Add Provisions 14 and 15 to Item 4440-011-0001 as follows:

14. (a) The Department of State Hospitals may enter into agreements with educational institutions and hospitals for the purpose of providing clinical training and educational opportunities related to providing care to patients. The training may take the form of but not be limited to rotations, residencies, fellowships, internships or externships at a state operated hospital, as defined in Section 4100 of Welfare and Institutions Code or internships for DSH employees and interns to receive clinical training and educational opportunities at a hospital or clinical program.

(b) These agreements shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Section 19130 of the Government Code, Section 18670 of the Government Code, Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, and the State Administrative Manual, and from the review or approval of any division of the Department of General Services.

15. The Department of Finance may increase expenditure authority in this item for costs associated with an updated project schedule and negotiated vendor costs for the Electronic Health Record Continuum project, upon notification from the Department of State Hospitals. Any such increase shall be authorized no sooner than 30 days following written notification to the Chairperson of the Joint Legislative Budget Committee, or a lesser period if requested by the department and approved by the chairperson or the chairperson's designee.

4440-495—Reversion, Department of State Hospitals. As of June 30, 2025, the balances specified below, of the appropriations provided in the following citations shall revert to the fund balances in the funds from which the appropriation were made:

0001—General Fund

- (1) \$232,500,000 in Item 4440-011-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022), appropriated in Program 4430-Contracted Patient Services for support of the Incompetent to Stand Trial Infrastructure Grant Program.
- (2) \$4,513,000 in Item 4440-011-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023), appropriated in Program 4430-Contracted Patient Services for support of the Incompetent to Stand Trial Solutions.
- (3) \$4,605,000 in Item 4440-011-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024), appropriated in Program 4430-Contracted Patient Services for support of the Incompetent to Stand Trial Solutions.



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to Budget Bill Item 4440-301-0001, and Addition of Items 4440-491 and 4440-496
Capital Outlay, Department of State Hospitals**

Coalinga: Hydronic Loop Replacement—It is requested that Item 4440-301-0001 be increased by \$34,354,000 one-time General Fund for the construction phase of this project and Item 4440-496 be added to revert \$26,176,000 General Fund of existing authority, resulting in a net increase of \$8,178,000. Due to project location, challenges working within a secured facility, and complex soil conditions, bids came in higher than expected, and the additional funding is necessary to award the construction contract (see Attachment 1).

Patton: Fire Alarm System Upgrade—It is requested that Item 4440-491 be added to reappropriate \$21,619,000 General Fund for the construction phase of this project. Due to the complex nature of the project, initial phasing requirements, and updates to the California Building Standards Code, the project experienced significant delays during the design phase. The COVID-19 pandemic further exacerbated these delays (see Attachment 2).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Randall Katz, Principal Program Budget Analyst, at (916) 445-9694.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Dawn Addis, Chair, Assembly Budget Subcommittee No. 1
Honorable Akilah Weber Pierson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Brent Houser, Chief Deputy Director of Operations, Department of State Hospitals
Robert Horsley, Chief Operating Officer, Administrative Services Division, Department of
State Hospitals
Joshua Kaiser, Chief Construction Officer, Administrative Services Division, Department of
State Hospitals

4440-496—Reversion, State Department of State Hospitals. As of June 30, 2025, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances in the funds from which the appropriations were made.

0001—General Fund

- (1) Item 4440-301-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021)
 - (1) 0008343-Cooling: Hydronic Loop Replacement
 - (a) Construction

4440-491—Reappropriation, State Department of State Hospitals. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2028:

0001—General Fund

- (1) Item 4440-301-0001, Budget Act of 2018 (Chs. 29 and 30, Stats. 2018), as reappropriated by Item 4440-490, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019) and Budget Act of 2020 (Chs. 6 and 7, Stats. 2020), as reappropriated by Item 4440-491, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022)
 - (1) 0000718-Patton: Fire Alarm System Upgrade
 - (a) Construction
- (2) Item 4440-301-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022)
 - (1) 0000718-Patton: Fire Alarm System Upgrade
 - (a) Construction

May 14, 2025

Honorable Scott Weiner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items, Support and Local Assistance, Behavioral Health Services Oversight and Accountability Commission

Emergency, Psychiatric Assessment, Treatment, and Healing (EmPATH) Units Liquidation Deadline Extension (Issue 024)—It is requested that Item 4560-491 be added to extend the liquidation deadline of up to \$7,768,000 one-time from Provision 1 of Item 4560-101-3085, Budget Act of 2021, through June 30, 2027. The liquidation deadline extension will support grants for EmPATH Units delivering psychiatric care to individuals with behavioral health conditions pursuant to Chapter 47, Statutes of 2022 (SB 184) (see Attachment 1).

Early Psychosis Intervention (EPI) Plus Program Liquidation Deadline Extension (Issue 025)—It is requested that Item 4560-491 be added to extend the liquidation deadline of up to \$430,000 one-time from Provision 3 of Item 4560-101-3085, Budget Act of 2019, through June 30, 2026. The liquidation deadline extension will support evidence-based early psychosis and mood disorder detection through the EPI Plus Program pursuant to Chapter 414, Statutes of 2017 (AB 1315) (see Attachment 1).

Elimination of Mental Health Wellness Act Funding (Issue 026)—It is requested that Item 4560-101-3085 be decreased by \$20 million in fiscal year 2025-26 and ongoing (see Attachment 2).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Paula Fonacier Tang, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
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Honorable Heath Flora, Vice Chair, Assembly Budget Committee
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Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Brendan McCarthy, Deputy Secretary of Program and Fiscal Affairs, California Health
and Human Services Agency
Kimberly Chen, Assistant Secretary, California Health and Human Services Agency
Will Lightbourne, Interim Executive Director, Behavioral Health Services Oversight and
Accountability Commission
Kendra Zoller, Deputy Director of Legislative and External Affairs, Behavioral Health
Services Oversight and Accountability Commission
Norma Pate, Deputy Director of Administrative and Legislative Services, Behavioral
Health Services Oversight and Accountability Commission

4560-491—Reappropriation, Behavioral Health Services Oversight and Accountability Commission. Notwithstanding any other law, the period to liquidate encumbrances of the following citations is extended as specified below:

3085—Behavioral Health Services Fund

- (1) Up to \$430,000 of the amount appropriated in Provision 3 of Item 4560-101-3085, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), extended to June 30, 2026.
- (2) Up to \$7,768,000 of the amount appropriated in Provision 1 of Item 4560-101-3085, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021), extended to June 30, 2027.

Amend Item 4560-101-3085 as follows:

"4560-101-3085—For local assistance, Behavioral Health Services Oversight and Accountability Commission, payable from the Behavioral Health Services Fund	34,306,000
	<u>14,306,000</u>

Schedule:

	4170-Behavioral Health Services	
	Oversight and Accountability	34,306,000
(1)	Commission	<u>14,306,000</u>

Provisions:

1.

~~Of the funds appropriated in this item, \$20,000,000 is available for encumbrance or expenditure until June 30, 2026, to support crisis prevention, early intervention, and crisis response strategies described in Part 3.8 (commencing with Section 5848.5) of Division 5 of the Welfare and Institutions Code."~~



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 4700-101-0001, and Addition of Various Items, Support and Local Assistance, Department of Community Services and Development

Climate Bond (Proposition 4): Low-Income Weatherization Program Farmworker Housing Component (Issue 022)—It is requested that Item 4700-001-6093 be added in the amount 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 - Reappropriation (Issue 017)—It is requested that Item 4700-490 be added to extend the liquidation period for one-time 2021-22 General Fund resources supporting the Low-Income Weatherization Program Farmworker Housing Component (see Attachment 1).

Low-Income Weatherization Program Multifamily Housing Component - Reappropriation (Issue 018)—It is requested that Item 4700-491 be added to reappropriate the remaining balance of unexpended one-time 2022-23 General Fund resources and Item 4700-492 be added to extend the liquidation period for one-time 2022-23 General Fund resources supporting the Low-Income Weatherization Program Multifamily Housing Component (see Attachments 2 and 3).

Language Only

General Fund Cash Flow Loan—It is requested that Provision 1 be added to Item 4700-101-0001 authorizing 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 (see Attachment 4).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Christopher Odneal, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
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Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Benjamin Allen, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Corey Jackson, Chair, Assembly Budget Subcommittee No. 2
Honorable Akilah Weber Pierson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brendan McCarthy, Deputy Secretary, Health and Human Services Agency
Debra Cooper, Assistant Secretary, Health and Human Services Agency
Jason Wimbley, Director, Department of Community Services and Development
Daphne Hunt, Deputy Director, Department of Community Services and
Development
Megan Rivers, Deputy Director, Department of Community Services and
Development
Rob McAndrews, Deputy Director, Department of Community Services and
Development
Chris Vail, Chief Financial Officer, Department of Community Services and
Development

4700-490—Reappropriation, Department of Community Services and Development. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citation is extended to June 30, 2026.

0001—General Fund

(1) Item 4700-101-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021)

4700-491—Reappropriation, Department of Community Services and Development.
The balances of the appropriations provided in the following citations are
reappropriated for the purposes provided for in those appropriations and shall be
available for encumbrance expenditure, and liquidation until June 30, 2026:

0001—General Fund

(1) Item 4700-001-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022)

4700-492—Reappropriation, Department of Community Services and Development. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citation is extended to June 30, 2026.

0001—General Fund

(1) Item 4700-101-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022)

Add Provision 1 to Item 4700-101-0001 as follows:

1. Notwithstanding any other law, the Director of Finance may authorize a loan or loans from the General Fund to the Department of Community Services and Development in an amount not to exceed a cumulative total of \$40,000,000, subject to the following conditions:
 - (a) The loan funds shall be transferred to this item to meet cash needs resulting from a delay in receipt of federal funds.
 - (b) The loan is for a short term and shall be repaid first when the federal funds for the program or programs become available.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance shall not approve the loan unless the affected department or agency has provided the Director, in writing, with a detailed cash flow analysis along with a list of all funds within the department's budgetary discretion and their ability to repay the loan should the federal award be terminated.

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to Budget Bill Items 5175-101-0890 and 5175-101-8004, Local Assistance,
Department of Child Support Services**

Local Assistance May Revision (Issue 015)—It is requested that Item 5175-101-0890 be decreased by \$1,490,000 ongoing to update federal fund local assistance expenditures based on additional child support collections data becoming available. It is estimated there will be a corresponding increase in collections received for the federal government's share of child support recoupment.

It is also requested that Item 5175-101-8004 (Child Support Collections Recovery Fund) be increased 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.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Christopher Odneal, Principal Program Budget Analyst, at (916) 445-6423.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Corey Jackson, Chair, Assembly Budget Subcommittee No. 2
Honorable Akilah Weber Pierson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brendan McCarthy, Deputy Secretary, Health and Human Services Agency
K. Jones, Assistant Secretary, Health and Human Services Agency
Kristen Erickson-Donadee, Director, Department of Child Support Services
Melissa Stone, Chief Deputy Director, Department of Child Support Services
Nan Chen, Chief Financial Officer, Department of Child Support Services

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to, Addition of, and Elimination of Various Budget Bill Items and Reimbursements, Support and Local Assistance, Department of Social Services

In-Home Supportive Services Community First Choice Option Late Penalties (Issue 246)—It is requested that Item 5180-111-0001 be decreased by \$81 million in fiscal year 2025-26 and ongoing to reflect a shift of penalties to counties for In-Home Supportive Services Community First Choice Option reassessment late penalties.

In-Home Supportive Services Provider Overtime and Travel Hours (Issue 252)—It is requested that Item 5180-111-0001 be decreased by \$707,454,000 in 2025-26 and ongoing and reimbursements be decreased by \$850,673,000 in 2025-26 and ongoing to cap In-Home Supportive Services provider overtime and travel hours at 50 hours per week. It is also requested that statutory changes be added for these purposes.

Emergency Child Care Bridge (Issue 262)—It is requested that Item 5180-101-0001 be decreased by \$30,602,000 and Item 5180-151-0001 be decreased by \$12,067,000 in 2025-26 and ongoing to align to the Emergency Child Care Bridge program funding with current expenditures. Approximately \$51 million General Fund remains to support the program for state operations and local assistance.

Child Care Cost of Living Adjustment (Issue 263)—It is requested that Item 5180-101-0001 be decreased by \$60,654,000 in 2025-26 and ongoing to reflect a suspension of the statutory cost of living adjustment in 2025-26. It is also requested that statutory changes be added for this purpose.

In-Home Supportive Services for Undocumented Adults (Issue 265)—It is requested that Item 5180-111-0001 be decreased by \$158,794,000 in 2025-26 and ongoing to reflect the elimination of In-Home Supportive Services for undocumented adults, aged 19 and older. It is also requested that statutory changes be added for these purposes.

Family Urgent Response System (Issue 269)—It is requested that Item 5180-151-0001 be decreased by \$13 million in 2025-26 and ongoing to align budgeted funds with current expenditures. Approximately \$18 million (\$17 million General Fund) remains to support the system.

Medi-Cal Assets for Older and Disabled Adults (Issue 274)—It is requested that Item 5180-111-0001 be decreased by \$25,519,000 in 2025-26 and ongoing and reimbursements be decreased by \$30,320,000 in 2025-26 and ongoing to conform In-Home Supportive Services with the reinstatement of the Medi-Cal asset limit for older and disabled adults.

Support

Facility Management System (Issue 006)—It is requested that Item 5180-001-0001 be increased by \$14,784,000 one-time in 2025-26 to provide resources to implement the first phase of the Facility Management System. Additionally, it is requested that provisional language be added to make expenditure of these funds contingent upon project approval by the Department of Technology and in alignment with approved project documents (see Attachment 1).

Preschool Development Grant Award Authority Adjustment (Issue 144)—It is requested that Item 5180-001-0001 be amended by increasing reimbursements by \$280,000 one-time for the Preschool Development Grant, consistent with the adjustment in Issue 065 of the California Health and Human Services Agency Letter.

Child Care Direct Deposit Staffing and Reappropriation (Issue 146)—It is requested that Item 5180-001-0001 be increased by \$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. It is requested that Provision 15 be added to 5180-001-0001 and that Item 5180-491 be added to reappropriate up to \$1.1 million from Item 5180-001-0001 of the 2022 Budget Act to extend the existing direct deposit contract funds (see Attachments 1 and 2).

Administration of SUN Bucks (Issue 153)—It is requested that Item 5180-001-0001 be increased by \$267,000 in 2025-26, \$262,000 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. It is also requested that Item 5180-001-0890 be increased by \$267,000 in 2025-26, and \$262,000 in 2026-27 and ongoing. It is also requested that provisional language be added to Items 5180-001-0001, 5180-141-0001, and 5180-141-0890 for contract exemption language related to administration of the program (see Attachments 1, 3, and 4).

Prospective Pay Implementation (Issue 164)—It is requested that Item 5180-001-0001 be increased by \$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.

Ongoing Resources for Increased Immigration Services Bureau Workload (Issue 165)—It is requested that Item 5180-001-0001 be increased by \$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, Chapter 628, Statutes of 2024 (SB 1043) (Issue 171)—It is requested that Item 5180-001-0001 be increased by \$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 (Issue 173)—It is requested that Item 5180-001-0001 be increased by \$788,000 and 6.3 positions in 2025-26, \$771,000 and 6.3 positions in 2026-27 and 2027-28, and \$538,000 and 4.2 positions in 2028-29 and ongoing to provide additional resources to support the implementation of the Tiered Rate Structure. It is also requested that Item 5180-101-0890 be increased by \$1,103,000 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 (Issue 188)—It is requested that Item 5180-001-0001 be decreased by \$1,171,000 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 (Issue 258)—It is requested that Item 5180-011-0890 be eliminated as the federal fund transfer authority is no longer necessary. It is also requested that Item 5180-001-0131 be decreased by \$996,000 to reflect the removal of the federal fund transfer amount. 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—It is requested that Provision 2 be added to Items 5180-011-0001 and 5180-001-0131 to authorize Finance to increase 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 (see Attachments 5 and 6).

Local Assistance

May Revision Caseload Adjustments (Issues 192, 193, 194, 195, 196, 261, and 283)—The 2025-26 May Revision proposes a net increase of \$1,779,811,000 total funds in 2025-26 that is primarily driven by updated caseload estimates since the 2025-26 Governor's Budget. The net increase in total funds in 2025-26 is comprised of a \$864,932,000 General Fund increase, \$4,473,000 federal funds increase, \$750,000 special funds decrease, and \$911,156,000 reimbursements increase. Caseload and workload changes since the 2025-26 Governor's Budget are displayed in the 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

New Aid Code for TANF Timed-Out Two-Parent Families (Issue 197)—It is requested that Item 5180-141-0890 be increased by \$455,000 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 (Issue 198)—It is requested that Item 5180-101-0001 be increased by \$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 (Issue 199)—It is requested that Item 5180-141-0890 be increased by \$270,000 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 (Issue 200)—It is requested that Item 5180-141-0001 be increased by \$700,000 in 2025-26 and Item 5180-141-0890 be increased by \$1 million 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. It is also requested that provisional language be added to Item 5180-141-0001 (see Attachment 3).

Pay Providers Prospectively (Issue 201)—It is requested that Item 5180-101-0001 be increased by \$51,992,000 in 2025-26 and \$43,803,000 ongoing to provide resources to contractors for administrative support costs to implement prospective pay to comply with federal requirements (see Attachment 7).

Refugee Cash Assistance Eligibility Change (Issue 211)—It is requested that Item 5180-141-0001 be increased by \$30,000 and 5180-141-0890 be increased by \$266,000 in 2025-26 for automation changes to effectuate the federal changes to the Refugee Cash Assistance (RCA) program.

Elimination of the CalWORKs RADEP and E2Life (Issue 231)—It is requested that Item 5180-101-0001 be reduced by \$1,147,000 in 2025-26 and ongoing and Item 5180-101-0890 be reduced by \$17,015,000 in 2025-26 and ongoing to replace county welfare to work data reporting activities based on federal reporting requirements with data elements using administrative data extracts from CalSAWS, instead of the Research and Development Enterprise Project (RADEP) and E2Life.

Streamlining the CalWORKs Program Experience (Issue 232)—It is requested that Item 5180-141-0890 be increased by \$1,521,000 in 2025-26 to reflect the projected savings as a result of implementation of a series of policy changes related to expanding allowable welfare to work activities, reassessing mandatory activities, and simplifying the curing of sanctions.

Child and Adolescent Needs and Strengths Fidelity and Training (Issue 237)—It is requested that Item 5180-151-0001 be increased by \$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. It is also requested that Item 5180-151-0890 be increased by \$335,000 in 2025-26 and ongoing for corresponding federal funds. These adjustments are in addition to the proposal included in the Governor's Budget.

Rate Reform Support Costs Issue 251)—It is requested that Item 5180-101-0890 be increased by \$21,767,000 one-time in 2025-26 to support start-up state, county, and contractor automation activities (see Attachment 8).

Administrative Support for Alternative Payment Programs (Issue 260)—It is requested that Item 5180-101-0001 be increased by \$70 million in 2025-26 and ongoing to provide resources to Alternative Payment Program agencies for administration and support costs associated with implementing ongoing provisions of the Memorandum of Understanding with Child Care Providers United.

Case Management Information and Payrolling System Automation for Ensuring Access to Medicaid Services Final Rule (Issue 278)—It is requested that Item 5180-111-0001 be increased by \$162,000 one-time in 2025-26 and reimbursements be increased by \$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. It is also requested that provisional language be added to authorize Finance to decrease this item and related reimbursement up to these amounts if the rule is rescinded or repealed (see Attachment 9).

Provisional Language Only: CalFresh Employment and Training Fund—It is requested that Provision 3 be added to Item 5180-141-0890 to allow for the transferring of federal funds to the newly established CalFresh Employment and Training Fund (Fund 8508) (see Attachment 4).

Provisional Language Only: Ongoing Temporary Protected Status Deadline Extension— It is requested that Provision 13 be added to Item 5180-151-0001 to extend 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 (see Attachment 10).

Provisional Language Only: Child Welfare Services - California Automated Response and Engagement System—It is requested that Provision 9(a) of Item 5180-141-0001 be amended to provide flexibility for Finance to increase augmentation amounts available from prior year (see Attachment 6).

Various Reappropriations for Support and Local Assistance through June 30, 2026—It is requested that Item 5180-491 be added to reappropriate funding from the following items through June 30, 2026 (see Attachment 2):

- Up to \$80 million from Item 5180-101-0001, Budget Act of 2024, for the State Supplemental Grant Program.
- Up to \$25 million from Item 5180-141-0001, Budget Act of 2023, for the California Statewide Automated Welfare System interface with the Child Welfare Services - California Automated Response and Engagement System.
- Up to \$1,820,000 from Item 5180-141-0001, Budget Act of 2024, for automation in the California Statewide Automated Welfare System to support implementation of the foster care Tiered Rate Structure.
- Up to \$2,531,000 from Item 5180-141-000, Budget Act of 2024, for automation in the Child Welfare Services - California Automated Response and Engagement System to support implementation of the foster care Tiered Rate Structure.
- Up to \$2,531,000 from Item 5180-141-0890, Budget Act of 2024, for automation in the Child Welfare Services - California Automated Response and Engagement System to support implementation of the foster care Tiered Rate Structure.

- Up to \$40 million from Item 5180-151-0001, Budget Act of 2022, to increase the use of home-based family care and the provision of services and supports to children in foster care and their foster caregivers.
- Up to \$301,000 from Item 5180-151-0001, Budget Act of 2024, for the County Welfare Department Offices Physical Accessibility Review.
- Up to \$1.1 million from Item 5180-001-0001, Budget Act of 2022, to extend the existing direct deposit contract funds.
- Up to \$1,850,000 from Item 5180-001-0001, Budget Act of 2024, to allow the Department of Social Services to conduct a contracted zero trust assessment to comply with statewide cybersecurity standards.

Various Reappropriations through June 30, 2027—It is requested that Item 5180-492 be added to reappropriate funding from the following items through June 30, 2027 (see Attachment 11):

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

Provisional Language Only: Rapid Response Reappropriation—It is requested that Item 5180-493 be added to reappropriate all remaining Rapid Response Funds from the Budget Acts of 2021, 2022, and 2023, to continue services for the Rapid Response Program (see Attachment 12).

Provisional Language Only: California Food Assistance Program Expansion Reappropriation—It is requested that Item 5180-494 be added to reappropriate up to \$38,000,000 General Fund to be available through June 30, 2029, for the automation of the California Food Assistance Program expansion (see Attachment 13).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Tamar Weber, Aanam Khan, or Kia Cha, Principal Program Budget Analysts, at (916) 445-6423.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Corey Jackson, Chair, Assembly Budget Subcommittee No. 2
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Kim Johnson, Secretary, California Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brendan McCarthy, Deputy Secretary, Health and Human Services Agency
K. Jones, Assistant Secretary, Health and Human Services Agency
Jennifer Troia, Director, Department of Social Services
Claire Ramsey, Chief Deputy Director, Department of Social Services
David Swanson Hollinger, Chief Deputy Director, Department of Social Services
Juliana Vignalats, Chief Operating Officer, Department of Social Services
Kira Younger, Acting Chief Financial Officer, Department of Social Services
Nathan Hart, Budget Bureau Chief, Department of Social Services

Add Provisions 15, 16, & 17 to Item 5180-001-0001 as follows:

15. Upon approval of the Department of Finance, Schedule (1) may be augmented to continue the contract to provide direct deposit payments with vendors until the FISCAL EFT system is fully integrated into the State Department of Social Services' accounting and payment business practices. The State Department of Social Services is hereby authorized to provide advance payment in order to implement direct deposit to child care contractors. Contracts awarded pursuant to this section shall be exempt from the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code. For purposes of this provision, the State Department of Social Services is exempt from the requirements of Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code and from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code.

16. Notwithstanding any other law, upon approval of the Plan for Operations and Management and the Implementation Advance Planning Document Update by the United States Department of Agriculture Food and Nutrition Service, the Department of Finance may augment this item for costs associated with the implementation and administration of the Summer Electronic Benefits Transfer for Children (Summer EBT) established pursuant to Section 1762 of Title 42 of the United State Code, also known as SUN Bucks, no sooner than 30 days after notification in writing is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

17. Of the amount appropriated in Schedule (2) up to \$14,784,000 is allocated for project activities associated with the Facility Management System project. The expenditure of funds is contingent upon project approval by the Department of Technology. Expenditures shall be in alignment with approved project documents.

5180–491—Reappropriation, State Department of Social Services. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided in those appropriations and shall be available for encumbrance or expenditure until June 30, 2026:

0001—General Fund

1. Up to \$1,100,000 of the amount appropriated in Schedule (1) of Item 5180-001-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for direct deposit to child care contractors pursuant to Provision 11.
2. Up to \$40,000,000 of the amount appropriated in Schedule (1) of Item 5180-151-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 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.
3. Up to \$25,000,000 of the amount appropriated in Schedule (1) of Item 5180-141-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023) to develop an interface with the Child Welfare Services - California Automated Response and Engagement System.
4. Up to \$1,850,000 of the amount appropriated in Schedule (2) of Item 5180-001-0001, Budget Act of 2024 (Chs. 22, 35 and 994, Stats. 2024) for Zero Trust Architecture and Multifactor Authentication planning.
5. Up to \$80,000,000 of the amount appropriated in Schedule 2 of Item 5180-101-0001, Budget Act of 2024 (Chs. 22, 35 and 994, Stats. 2024) for the State Supplemental Grant Program.
6. Up to \$1,820,000 of the amount appropriated in Schedule (1) of Item 5180-141-0001, Budget Act of 2024 (Chs. 22, 35 and 994, Stats. 2024) for automation in the California Statewide Automated Welfare System to support implementation of the foster care Tiered Rate Structure.
7. Up to \$2,531,000 of the amount appropriated in Schedule (1) of Item 5180-141-0001, Budget Act of 2024 (Chs. 22, 35 and 994, Stats. 2024) for automation in the Child Welfare Services – California Automated Response and Engagement System to support implementation of the foster care Tiered Rate Structure.
8. Up to \$301,000 of the amount appropriated in Schedule (2) of Item 5180-151-0001, Budget Act of 2024 (Chs. 22, 35 and 994, Stats. 2024) for the County Welfare Department Offices Physical Accessibility Review.

0890—Federal Fund

1. Up to \$2,531,000 of the amount appropriated in Schedule (1) of Item 5180-141-0890, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) for automation in the Child Welfare Services – California Automated Response and Engagement System to support implementation of the foster care Tiered Rate Structure.

Amend Provision 9(a) of Item 5180-141-0001 as follows:

"9. (a) Of the funds appropriated in Schedule (1), \$134,643,000 is for the support of activities related to the Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) project. Expenditure of these funds is contingent upon the CWS-CARES project receiving project continuation approval from the Department of Technology. This amount may be augmented up to \$23,647,000 by the Department of Finance upon completion of implementation services contract negotiations. Additionally, this amount may be augmented from ~~project savings~~ unspent appropriations and augmentation amounts authorized in prior years up to \$22,792,000 upon approval by the Department of Finance, in consultation with the Department of Technology. In providing approval of an augmentation through the use of ~~savings~~ unspent appropriations or augmentation amounts authorized in prior years, the Department of Finance shall consider verified satisfactory progress toward milestones associated with the CWS-CARES Product Roadmap, product adoption, and the roadmap change management process. Satisfactory progress shall be defined as: (1) the completion of planned product milestones including all planned data conversion, hardening, and testing without significant deviation from the baseline project cost, schedule, and scope in the most recent Special Project Report; (2) incorporation of relevant end user feedback into product design, development, and implementation, to the extent possible, without significant increases in the total CWS-CARES project cost, schedule, and scope; and (3) demonstrable progress made towards user adoption that is consistent with the project's strategic plan for user engagement, communication, and adoption, including clearly defined processes that measure and report on stakeholder engagements with the project (such as, for example, stakeholder impact assessments). Such an augmentation shall be aligned with planned project activities and shall not be used to increase total project costs. Any such augmentation shall be authorized no less than 30 calendar days following written notification to the Chairperson of the Joint Legislative Budget Committee, or a lesser period if requested by the Department of Finance and approved by the Chairperson of the Joint Legislative Budget Committee, or the chairperson's designee. The Department of Finance's written notification shall include, at a minimum, its consideration of verified satisfactory progress as defined above."

Add Provisions 13 and 14 to Item 5180-141-0001 as follows:

13. Notwithstanding any other law, for the purpose of administering and implementing the Summer Electronic Benefit Transfer program established pursuant to Section 1762 of Title 42 of the United States Code, any contract or grants entered into by the State Department of Social Services shall be exempt from the requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, and from the Public Contract Code and the State Contracting

Manual, and shall not be subject to the review or approval of the Department of General Services or the Department of Technology.

14. The Department of Finance may increase expenditure authority in this item for any unanticipated automation and county administrative costs resulting from the United States Department of Agriculture Food and Nutrition Service's determination of the state's Supplemental Nutrition Assistance Program's Standard Utility Allowance methodology update.

Add Provisions 2 and 3 to Item 5180-141-0890 as follows:

2. Notwithstanding any other law, for the purpose of administering and implementing the Summer Electronic Benefit Transfer program established pursuant to Section 1762 of Title 42 of the United States Code, any contract or grants entered into by the State Department of Social Services shall be exempt from the requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, and from the Public Contract Code and the State Contracting Manual, and shall not be subject to the review or approval of the Department of General Services or the Department of Technology.
3. Upon notification by the Department of Social Services, the State Controller is authorized to transfer funds from this Item to the CalFresh E&T Workers Compensation Fund (Fund 8508) in accordance with Welfare and Institutions Code 18926.8.

Add the following provision to Item 5180-011-0001 as follows:

2. The Department of Finance is authorized to approve expenditures in excess of the transfer amount appropriated in this item, upon notification from the State Department of Social Services of approved claims exceeding the amount appropriated in this item, to cover the additional costs associated with the increased annual claims paid on behalf of foster family homes, small family homes, resource families, and tribally-approved homes pursuant to Sections 1527 through 1527.8 of the Health and Safety Code.

Add the following provision to Item 5180-001-0131 as follows:

2. The Department of Finance is authorized to approve expenditures in excess of the amount appropriated in this item, upon notification from the State Department of Social Services of approved claims exceeding the amount appropriated in this item, to cover the additional costs associated with the increased annual claims paid on behalf of foster family homes, small family homes, resource families, and tribally-approved homes pursuant to Sections 1527 through 1527.8 of the Health and Safety Code.

Add Provision 19 to Item 5180-101-0001 as follows:

19. Of the amount appropriated in Schedule (3), up to \$51,992,000 is available to all programs funded by the State Department of Social Services under Chapter 3 (commencing with Section 10225), Chapter 6 (commencing with Section 10235), Chapter 7 (commencing with Section 10240), Chapter 8 (commencing with Section 10250), Chapter 9 (commencing with Section 10260), Chapter 21 (commencing with Section 10370), and Chapter 2 (commencing with Section 11461.6) of Part 2, for implementation costs associated with paying Child Care and Development providers prospectively. Notwithstanding any other law, the State Department of Social Services may direct the amount and manner of reimbursement for these costs and manner of implementation in written directives.

Add Provision 7 to Item 5180-101-0890 as follows:

7. Of the funds appropriated in Schedule (3), \$21,767,000 shall be allocated for Federal compliance items including, but not limited to, implementation of rates informed by the alternative methodology and the single rate structure.

(a) Notwithstanding any other law, contracts entered into or amended pursuant to this provision shall be exempt from the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, from the Public Contract Code and the State Contracting Manual, and shall not be subject to the review and approval of the Department of General Services, including provisions pursuant to Chapter 6 (commencing with Section 14825) of Part 5.5. of Division 3 of the Title 2 of the Government Code, Part 2 (commencing with 10100) of Division 2 of the Public Contract Code, and the State Administrative Manual.

(b) Notwithstanding Section 11546 of the Government Code, contracts entered into or amended pursuant to this provision are exempt from review or approval of any division of the Department of Technology, upon approval from the Department of Finance.

(c) Funds shall be available for encumbrance through September 30, 2027 and for liquidation through September 30, 2028 in alignment with the federal award.

Add the following provision to Item 5180-111-0001 as follows:

4. The Department of Finance may decrease this item by up to \$162,000 General Fund and \$1,294,000 reimbursements for the Ensuring Access to Medicaid Services Final Rule (CMS-2442-F) if the 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.

Add Provision 13 of Item 5180-151-0001 as follows:

13. Of the amount appropriated in this item, \$10,000,000 shall be available for legal services pursuant to Chapter 5.6 (commencing with Section 13300) of Part 3 of Division 9 of the Welfare and Institutions Code, for, but not limited to, unaccompanied undocumented minors and other minors in removal proceedings, and current or past beneficiaries of federal temporary protected status, to be allocated at the discretion of the State Department of Social Services. These funds shall be available for encumbrance until June 30, 2028, and expenditure until June 30, 2030. Use of these funds shall be reported in updates provided to the Legislature on the department's immigration programs.

5180-492—Reappropriation, State Department of Social Services. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided in those appropriations and shall be available for encumbrance or expenditure until June 30, 2027:

0001—General Fund

1. Up to \$4,000,000 of the amount appropriated in Schedule (1) of Item 5180-151-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021), for enhanced care planning and assessment services, exceptional care and supervision needs for a child in a licensed setting, or other exceptional community, educational, or family supports that have been identified by a qualified individual or a child and family team, as necessary to meet the needs of a child in the least restrictive setting.
2. Up to \$521,000 of the amount appropriated in Schedule (2) of Item 5180-101-0001 of the Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) for the California Fruit and Vegetable EBT Pilot Project.
3. Up to \$10, 434,000 of the funds transferred to state operations for the administration of housing programs pursuant to Provisions 15, 21, and 25 of Item 5180-151-0001 and Provision 9 of Item 5180-101-0001, 2021 Budget Act (Chs. 21, 69, and 240, Stats. 2021).

5180-493—Reappropriation, State Department of Social Services. The balances of the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2028:

0001—General Fund

- (1) Schedule (2) of Item 5180-151-0001 of the Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for the Rapid Response Program. The reappropriation shall include any funding that was transferred to 5180-001-0001 per Provision 23 of Item 5180-151-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021).
- (2) Schedule (2) of Item 5180-151-0001 of the Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for the Rapid Response Program. The reappropriation shall include any funding that was transferred to 5180-001-0001 per Provision 26 of Item 5180-151-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).
- (3) Schedule (2) of Item 5180-151-0001 of the Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023) for the Rapid Response Program. The reappropriation shall include any funding that was transferred to 5180-001-0001 per Provision 19 of Item 5180-151-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).

5180–494 Reappropriation, State Department of Social Services. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided in those appropriations and shall be available for encumbrance or expenditure until June 30, 2029.

(1) \$38,000,000 for the California Food Assistance Program Expansion in Schedule (1) of Item 5180-141-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).