



May 14, 2026

Honorable John Laird, 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 4120-001-0001, and Addition of Item 4120-001-3414, Support, Emergency Medical Services Authority

Enterprise Services Data Management System (Issue 019)—It is requested that Item 4120-001-0001 be increased by \$4,264,000 in fiscal year 2026-27 and \$4,414,000 in 2027-28 to support operations of three components of the Enterprise Services Data Management System: Electronic Physicians Order for Life Sustaining Treatment, Central Registry System, and California Emergency Medical Services Information System, as well as implementation of a replacement system for the California Emergency Medical Services Information System.

988 and the Behavioral Health Crisis Continuum Implementation Supports (Issue 021)—It is requested that item 4120-001-3414 be increased by \$203,000 one-time in 2026-27 to support statewide guidance on behavioral health crisis response for local Emergency Medical Services Agencies.

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: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Elisa Wynne, Staff Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable David Tangipa, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
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Dylan Gray, Chief of Staff, Assembly Republican Leader's Office
Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brent Houser, Acting 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



May 14, 2026

Honorable John Laird, 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 and Reimbursements, Support and Local Assistance, Department of Health Care Access and Information

CalRx Biosimilar Insulin Initiative Reappropriation (Issue 098)—It is requested that Item 4140-490 be added to reappropriate up to \$105,000 in Item 4140-001-0001 in the 2022 Budget Act and up to \$18.3 million in Item 4140-101-0001 in the 2022 Budget Act until June 30, 2029, to continue the development of low-cost, biosimilar insulin (see Attachment 1).

Rural Health Transformation Program Implementation (Issue 099)—It is requested that Item 4140-001-0890 be increased by \$11,396,000 one-time and Item 4140-101-0890 be increased by \$114,968,000 one-time to administer and implement the federal Rural Health Transformation Program. It is also requested that provisional language be added to authorize exemption from the Public Contract Code and use of a third-party administrator to meet the condensed timelines for program implementation (see Attachments 2 and 3).

Diaper Access Initiative Provisional Language (Issue 122)—It is requested that provisional language be added to Item 4140-001-0001 to authorize exemption from the Public Contract Code (see Attachment 4).

Distressed Hospital Grant Program (Language Only) (Issue 131)—It is requested that provisional language be added to Item 4140-101-0001 to authorize an augmentation of up to \$50 million for grants to hospitals in immediate and significant financial distress to help prevent the closure of those hospitals (see Attachment 5).

Opioid Settlements Fund Reversion (Issue 133)—It is requested that Item 4140-496 be added to revert \$19,629,000 in Item 4140-101-3397 in the 2023 Budget Act (see Attachment 6). See related Issue 356 in the Department of Health Care Services Finance Letter.

Behavioral Health Services Act State Allocation: Workforce Programs—It is requested that the following adjustments be made to implement behavioral health workforce programs as required in Proposition 1:

- Item 4140-001-3085 be increased by \$5,509,000 and 3 positions (Issue 043)
- Item 4140-101-3085 be increased by \$94,493,000 (Issue 043)
- Item 4140-102-0001 be increased by \$100 million (Issue 137)
- Item 4140-495 be added to revert \$8.5 million in Item 4140-101-0001 in the 2021 Budget Act (see Attachment 7) (Issue 138)
- Item 4260-101-0001 be decreased by \$17 million in 2026-27 and \$77.2 million ongoing and reimbursements be increased by \$17 million in 2026-27 and \$77.2 million ongoing (Department of Health Care Services, Issue 399)
- Item 4440-011-0001 be decreased by \$10,309,000 in 2026-27 and \$10,909,000 ongoing and reimbursements be increased by \$14,087,000 in 2026-27 and \$14,387,000 ongoing (Department of State Hospitals, Issue 062)
- Item 5225-002-0001 be decreased by \$991,000 in 2026-27, \$2,607,000 in 2027-28, and \$2,607,000 in 2028-29, and reimbursements be increased by \$991,000 in 2026-27, \$2,607,000 in 2027-28, and \$2,607,000 in 2028-29 (Department of Corrections and Rehabilitation, Issue 248)
- Provisional language be added to Item 4140-001-3085 and Item 4140-101-3085 authorizing encumbrance or expenditure of funds until June 30, 2029, and exemption from the Public Contract Code (see Attachments 8 and 9).

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) 445-2352.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
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Kim Johnson, Secretary, California Health and Human Services Agency
Brent Houser, Assistant Secretary/Interim Deputy Secretary for Program and Fiscal
Affairs, California Health and Human Services Agency
K Jones, Assistant Secretary, California Health and Human Services Agency
Elizabeth Landsberg, Director, Department of Healthcare Access and Information
Scott Christman, Chief Deputy Director, Department of Healthcare Access and
Information
Deshai Knight, Chief Budget Officer, Department of Healthcare Access and
Information

4140-490—Reappropriation, Department of Health Care Access and Information. 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, 2029:

0001—General Fund

(1) Up to \$105,000 in Item 4140-001-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) to implement the CalRX Biosimilar Insulin Initiative.

(2) Up to \$18,300,000 in Item 4140-101-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) to implement the CalRX Biosimilar Insulin Initiative.

Add Provisions 1 and 2 to Item 4140-001-0890 as follows:

1. The Department of Health Care Access and Information may execute grants and contracts, including exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis. Contracts and grants entered into or amended pursuant to the federal Rural Health Transformation Program 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 (excepting Chapter 3, commencing with Section 12100), and the State Administrative Manual, and shall be exempt from the review or approval of any division of the Department of General Services. This exemption does not apply to procurements overseen by the California Department of Technology.

2. The Department of Healthcare Access and Information may contract with a third-party nonprofit organization to implement the requirements of the federal Rural Health Transformation Program.

Add Provisions 1 and 2 to Item 4140-101-0890 as follows:

1. The Department of Health Care Access and Information may execute grants and contracts, including exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis. Contracts and grants entered into or amended pursuant to the federal Rural Health Transformation Program 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 (excepting Chapter 3, commencing with Section 12100), and the State Administrative Manual, and shall be exempt from the review or approval of any division of the Department of General Services. This exemption does not apply to procurements overseen by the California Department of Technology.

2. The Department of Healthcare Access and Information may contract with a third-party nonprofit organization to implement the requirements of the federal Rural Health Transformation Program.

Add Provision 6 to Item 4140-001-0001 as follows:

6. (a) Of the funds appropriated in Schedule (1), \$12,500,000 is available in the 2026–27 fiscal year on a one-time basis to implement the Diaper Access Initiative.

(b) 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, 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.

Add Provision 4 to Item 4140-101-0001 as follows:

4. (a) Upon approval of the Department of Finance, the amount available for expenditure in this item may be augmented by up to \$50,000,000 for the Department of Health Care Access and Information to provide grants to hospitals in immediate and significant financial distress to help prevent the closure of those hospitals.

(b) Hospitals applying for grant funds shall meet specified criteria, including, but not limited to, the following:

(1) Have less than 10 days' cash on hand, inclusive of all investments and liquid assets that can be used for operations, based on the internally prepared financial statements for the most recent closed month, and substantiated by the most recent available audited financial statements.

(2) Have demonstrated best efforts to exhaust other financial options, including, but not limited to, resolving outstanding revenue timing issues or requesting forgiveness or deferral of other short- and long-term debt.

(3) More than 50 percent of the hospital's payer mix is composed of government payors and uninsured patients.

(4) Be a not-for-profit hospital or public hospital. "Not-for-profit hospital" means the same as a general acute care hospital described in paragraph (1) of subdivision (d) of Section 15432 of the Government Code that is organized as a not-for-profit entity. "Public hospital" means a hospital that is licensed to a county, a city, a city and county, the University of California, a local health care district, a local health authority, or a municipal hospital established pursuant to Article 7 (commencing with Section 37600) of Chapter 5 of Part 2 of Division 3 of Title 4 of the Government Code.

(5) Any other criteria as determined by the Department of Health Care Access and Information, in consultation with the Department of Finance.

(c) The Department of Health Care Access and Information may execute grants and contracts, including exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis. Contracts and grants 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.

(d) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 [commencing with Section 11340] of Part 1 of Division 3 of Title 2 of the Government Code), the California Health Facilities Financing Authority and the Department of Health Care Access and Information may implement, interpret, or make specific the requirements of this provision, in whole or in part, by means of information notices or other similar instructions, without taking any further regulatory action.

(e) Any unencumbered funds pursuant to this provision shall revert to the General Fund as of June 30, 2027.

4140-496—Reversion, Department of Health Care Access and Information. As of June 30, 2026, 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.

3397—Opioid Settlements Fund

- (1) \$19,629,000 in Item 4141-101-3397, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023), appropriated in Program 3831-Health Care Quality and Affordability.

4140-495—Reversion, Department of Health Care Access and Information. As of June 30, 2026, 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) \$8,500,000 in Item 4141-101-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021), appropriated in Program 3835-Health Care Workforce.

Add Provisions 1 and 2 to Item 4140-001-3085 as follows:

1. The Department of Health Care Access and Information may execute grants and contracts, including exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis. Contracts and grants entered into or amended pursuant to the federal Rural Health Transformation Program 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 (excepting Chapter 3, commencing with Section 12100), and the State Administrative Manual, and shall be exempt from the review or approval of any division of the Department of General Services. This exemption does not apply to procurements typically overseen by the California Department of Technology.

2. The funds appropriated in this item shall be available for encumbrance or expenditure until June 30, 2029.

Add Provisions 1 and 2 to Item 4140-101-3085 as follows:

1. The Department of Health Care Access and Information may execute grants and contracts, including exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis. Contracts and grants entered into or amended pursuant to the federal Rural Health Transformation Program 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 (excepting Chapter 3, commencing with Section 12100), and the State Administrative Manual, and shall be exempt from the review or approval of any division of the Department of General Services. This exemption does not apply to procurements typically overseen by the California Department of Technology.

2. The funds appropriated in this item shall be available for encumbrance or expenditure until June 30, 2029.



May 14, 2026

Honorable John Laird, 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 4150-001-0933, Support, Department of Managed Health Care

California Managed Care Complaint System Resources and Project Implementation

(Issue 037)—It is requested that Item 4150-001-0933 be increased by \$3,336,000 one-time in fiscal year 2026-27 to implement the California Managed Care Complaint System in the Help Center, to meet mandated required timeframes for reviewing consumer and provider complaints, and strengthen customer service support.

Electronic Filing and Analysis of Claims Settlement Data Project Implementation

(AB 3275) (Issue 039)—It is requested that Item 4150-001-0933 be increased by \$2,420,000 in 2026-27 and \$2,026,000 in 2027-28 to implement the Electronic Filing and Analysis of Claims Settlement Data Project pursuant to the requirements of Chapter 763, Statutes of 2024 (AB 3275), including new filing types, additional data elements, and automated compliance reporting.

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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Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brent Houser, Assistant Secretary, Health and Human Services
Mary Watanabe, Director, Department of Managed Health Care
Dan Southard, Chief Deputy Director, Department of Managed Health Care
Christin Hemann, Deputy Director, Department of Managed Health Care
Nichole Eshelman, Deputy Director, Department of Managed Health Care
Sarah Ream, Deputy Director Chief Counsel, Department of Managed Health
Care



May 14, 2026

Honorable John Laird, Chair
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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 4170-001-0001, and Addition of Item 4170-495, Support, California Department of Aging

Multipurpose Senior Services Program Case Management Software and Support

(Issue 033 and Issue 034)—It is requested that Item 4170-001-0001 be decreased by \$196,000 in fiscal year 2026-27, \$16,000 in 2027-28, and Item 4170-495 be added to revert \$51,000 due to identified cost efficiencies from transitioning delegated project oversight to the California Health and Human Services Agency from the California Department of Technology (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

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Paul Dress, Chief of Staff, Assembly Republican Caucus
Dylan Gray, Chief of Staff, Assembly Republican Leader's Office
Debra Cooper, Assistant Secretary, California Health and Human Services Agency
Susan DeMarois, Director, California Department of Aging
Nicole Shimosaka, Acting Chief Deputy Director, California Department of Aging
Andrew Sachs, Assistant Deputy Director, California Department of Aging
Kim Elliot, Chief Budget Officer, California Department of Aging

4170-495—Reversion, California Department of Aging. As of June 30, 2026, 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 4170-001-0001, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025). \$51,000 appropriated in Program 3910-Medi-Cal Programs for the Multipurpose Senior Services Program Case Management Software and Support.

May 14, 2026

Honorable John Laird, 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, Support and Local Assistance, Department of Health Care Services

It is requested that Item 4260-101-0001 be decreased by \$2,875,628,000 in fiscal year 2026-27. It is also requested that Item 4260-101-0890 be decreased by \$60,228,000 in 2026-27. It is also requested that Item 4260-101-3085 be increased by \$120,128,000 in 2026-27. It is also requested that Item 4260-101-3397 be added in the amount of \$35.4 million in 2026-27.

- Community Supports Services (Issue 331)
- Enhanced Care Management (Issue 332)
- \$50 Monthly Premium for Members with Unsatisfactory Immigration Status Aged 19-59 (Issue 337)
- Reinstate Medi-Cal Asset Test Limit (Issue 338)
- Eliminate Optional Adult Acupuncture Benefit (Issue 340)
- Cap Program of All-Inclusive Care for the Elderly Rates at Lower Bound (Issue 344)
- Behavioral Health Services Fund General Fund Offset (Issue 346)
- Opioid Settlements Fund: Support for Drug Medi-Cal and Drug Medi-Cal Organized Delivery System (Issue 356)
- MCO Tax Revenue to Support Medi-Cal (Issue 378)
- Redirection of Medical Loss Ratio Remittances (Issue 379)
- Deposit MCO Performance Guarantee Reserve in Special Fund (Issue 380)
- Proposition 35 Behavioral Health Facility Throughput Investments (Issues 383, 384, 402)
- 2027 Managed Care Organization Tax (Issues 404 and 411)

State Operations

Behavioral Health Transformation: Behavioral Health Services Act Ongoing Implementation, Oversight, and Monitoring (Issue 260)—It is requested that Item 4260-001-3085 be increased by \$25,858,000 in 2026-27, and \$920,000 ongoing, and Item 4260-001-0890 be increased by \$15,958,000 in 2026-27, and \$919,000 ongoing, to support the continued implementation of Proposition 1 and Behavioral Health Services Act requirements.

2027 Medi-Cal Waiver Planning and Implementation (Issue 263)—It is requested that Item 4260-001-0001 be increased by \$8,750,000 in 2026-27, \$2,431,000 in 2027-28, and \$2,772,000 ongoing, and Item 4260-001-0890 be increased by \$8,750,000 in 2026-27, \$2,431,000 in 2027-28, and \$2,771,000 ongoing to support planning and implementation of the California Advancing and Innovating Medi-Cal initiative.

Ensuring Access to Medicaid Services (Access Rule) - Technical Adjustment

(Issue 264)—It is requested that Item 4260-001-0001 be increased by \$882,000 in 2026-27 through 2029-30, to reflect a technical adjustment to align resources as proposed in the 2026-27 Governor's Budget.

Addressing Backlogs and Delays in Waiver Personal Care Services (WPCS) (Issue 265)—

It is requested that Item 4260-001-0001 be increased by \$451,000 in 2026-27 and \$370,000 in 2027-28 and Item 4260-001-0890 be increased by \$450,000 in 2026-27 and \$370,000 in 2027-28, to support administration of the Waiver Personal Care Services benefit.

Narcotic Treatment Program and Driving-Under-the-Influence Program Licensing Trust Fund Authority (Issue 267)—

It is requested that Item 4260-001-0243 be increased by \$1 million in 2026-27 and ongoing and Item 4260-001-0139 be increased by \$1 million in 2026-27 and ongoing to support the licensing of Narcotic Treatment Programs and Driving-Under-the-Influence Programs.

Healthcare Payments Data Program Long-Term Funding (Issue 270)—

It is requested that Item 4260-001-0143 be added in the amount of \$207,000 and 1 position in 2026-27 and \$198,000 ongoing, and Item 4260-001-0890 be increased by \$622,000 and 3 positions in 2026-27 and \$595,000 ongoing, to support 4 positions for utilization of the Healthcare Payments Data program for the Medi-Cal Program.

Centers for Medicare & Medicaid Services Grant (Issue 323)—

It is requested that Item 4260-001-0890 be increased by \$20,453,000 in 2026-27 to support administrative and eligibility system costs associated with the implementation of federal work and community engagement requirements.

Breast Cancer Control Account, Breast Cancer Fund (0009) Adjustments (Issue 387)—

It is requested that Item 4260-001-0009 be increased by \$2,975,000 in 2026-27 and ongoing, and Item 4260-114-0009 be decreased by \$2,975,000 in 2026-27 and ongoing, to support the Every Woman Counts program.

Local Assistance

Medi-Cal Estimate (Issues 310, 319, 339, 347, 348, 357, 358, 361, 376, 377, 382, 388, 393, 396, and 400)—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 decreased by \$1,083,778,000 and reimbursements be increased by \$527,512,000
- Item 4260-101-0232 be increased by \$80,000
- Item 4260-101-0233 be increased by \$22,000

- Item 4260-101-0236 be increased by \$2,156,000
- Item 4260-101-0890 be decreased by \$4,127,143,000
- Item 4260-101-3156 be increased by \$4,804,000
- Item 4260-101-3305 be decreased by \$543,000
- Item 4260-101-3311 be added in the amount of \$12,502,000
- Item 4260-101-3414 be eliminated in the amount of \$28,208,000
- Item 4260-101-3428 be increased by \$1,000
- Item 4260-101-3451 be decreased by \$18.4 million
- Item 4260-101-8140 be decreased by \$1,654,000
- Item 4260-102-0001 be increased by \$7,940,000
- Item 4260-102-0890 be increased by \$8,919,000
- Item 4260-106-0890 be decreased by \$1,723,000
- Item 4260-117-0001 be increased by \$293,000
- Item 4260-117-0890 be increased by \$846,000

It is further requested that Provision 18 be added to Item 4260-101-0001 to establish authority for the H.R. 1 Navigators for Clinics Program (see Attachment 1).

Family Health Estimate (Issue 311)—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 decreased by \$5,699,000
- Item 4260-114-0001 be eliminated in the amount of \$117,000
- Item 4260-114-0009 be decreased by \$583,000
- Item 4260-114-0236 be decreased by \$2,484,000
- Item 4260-114-0890 be increased by \$516,000

Restricted Federal Funding for Certain Qualified Non-Citizens (Issue 359)—It is requested that Item 4260-101-0001 be increased by \$668,056,000 in 2026-27 and decreased by \$276,898,000 in 2027-28 and ongoing, and Item 4260-101-0890 be decreased by \$681,668,000 in 2026-27 and \$1,037,564,000 in 2027-28 and ongoing to reflect a July 1, 2027 shift to restricted scope for the Qualified Non-Citizen population, instead of October 1, 2026.

Transition Individuals with Unsatisfactory Immigration Status to Fee-for-Service (Issues 360 and 389)—It is requested that Item 4260-101-0001 be decreased by \$504,918,000 in 2026-27 and \$1,213,263,000 in 2027-28 and ongoing, and Item 4260-101-0890 be decreased by \$112,175,000 in 2026-27 and \$268,956,000 in 2027-28 and ongoing to transition individuals with unsatisfactory immigration status to the fee-for-service delivery system pursuant to federal requirements. It is further requested that Provision 6 be added to Item 4260-001-0001 to support administrative costs for this action (see Attachment 2).

Behavioral Health Services Act Allocation: Population-Based Prevention Programs (Issue 398)—It is requested that Item 4260-101-0001 be decreased by \$44.6 million in 2026-27 and \$98 million ongoing and reimbursements be increased by \$44.6 million in 2026-27 and \$98 million ongoing (see the Behavioral Health Services Act Finance Letter).

Behavioral Health Services Act Allocation: Workforce Programs (Issue 399)—It is requested that Item 4260-101-0001 be decreased by \$17 million in 2026-27 and \$77.2 million ongoing and reimbursements be increased by \$17 million in 2026-27 and \$77.2 million ongoing (see the Behavioral Health Services Act Finance Letter).

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 Megan Sabbah, Nick Mills, or Natalie Griswold, Principal Program Budget Analysts, at (916) 445-6423.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Attention: Elisa Wynne, Staff Director
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Attention: Jay Dickenson, Chief Consultant
Honorable David Tangipa, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Dawn Addis, Chair, Assembly Budget Subcommittee No. 1
Honorable Caroline Menjivar, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
Christopher W. Woods, Budget Director, Senate President pro Tempore's Office
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy
and Budget
Jason Sisney, Budget Director, Assembly Speaker's Office
Paul Dress, Chief of Staff, Assembly Republican Caucus
Dylan Gray, Chief of Staff, Assembly Republican Leader's Office
Kim Johnson, Secretary, California Health and Human Services Agency
Corinn Buchanan, Undersecretary, California Health and Human Services Agency
Brent Houser, Acting Deputy Secretary for Program and Fiscal Affairs, California
Health and Human Services Agency
Michelle Baass, Director, Department of Health Care Services
Tyler Sadwith, State Medicaid Director, Department of Health Care Services
Lindy Harrington, Chief Deputy Director, Department of Health Care Services
Lori Walker, Deputy Director and Chief Financial Officer, Department of Health
Care Services

Add the following provision to Item 4260-101-0001:

18. Of the funds appropriated in Schedule (3), \$2,000,000 is available for the H.R. 1 Navigators for Clinics Program.

- (a) These funds will be made available as a reimbursement to the General Fund, subject to deposit of non-state monies made to the State Department of Health Care Services and made with the intent for the exclusive use of the H.R. 1 Navigators for Clinics Program.
- (b) The department shall seek any necessary federal approvals for purposes of obtaining federal funding for activities conducted under this item.
- (c) Notwithstanding any other law, these funds shall be allocated for Medi-Cal outreach and enrollment activities.
- (d) 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. Notwithstanding any other law, contracts entered into or amended pursuant to this subdivision 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, and 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.
- (e) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the State Department of Health Care Services may implement, interpret, or make specific this provision, in whole or in part, by means of all-county letters, plan letters, information notices, provider bulletins, or other similar instructions, without taking any further regulatory action.
- (f) Notwithstanding any other law, the Department of Finance may authorize an increase to this appropriation for reimbursements received for providing health navigation to Community Health Centers and Regional Clinic Associations to maintain enrollment or retain coverage for Medi-Cal eligible individuals. Submission of the semiannual Medi-Cal estimate provided to the Legislature in January and May shall be considered meeting the notification requirement of this provision if the required information is included in the estimate.

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

6. The Department of Finance may increase expenditure authority in this item up to \$25,000,000 in 2026-27 to support administrative costs for the transition of individuals with unsatisfactory immigration status to the fee-for-service delivery system.



May 14, 2026

Honorable John Laird, 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 and Reimbursements, Support and Local Assistance, Department of Public Health

Center for Health Care Quality, Internal Department Quality Improvement

Miscellaneous Projects (Issue 207)—It is requested that Item 4265-001-3098 be increased by \$450,000 one-time in fiscal year 2026-27 and Item 4265-001-3477 be increased by \$1,765,000 in 2026-27 and \$74,000 ongoing for information technology improvement projects to streamline training and data collection. It is also requested that provisional language be added to authorize expenditure upon approval by the California Department of Technology through the Project Approval Lifecycle (see Attachments 1 and 2).

Los Angeles County Contract Extension (issue 208)—It is requested that Item 4265-001-3098 be increased by \$24,186,000 ongoing to support Los Angeles County contract employee benefit, personnel and lease costs.

AIDS Drug Assistance Program Estimate (Issues 222, 275, and 283)—It is requested that expenditure authority for the AIDS Drug Assistance Program be increased by \$69,336,000 in 2026-27 and \$7,336,000 ongoing to reflect updated program costs.

Women, Infants, and Children Estimate (Issue 223)—It is requested that Item 4265-111-0890 be decreased by \$84,836,000 ongoing and Item 4265-111-3023 be increased by \$13,133,000 ongoing to reflect updated expenditure estimates that are primarily driven by a decrease in projected participation from declining birthrates.

Genetic Disease Screening Program Estimate (Issue 226)—It is requested that Item 4265-111-0203 be decreased by \$2,979,000 ongoing to reflect lower costs associated with the Genetic Disease Screening Program due to lowered birth and participation rates.

Patient Safety Reporting Systems Reappropriation (AB 3161) (Issue 236)—It is requested that Item 4265-493 be added to reappropriate \$1,112,000 from Item 4265-001-3098 in the 2025 Budget Act until June 30, 2027 to support the development of a patient safety reporting system in alignment with the requirements of Chapter 4, Statutes of 2025 (AB 3161), with provisional language making resources available upon Stage 2 Alternatives Analysis or Project Delegation Request approval (see Attachment 3).

Lesbian, Bisexual, and Queer Women's Health Operational Support (Issue 239)—It is requested that Item 4265-402 be added to shift \$2,495,000 from Item 4265-111-0001 to Item 4265-001-0001 to support the administration of lesbian, bisexual and queer focused women's health grants until June 30, 2028 (see Attachment 4).

Special Deposit Fund Transfer to Various Special Funds (Issue 243)—To effectuate the conversion of special deposit sub-funds to special funds that were approved in the 2025 Budget Act, the following net-zero shifts in expenditure authority are requested as well as maintenance of existing provisional language:

- Item 4265-001-3477 be added in the amount of \$1,247,000 and 8.1 positions in 2026-27 and \$1,301,000 ongoing.
- Item 4265-001-3479 be added in the amount of \$1.4 million ongoing.
- Item 4265-001-8510 be added in the amount of \$471,000 and 0.3 positions in 2026-27 and \$478,000 ongoing.
- Item 4265-002-0942 be decreased by \$1.4 million ongoing.
- Item 4265-004-0942 be decreased by \$1,247,000 and 8.1 positions in 2026-27 and \$1,301,000 ongoing.
- Item 4265-005-0942 be decreased by \$471,000 and 0.3 positions in 2026-27 and \$478,000 ongoing.
- Item 4265-111-8510 be added in the amount of \$8,080,000 in 2026-27 and \$575,000 ongoing and provisional language be added (see Attachment 5).
- Item 4265-115-0942 be decreased by \$575,000 ongoing.

Public Health Information Technology Systems (Issue 251, 271, and 283)—

It is requested that the following items be amended and added to support the development, implementation, and maintenance and operation of public health information technology systems:

- Item 4265-001-0001 be increased by \$55,206,000 and decreased by 15 positions in 2026-27, and decreased by \$18,487,000 in 2027-28 and \$3,749,000 ongoing and provisional language be added to authorize expenditure of up to \$12,500,000 upon Stage 4 Project Approval Lifecycle project documents by the Department of Technology (see Attachment 6).
- Item 4265-001-0098 be increased by \$5 million one-time in 2026-27.
- Item 4265-001-0099 be increased by \$8 million one-time in 2026-27 and provisional language be added to authorize expenditure of up to \$4.1 million upon procurement of platform licensing, subscription, and integration services and the approval of the Department of Finance (see Attachment 7).
- Item 4265-001-3098 be increased by \$2 million one-time in 2026-27.
- Item 4265-492 be added to reappropriate up to \$16.6 million from Item 4265-001-0001 in the 2025 Budget Act until June 30, 2027 (see Attachment 8).

Statewide Perimenopause and Menopause Campaign (Issue 258)—It is requested that Item 4265-001-0001 be increased by \$3 million one-time in 2026-27 with extended encumbrance or expenditure authority until June 30, 2028, for the development of a perimenopause and menopause public health educational campaign (see Attachment 6).

Sickle Cell Centers for Excellence (Issue 273)—It is requested that Item 4265-111-0001 be increased by \$6 million annually between 2026-27 and 2031-32 to support Sickle Cell Centers for Excellence facilities (see Attachment 9).

Proposition 99 Expenditure Adjustments (Issues 278, 279, and 280)—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 4265-001-0231 be decreased by \$2,181,000 ongoing.
- Item 4265-001-0234 be decreased by \$720,000 ongoing.
- Item 4265-001-0236 be decreased by \$471,000 ongoing.
- Item 4265-111-0231 be decreased by \$3,892,000 ongoing.

Behavioral Health Services Act State Allocation: Population-Based Prevention

Programs—It is requested that the following adjustments be made to implement population-based behavioral health prevention programs as required in Proposition 1:

- Item 4265-001-0001 be increased by \$24,920,000 in 2026-27 and 24,916,000 ongoing (Issue 262 and 274).
- Item 4265-111-0001 be increased by \$19.5 million ongoing (Issue 262 and 274).
- Item 4265-001-3085 be increased by \$112,072,000 and 66.4 positions (Issues 276 and 292).
- Add Item 4265-111-3085 in the amount of \$60 million (Issue 276).
- Item 5225-002-0001 be decreased by \$1,232,000 ongoing and reimbursements be increased by \$1,232,000 ongoing (Department of Corrections and Rehabilitation, Issue 247).
- Item 7350-001-0001 be decreased by \$3.5 million ongoing and reimbursements be increased by \$3.5 million ongoing (Department of Industrial Relations, Issue 066).
- Item 4260-101-0001 be decreased by \$44.6 million in 2026-27 and \$98 million ongoing and reimbursements be increased by \$44.6 million in 2026-27 and \$98 million ongoing (Department of Health Care Services, Issue 398).
- Provisional language be added to Item 4265-001-3085 and Item 4265-111-3085 authorizing encumbrance or expenditure of funds until June 30, 2029, exemption from the Public Contract Code, and authority for direct allocations to Local Health Jurisdictions (see Attachments 10 and 11).

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: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Elisa Wynne, Staff Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable David Tangipa, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Dawn Addis, Chair, Assembly Budget Subcommittee No. 1
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Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brent Houser, Acting Deputy Secretary of Program and Fiscal Affairs, California
Health and Human Services Agency
Julie Souliere, Assistant Secretary, California Health and Human Services Agency
Dr. Erica Pan, Director, Department of Public Health
Brandon Nunes, Chief Deputy Director of Operations, California Department of
Public Health
Phuong La, Deputy Director, Administration Division, California Department of
Public Health

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

1. Of the funds appropriated in Schedule (1), \$450,000 shall be available for the Program Flex Waiver contingent upon California Department of Technology approval through the Project Approval Lifecycle or the Project Delivery Lifecycle, or upon the proposed effort being scoped into the Patient Safety and Antidiscrimination Project, requiring approval of the development and implementation phase.

Add the following provision to Item 4265-001-3477:

2. Of the funds appropriated in Schedule (1), \$1,400,000 shall be available for the Program Flex Waiver contingent upon California Department of Technology approval through the Project Approval Lifecycle or the Project Delivery Lifecycle, or upon the proposed effort being scoped into the Patient Safety and Antidiscrimination Project requiring approval of the development and implementation phase.

4265-493—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, 2027:

3098—State Department of Public Health Licensing and Certification Fund

- (1) Up to \$1,112,000 in Item 4265-001-3098, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025), to support the implementation and maintenance and operation of the Patient Safety and Antidiscrimination Project, upon approval of a Project Delegation Request or the Project Approval Lifecycle by the Department of Technology.

Attachment 4

4265-402—The controller shall transfer \$2,495,000 from Item 4265-111-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019) as reappropriated by Item 4265-490, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025), to Item 4265-001-0001 for activities that address lesbian, bisexual and queer women's health disparities and shall be available for encumbrance or expenditure until June 30, 2028.

Add the following provision to Item 4265-111-8510:

1. Of the amount appropriated in this item, \$5,757,000 shall be available for expenditure or encumbrance until June 30, 2028, to support Centers for Medicare and Medicaid Services approved projects to benefit nursing home residents.

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

6. Of the amount appropriated in Schedule (2), up to \$12,500,000 shall be available to design, develop and implement a disease surveillance system upon approval of Stage 4 Project Approval Lifecycle project documents by the Department of Technology.
7. Of the amount appropriated in Schedule (2), \$3,000,000 shall be available for encumbrance or expenditure until June 30, 2028 for the implementation of a statewide perimenopause and menopause campaign.

Add the following provision to Item 4265-001-0099:

1. Of the funds appropriated in Schedule (2), \$4,100,000 shall be available for the procurement of platform licensing, subscription, and integration services contingent upon the approval of the Department of Finance.

4265-492—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, 2027:

0001—General Fund

- (1) Up to \$16,600,000 in Item 4265-001-0001, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025), to support immunization and infectious disease data monitoring systems.

Add the following provision to Item 4265-111-0001:

2. Of the amount appropriated in Schedule (2), \$6,000,000 shall be available for Sickle Cell Centers for Excellence.

Add the following provision to Item 4265-001-3085:

1. Funds appropriated in this Item shall be available for encumbrance or expenditure until June 30, 2029, for State Department of Public Health to implement behavioral health programs and initiatives authorized under Proposition 1.
2. 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.

Add the following provisions to Item 4265-111-3085:

1. Funds appropriated in this Item shall be available for encumbrance or expenditure until June 30, 2029, for State Department of Public Health to implement behavioral health programs and initiatives authorized under Proposition 1. Activities include, but are not limited to, planning, coordination, and distribution of funds through allocations to local health jurisdictions and community-based organizations to expand access to behavioral health services.
2. 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.
3. Notwithstanding any other law, the California Department of Public Health may provide local assistance by direct allocation to Local Health Jurisdictions to support behavioral health programs and initiatives authorized under Proposition 1. Direct allocations will be provided via Memoranda of Understanding and supplemental agreements, wherever necessary, between the California Department of Public Health and Local Health Jurisdictions. The California Department of Public Health's allocation formula shall be exempt from the administrative regulation and rulemaking requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.



May 14, 2026

Honorable John Laird, 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 \$915,000 one-time General Fund for the working drawings phase of this project and \$7,019,000 one-time General Fund for the construction phase. In addition, it is requested that Item 4300-496 be added to revert \$2,196,000 General Fund of existing authority for the construction phase, resulting in a net increase of \$4,823,000 (see Attachments 1 and 2). The overall cost of the construction phase is \$10,924,000, of which \$3,905,000 was previously encumbered.

The project was bid in early 2026, with the only respondent seeking \$6.7 million for the contract, well over the state's estimate. The higher bid was attributable to ceiling deficiencies, hazardous materials, and working in a secure environment at a remote location. Concurrently, the capital outlay project schedule now aligns with a deferred maintenance effort to replace the ceiling and walls in the same building. By consolidating these two projects, the department anticipates improved project delivery and overall reduced costs.

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: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Elisa Wynne, Staff Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable David Tangipa, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Corey Jackson, Chair, Assembly Budget Subcommittee No. 2
Honorable Caroline Menjivar, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
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Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brian Kaplun, 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 item 4300-301-0001 as follows:

4300-301-0001—For capital outlay, State Department of Developmental
Services.....7,934,000

Schedule:

(1) 0007358-Porterville: Install Fire Sprinkler System.....7,934,000

(a) Working drawings..... 915,000

(b) Construction 7,019,000

Add Item 4300-496 as follows:

4300-496—Reversion, State Department of Developmental Services. As of June 30, 2026, 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 2025 (Chs. 4, 5, 77, and 104, Stats. 2025).

(1) 0007358-Porterville: Install Fire Sprinkler System

(a) Construction



May 14, 2026

Honorable John Laird, 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

Regional Centers – Caseload and Utilization May Revision (Issue 038)—It is requested that Item 4300-101-0001 be decreased by \$78,307,000 and reimbursements be increased by \$516,027,000 ongoing. It is also requested that Item 4300-101-0890 be decreased by \$42,000 ongoing. These adjustments reflect updated expenditure estimates in operations and purchase of services driven by caseload and utilization and updated federal financial participation claiming.

Home and Community-Based Services Federal Access Rule – Regional Center Resources (Issue 041)—It is requested that Item 4300-101-0001 be increased by \$779,000 in fiscal year 2026-27 and by \$1,559,000 ongoing, and reimbursements be increased by \$337,000 in 2026-27 and by \$674,000 ongoing, for regional center resources to facilitate compliance with the Home and Community-Based Services Federal Access Rule new grievance process.

Center-Based Early Start Service Providers (Issue 042)—It is requested that Item 4300-101-0001 be increased by \$12,442,000 and reimbursements be increased by \$2,558,000 ongoing to adjust the current rate methodology for center-based Early Start service providers.

Equitable and Consistent Needs Assessment (Issue 050)—It is requested that Item 4300-001-0001 be increased by \$4,401,000 and 7 positions and reimbursements be increased by \$350,000 and 2 positions ongoing. It is also requested that Item 4300-101-0001 be increased by \$4,681,000 and reimbursements be increased by \$2,014,000 ongoing. These adjustments will support the development of a standard intake process and clinical needs assessment tool for use by regional centers statewide, with a focus on promoting consistency and equity regardless of where someone lives. It is also requested that statutory changes be added for these purposes.

Language Only—It is requested that Provision 2 of Item 4300-101-0001 be amended to change General Fund loan authority from \$1,484,058,000 to \$1,588,373,000 to reflect revised federal reimbursement estimates (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

Attachment

cc: On following page

cc: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Elisa Wynne, Staff Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable David Tangipa, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Corey Jackson, Chair, Assembly Budget Subcommittee No. 2
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Brent Houser, Assistant 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
Aaron Christian, Chief, Department of Developmental Services
Yang Lee, Chief, Department of Developmental Services
Steven Pavlov, Chief Financial Officer, Department of Developmental Services

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 ~~\$1,484,058,000~~ \$1,588,373,000. 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, 2026

Honorable John Laird, 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 4440-301-0660 and Item 4440-496, Capital Outlay,
Department of State Hospitals**

Metropolitan: Central Utility Plant Replacement—It is requested that Item 4440-301-0660 be added in the amount of \$58,072,000 one-time Public Buildings Construction Fund for the construction phase of this project and Item 4440-496 be added to revert \$50,445,000 Public Buildings Construction Fund of existing authority, resulting in a net increase of \$7,627,000 (see Attachment 1 and 2).

The Central Utility Plant (CUP) Replacement project requires additional authority to incorporate a new roof and the relocation of the control room into the project. The new roof is needed to accommodate a replacement HVAC system and to ensure the CUP can support exhaust stacks and other roof-mounted systems. The CUP control room relocation will provide a permanent, code-compliant operational space, including nearby storage and restrooms. Additionally, two buildings, James Hall and the Library, could not remain connected to the CUP systems and instead would have decentralized utilities.

It is further requested that provisional language be added to authorize the Department of State Hospitals and the Department of General Services to execute documents necessary to sell State Public Works Board lease revenue bonds (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 Randall Katz, Principal Program Budget Analyst, at (916) 445-9694.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Elisa Wynne, Staff Director
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Honorable Dawn Addis, Chair, Assembly Budget Subcommittee No. 1
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Paul Dress, Chief of Staff, Assembly Republican Caucus
Dylan Gray, Chief of Staff, Assembly Republican Leader's Office
Brent Houser, Acting Deputy Secretary, California Health and Human Services
Agency
Stephanie Clendenin, Director, Department of State Hospitals
Chris Edens, Chief Deputy Director of Program Services, Department of State
Hospitals
Mark Beckley, Chief Deputy Director of Operations, Department of State Hospitals
Stephanie Chambers, Chief Financial Officer, Department of State Hospitals
Anthony Esquivel, Acting Budget Officer, Department of State Hospitals

Add Item 4440-301-0660 as follows:

4440-301-0660—For capital outlay, State Department of State Hospitals, payable from the Public Buildings Construction Fund.....	58,072,000
Schedule:	
(1) 0009434-Metropolitan: Central Utility Plant Replacement.....	58,072,000
(a) Construction	58,072,000

Provisions:

1. The State Department of State Hospitals and the Department of General Services are authorized to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale and issuance of bonds by the State Public Works Board in accordance with the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code) or otherwise to effectuate the financing of the scheduled project.

Add Item 4440-496 as follows:

4440-496—Reversion, State Department of State Hospitals. As of June 30, 2026, 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.

0660—Public Buildings Construction Fund

(1) Item 4440-301-0660, Budget Act of 2024 (Ch. 22, 35, and 994, Stats. 2024).

(1) 0009434-Metropolitan: Central Utility Plant Replacement

(a) Construction



May 14, 2026

Honorable John Laird, 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, and Reimbursements, Support, Department of State Hospitals

Continuum Electronic Health Record System (Issue 052)—It is requested that Item 4440-011-0001 be increased by \$27,553,000 one-time in fiscal year 2026-27 and Item 4440-490 be added to reappropriate up to \$6.3 million from Item 4440-011-0001 in the 2024 Budget Act to support the first year of implementation for the Continuum Electronic Health Record System project (see Attachment 1).

Incompetent to Stand Trial Program (Issue 054)—It is requested that Item 4440-011-0001 be decreased by \$11 million in 2025-26 and \$102.2 million in 2026-27 to reflect anticipated savings related to the phase-in of activations for Diversion and Community-based Restoration Programs.

County Bed Billing Reimbursement Authority (Issue 056)—It is requested that Item 4440-011-0001 be amended by decreasing reimbursements by \$12,363,000 in 2025-26, and \$5,811,000 in 2026-27 and ongoing to reflect a delay in the implementation of a new bed billing allocation methodology for the treatment of Lanterman Petris Short patients.

Limited Public Contract Code Exemption Authority (Language Only) (Issue 061)—It is requested that provisional language be added to Item 4440-011-0001 to provide the department with limited Public Contract Code exemption authority for contracts associated with online services and subscriptions providing health care or pharmaceutical information (see Attachment 2).

Reversion of Unspent Funds (Issue 063)—It is requested that Item 4440-495 be added to revert \$20 million in Item 4440-011-0001 in the 2024 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 Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Elisa Wynne, Staff Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
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Attention: Christian Griffith, Chief Consultant
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Paul Dress, Chief of Staff, Assembly Republican Caucus
Dylan Gray, Chief of Staff, Assembly Republican Leader's Office
Kim Johnson, Secretary, California Health and Human Services Agency
Brent Houser, Assistant Secretary/Interim Deputy Secretary for Program and Fiscal
Affairs, California Health and Human Services Agency
Stephanie Clendenin, Director, Department of State Hospitals
Mark Beckley, Deputy Director of Operations, Department of State Hospitals
Stephanie Chambers, Chief Financial Officer, Department of State Hospitals
Anthony Esquivel, Budget Officer, Department of State Hospitals

4440-490—Reappropriation, State Department of State Hospitals. 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, 2027:

0001—General Fund

(1) Up to \$6,300,000 in Item 4440-011-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024), Program 4400-Administration, 4410-State Hospitals, as reappropriated by item 4440-490, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025), to support electronic health records.

Add Provision 16 to Item 4440-011-0001 as follows:

16. Notwithstanding any other law, the Department of State Hospitals may enter into contracts for online services and subscriptions providing health care or pharmaceutical information that support the quality and access to patient health care without review, supervision, or approval of the Department of Technology or the Department of General Services in cases in which only one qualified bid may be received.

4440-495—Reversion, State Department of State Hospitals. As of June 30, 2026, 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) \$20,000,000 in Item 4440-011-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024).



May 14, 2026

Honorable John Laird, 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 and Amendment to Various Budget Bill Items, Local Assistance, Behavioral Health Services Oversight and Accountability Commission

Behavioral Health Services Act Innovation Partnership Grant Program (Issue 016)—It is requested that Item 4560-101-3485 be added in the amount of \$10 million one-time in fiscal year 2026-27 for grants to promote development of mental health and substance use disorder programs and practices as required by Proposition 1 (see Attachment 1).

Behavioral Health Services Act Funding (Issue 017)—It is requested that Item 4560-101-3085 be decreased by \$6.7 million ongoing to reflect adjustments in state Behavioral Health Services Fund allocations.

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) 445-2352.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
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Jason Sisney, Budget Director, Assembly Speaker's Office
Paul Dress, Chief of Staff, Assembly Republican Caucus
Dylan Gray, Chief of Staff, Assembly Republican Leader's Office
Brenda Grealish, Executive Director, Behavioral Health Oversight and
Accountability Commission
Lauren Quintero, Acting Deputy Director for Program Operation and
Administrative and Legal Services, Behavioral Health Oversight and Accountability
Commission
Kim Johnson, Secretary, California Health and Human Services Agency
Brent Houser, Assistant Secretary/Interim Deputy Secretary for Program and Fiscal
Affairs, California Health and Human Services Agency
Corrin Buchanan, Undersecretary, California Health and Human Services Agency

4560-101-3485—For local assistance, Behavioral Health Services Oversight and Accountability Commission, payable from the Behavioral Health Services Act Innovation Partnership Fund10,000,000

Schedule:

(1) 4170-Behavioral Health Services Oversight and Accountability Commission.... 10,000,000

Provisions:

1. The amount appropriated in this item is for the purpose of awarding grants to private, public, and nonprofit partners to promote development of innovative mental health and substance use disorder programs and practices pursuant to Proposition 1.



May 14, 2026

Honorable John Laird, 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 4700-001-0001 and Item 4700-101-0001, and Reimbursements, Support and Local Assistance, Department of Community Services and Development

Increased Reimbursement Authority - California Earned Income Tax Credit Program (Issue 026)—It is requested that Item 4700-001-0001 be amended by increasing reimbursements by \$450,000 ongoing and Item 4700-101-0001 be amended by increasing reimbursements by \$5 million ongoing to support an existing interagency agreement with the Franchise Tax Board to provide outreach regarding the California Earned Income Tax Credit and the federal Earned Income Tax Credit, among other programs and services.

Language Only

General Fund Cash Flow Loan, Support—It is requested that Provision 1 of Item 4700-001-0001 be amended to increase General Fund loan authority from \$3 million to \$5 million to assist in program cash flow needs related to unanticipated delays in the receipt of federal funds (see Attachment 1).

General Fund Cash Flow Loan, Local Assistance—It is requested that Provision 1 of Item 4700-101-0001 be amended to increase General Fund loan authority from \$40 million to \$305 million to facilitate more efficient cash flow, particularly when federal reimbursements are delayed (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 Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
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Paul Dress, Chief of Staff, Assembly Republican Caucus
Dylan Gray, Chief of Staff, Assembly Republican Leader's Office
Debra Cooper, Assistant Secretary, Health and Human Services Agency
Jason Wimbley, Director, Department of Community Services and Development
Daphne Hunt, Chief 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

Amend Provision 1 of Item 4700-001-0001 as follows:

"1. A loan or loans shall be made available from the General Fund to the Department of Community Services and Development not to exceed a cumulative total of ~~\$3,000,000~~\$5,000,000. The loan funds shall be transferred to this item as needed to meet cashflow needs due to delays in collecting from federal funds. All moneys so transferred shall be repaid as soon as sufficient funds have been collected to meet immediate cash needs and in installments if the loan is outstanding for more than one year."

Amend Provision 1 of Item 4700-101-0001 as follows:

"1. A loan or loans shall be made available from the General Fund to the Department of Community Services and Development not to exceed a cumulative total of ~~\$40,000,000~~\$305,000,000. The loan funds shall be transferred to this item as needed to meet cashflow needs due to delays in collecting from federal funds. All moneys so transferred shall be repaid as soon as sufficient funds have been collected to meet immediate cash needs and in installments if the loan is outstanding for more than one year."



May 14, 2026

Honorable John Laird, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Eliminate Budget Bill Item 4800-101-0001 and Amendment to Budget Bill Item 4800-101-3381, Local Assistance, California Health Benefit Exchange

Gender Affirming Care Program Augmentation (Issues 022 and 023)—It is requested that Item 4800-101-3381 be increased by \$26,848,000 in fiscal year 2026-27 and \$13,424,000 in 2027-28 and ongoing to augment the Gender Affirming Care program beginning in the 2026 coverage year, to align program funding with projected per-member-per-month costs. It is also requested that provisional language be amended (see Attachment 1).

One-Dollar Premium Subsidy Program (Issue 024)—It is requested that Item 4800-101-3381 be increased by \$20,350,000 in 2026-27 and ongoing to support the One-Dollar Premium Subsidy Program to provide payments to qualified health plan issuers for reproductive health services. It is also requested that provisional language be added to provide an additional year of encumbrance authority and to authorize augmentation of this appropriation for the 2027 coverage year (see Attachment 1). It is also requested that Item 4800-101-0001 be eliminated.

State Premium Subsidy Program Augmentation (Issue 027)—It is requested that Item 4800-101-3381 be increased by \$110 million in 2026-27 and ongoing and provisional language be added to expand eligibility for the State Premium Subsidy Program (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

Attachment

cc: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
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Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brent Houser, Assistant Secretary, Health and Human Services Agency
Jessica Altman, Executive Director, Covered California
Karen Johnson, Chief Deputy Executive Director, Covered California
Jim Watkins, Director, Covered California
Kelly Green, Director, Covered California
Dean Scourtes, Deputy Director, Covered California
Waynee Lucero, Deputy Director, Covered California

Amend Provisions 2 and 4 of Item 4800-101-3381 as follows:

"2. Of the funds appropriated in Schedule (1), up to ~~\$300,000,000~~\$190,000,000 is available to support a program of financial assistance, which may include premium subsidies, for coverage year 2027."

"4. (a) Of the funds appropriated in Schedule (2), up to ~~\$28,424,000~~\$15,000,000 shall support the Gender Affirming Care Program, pursuant to Section 100503.6 of the Government Code.

(b) The Director of Finance may authorize an increase in this appropriation to pay for gender affirming care benefits deemed in addition to essential health benefits for the 2027 coverage year pursuant to Section 100503.6 of the Government Code. Any augmentation under this provision shall be authorized no sooner than 10 days after notification in writing of the necessity thereof to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after notification the chairperson of the Joint Legislative Budget Committee, or the chairperson's designee, may in each instance determine.

(c) Notwithstanding any other law, funds appropriated for the 2027 coverage year pursuant to this ~~item~~ provision may be encumbered until December 31, 2028."

Add the following provisions to Item 4800-101-3381 as follows:

5. (a) Of the funds appropriated in Schedule (2), up to \$13,424,000 shall support the Gender Affirming Care Program, pursuant to Section 100503.6 of the Government Code.

(b) Notwithstanding any other law, funds appropriated for the 2026 coverage year pursuant to this provision may be encumbered until December 31, 2027.

6. (a) Of the funds appropriated in Schedule (1), up to \$20,350,000 shall be available to support the One-Dollar Premium Subsidy Program pursuant to Section 100503.5 of the Government Code.

(b) The Director of Finance may authorize an increase in this appropriation to pay all premium assistance subsidies authorized for the 2027 coverage year pursuant to Section 100503.5 of the Government Code. Any augmentation under this provision shall be authorized no sooner than 10 days after notification in writing of the necessity thereof to the Joint Legislative Budget Committee, or not sooner than whatever lesser time after notification the Chairperson of the Joint Legislative Budget Committee, or the chairperson's designee, may in each instance determine.

(c) Notwithstanding any other law, funds appropriated for the 2027 coverage year pursuant to this provision may be encumbered until December 31, 2028.



May 14, 2026

Honorable John Laird, 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 5160-001-0001, Support, Department of Rehabilitation

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

Attachment

cc: On following page

cc: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
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Honorable David Tangipa, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Corey Jackson, Chair, Assembly Budget Subcommittee No. 2
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Dylan Gray, Chief of Staff, Assembly Republican Leader's Office
Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, Health and Human Services Agency
Brent Houser, Assistant Secretary, Health and Human Services Agency
Debra Cooper, Assistant Secretary, Health and Human Services Agency
Kim Rutledge, Director, Department of Rehabilitation
Victor Duron, Chief Deputy Director, Department of Rehabilitation
Justin Freitas, Deputy Director, Department of Rehabilitation

Amend Provisions 1 and 2 of Item 5160-001-0001 as follows:

"1. The Department of Rehabilitation shall maximize its use of certified time and cash as a match for federal vocational rehabilitation funds. To the extent that certified time or cash is available, it shall be used in lieu of the General Fund moneys.

2. Notwithstanding any other law, the Director of Finance may authorize a loan or loans from the General Fund to the Department of Rehabilitation for cashflow purposes ~~in an amount not to exceed \$10,000,000~~ subject to the following conditions:

(a) ~~A cumulative amount not to exceed \$10,000,000~~ ~~The~~ if the loan is to meet cash needs resulting from a delay in ~~local~~ certified match or cash from local partners reimbursements.

(b) ~~The outstanding loan amount shall be repaid by October 31, 2027.~~ A cumulative amount not to exceed 50 percent of the amount appropriated in Item 5160-001-0890. The loan funds shall be transferred to item 5160-001-0001 to meet cashflow needs due to a delay in receipt of federal vocational rehabilitation grant funds.

(c) All moneys so transferred shall be repaid within 30 days of receipt of the full federal grant award.

(d) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code."



May 14, 2026

Honorable John Laird, 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

May Revision Local Assistance Estimate (Issue 018)—It is requested that Item 5175-101-0890 be decreased by \$935,000 ongoing, reflecting a net total of two adjustments: (1) a decrease of \$1,345,000 based on updated child support collections data, and (2) an increase of \$410,000 in Federal Performance Basic Incentives funding.

Correspondingly, it is also requested that Item 5175-101-8004 (Child Support Collections Recovery Fund) be increased by \$1,345,000 ongoing to reflect an estimated increase in collections received for the federal government's share of child support recoupment based on updated child support collections information.

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

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Dylan Gray, Chief of Staff, Assembly Republican Leader's Office
Debra Cooper, 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, 2026

Honorable John Laird, 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 and Reimbursements, Support and Local Assistance, Department of Social Service

Support

Guardian Background Check System (Issue 136)—It is requested that Item 5180-001-0001 be increased by \$858,000 in fiscal year 2026-27 and \$1,218,000 in 2027-28, to provide continued support for the Guardian background check system, including maintenance and operations and interface development with the Facility Management System.

Recovery and Restoration and American Relief Act Disaster Funds Staffing Support (Issue 142)—It is requested that reimbursements in Item 5180-001-0001 be increased by \$382,000 in 2026-27 and \$374,000 in 2027-28 and 2028-29 to provide State Operations to administer the Supplemental American Relief Act disaster funds and the Fire Recovery and Restoration Grant programs. It is also requested that Item 5180-001-0890 be increased by \$736,000 in 2026-27, \$720,000 in 2027-28 and 2028-29, and \$180,000 in 2029-30.

Statewide Verification Hub (Issue 146)—It is requested that Item 5180-001-0001 be decreased by 4 positions and the positions be transferred to the Office of Technology Solutions in 2026-27 and ongoing to support the Office of Technology Solutions and Integrations implementation of the Statewide Verification Hub IT Project, consistent with the adjustment in issue 044 of the California Health and Human Services Agency Letter.

CalFresh Staffing for H.R. 1 and Federal Changes (Issue 156)—It is requested that Item 5180-001-0001 be increased by \$7,150,000 in 2026-27 and \$9,114,000 in 2027-28 and ongoing and 4.5 positions to provide State Operations support for the administration of CalFresh. It is also requested that Item 5180-001-0890 be increased by \$875,000 in 2026-27 and \$786,000 in 2027-28 and ongoing and 1.5 positions for these purposes.

Child Care Prospective Pay State Operations (Issue 193)—It is requested that Item 5180-001-0001 be decreased by \$1,111,000 and 6 positions in 2026-27 and ongoing to remove resources to support the implementation of prospective pay for child care providers.

Local Assistance

May Revision Caseload Adjustments (Issues 147, 148, 149, 150, 151, 160, 163, 168, 189, 190)—The 2026-27 May Revision proposes a net increase of \$131,879,000 total funds in 2026-27 that is primarily driven by updated caseload estimates since the 2026-27 Governor's Budget. The net increase in total funds in 2026-27 is comprised of a \$29,681,000 General Fund decrease, \$70,284,000 federal fund decrease, \$231,845,000 reimbursement increase, and \$1,000 in special fund decrease. Caseload and workload changes from the 2026-27 Governor's Budget are displayed in the following table:

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

5180-151-0001	Children & Adult Services and Licensing	\$29,805,000
5180-151-0001	Children & Adult Services and Licensing - Reimbursements	-\$2,287,000
5180-151-0279	Other Social Services Programs Local Assistance Adjustments	-\$1,000
5180-151-0890	Children & Adult Services and Licensing	\$40,270,000

It is requested that provisional language in Item 5180-101-0001 be amended to reflect an update to the Child and Adult Care Food Program meal reimbursement rate due to the statutorily required cost of living adjustment and an update to the state match portion of the child nutrition program (see Attachment 1).

CalWORKs AB 85 Maximum Aid Payment Increase (Issue 147)—It is requested that Item 5180-101-0001 be increased by \$590,000 to reflect the caseload impact of a 1.8 percent increase to the CalWORKs Maximum Aid Payment; this amount is included in the above table. The increased grant costs are funded entirely by 1991 Realignment revenue in the Child Poverty and Family Supplemental Support Subaccount and are estimated to be \$59,482,000 in 2026-27 and \$74,383,000 in 2027-28 and ongoing. It is also requested that statutory changes be added for this purpose.

Child Care American Relief Act Disaster Funds (Issue 157)—It is requested that Item 5180-101-0890 be increased by \$25,674,000 one-time to administer the American Relief Act Disaster Funds for Child Care infrastructure. It is also requested that statutory changes be added for this purpose.

Child Care Low Income Investment Fund (Issue 158)—It is requested that Item 5180-101-0001 be decreased by \$638,000 one-time and provisional language be amended and that Item 5180-490 be added to reappropriate \$1,516,000 from Item 5180-101-0001 of the 2021 Budget Act to adjust the Governor's Budget proposal to extend the Low Income Investment Fund contract based on updated available funds (see Attachment 1 and 2).

Streamlining In-Home Supportive Services Eligibility to Align with Medi-Cal (Issue 161)—It is requested that Item 5180-111-0001 be increased by \$29,749,000 in 2026-27 and ongoing and be amended by decreasing reimbursements by \$29,749,000 in 2026-27 and ongoing to update savings associated with the Streamlining In-Home Supportive Services Eligibility to Align with Medi-Cal proposal from the Governor's Budget.

CalFresh State Administrative Expense Adjustment (Issue 164)—It is requested that Item 5180-141-0001 be increased by \$30,562,000 in 2026-27 for the state's portion of CalFresh administration cost in excess of the federal State Administrative Expense amount.

Child Welfare Services – California Automated Response Engagement System

(Issue 174)—It is requested that Item 5180-141-0001 be increased by \$179,774,000 one-time and reimbursements be increased by \$748,000 one-time, to provide resources for the continued development and implementation of the Child Welfare Services – California Automated Response Engagement System. It is also requested that Item 5180-141-0890 be increased by \$176,794,000 one-time for the same purpose. Additionally, it is requested that provisional language be added to both items regarding legislative reporting requirements and to authorize Finance to augment the project budget by unused amounts, in both the current and prior years (see Attachments 3 and 4).

CalWORKs Special Needs Notice of Action (Issue 182)—It is requested that Item 5180-141-0001 be increased by \$605,000 in 2026-27 for automation of the CalWORKs Special Needs Notice of Action.

Able Bodied Adults Without Dependents County Administrative Resources (Issue 185)—It is requested that Item 5180-141-0001 be increased by \$30 million one-time in 2026-27 and Item 5180-141-0890 be increased by \$19,210,000 in 2026-27 to provide county administrative resources for the Able Bodied Adults Without Dependents work requirements for the CalFresh program.

Recovery and Restoration (Issue 190)—It is requested that the Governor's Budget proposal to redirect Proposition 64 funds for the child care infrastructure grants, specifically targeted toward communities impacted by recent fires, be increased by \$308,000 to align with updated Proposition 64 revenue projections.

H.R.1 Impacts to the In-Home Supportive Services Program - Qualified Non-Citizens (Issue 195)—It is requested that Item 5180-111-0001 be increased by \$30,846,000 in 2026-27 and reimbursements be decreased by \$29,390,000 in 2026-27 to reflect the loss of federal fund reimbursements through June 30, 2027. This conforms to the Department of Health Care Services proposal to terminate full-scope Medi-Cal coverage for newly excluded non-citizens as a result of H.R. 1 effective July 1, 2027.

In-Home Supportive Services Permanent Backup Provider System (Issue 197)—It is requested that Item 5180-111-0001 be increased by \$268,000 in 2026-27 and ongoing and reimbursements be decreased by \$73,000 in 2026-27 and ongoing to update the savings estimate for the Governor's Budget proposal to eliminate the In-Home Supportive Services Permanent Backup Provider System.

Child Care Prospective Pay (Issue 204)—It is requested that Item 5180-101-0001 be decreased by \$43,803,000 in 2026-27 to remove funding for implementation costs associated with paying child care providers prospectively. It is also requested that Provision 19 of Item 5180-101-0001 be eliminated for this purpose.

Child Care Cost of Living Adjustment (Issue 205, Issue 148)—It is requested that Item 5180-101-0001 be increased by \$22,837,000 ongoing and Item 5180-104-0001 be decreased by \$10,000 in Proposition 98 General Fund to reflect the net change of an updated cost-of-living adjustment offset by a 30 percent reduction to the cost-of-living adjustment for child care and development programs. It is also requested that statutory changes be added for this purpose.

Title IV-E Stipend Project One-Time Augmentation (Issue 206)—It is requested that Item 5180-151-0001 be increased by \$18.4 million in 2026-27 one-time to maintain current service levels for students currently enrolled in the Bachelors of Social Work/Masters of Social Work programs. This funding will provide a bridge to adjustments of sharing ratios in the Title IV-E Stipend Project contract, so the training plans reflect the allowable reimbursement percentage for Title IV-E eligible foster youth.

Adult Protective Services Expansion Reduction (Issue 213)—It is requested that Item 5180-151-0001 be decreased by \$70 million in 2026-27 and ongoing reimbursements be decreased by \$10 million in 2026-27 and ongoing to revert the expansion of Adult Protective Services in 2021-22, changing the age of eligibility from 60 back to 65.

Reinstatement of the Medi-Cal Asset Test Limit (Issue 215)—It is requested that Item 5180-111-0001 be decreased by \$62.6 million in 2026-27 and ongoing and reimbursements be decreased by \$73.9 million 2026-27 and ongoing to conform to the Department of Health Care Services' proposal to reinstate the Medi-Cal asset limit for seniors and disabled adults to \$2,000 for an individual or \$3,000 for a couple, effective no sooner than January 1, 2027.

Immigration Legal Services (Issue 217)—It is requested that Item 5180-151-0001 be increased by \$20 million one-time in 2026-27 to support legal strategies that increase capacity to help Californians who are facing immigration court proceedings, particularly for individuals in civil immigration detention and provisional language be added (see Attachment 5).

CalFood Program (Issue 218)—It is requested that Item 5180-101-0001 be increased by \$30 million one-time in 2026-27 for the CalFood Program and provisional language be added (see Attachment 1).

Various Reappropriations for Support and Local Assistance through June 30, 2027—It is requested that Item 5180-491 be added to reappropriate funding from the following Items through June 30, 2027 (see Attachment 6):

- **California Statewide Automated Welfare System Reappropriation for Tiered Rate Structure**—Up to \$4,290,000 from Item 5180-141-0001, Budget Act of 2025, and up to \$1,312,000 from Item 5180-141-0001, Budget Act of 2024, for the California Statewide Automated Welfare System for the Tiered Rate Structure.
- **Summer Electronic Benefits Transfer for Children Reappropriation**—Up to \$419,000 from Item 5180-001-0001, Budget Act of 2025, and up to \$420,000 from Item 5180-001-0890, Budget Act of 2025, for the Summer Electronic Benefits Transfer for Children Program.

- **Payment Error Rate Mitigation Initiatives Reappropriation**—Up to \$7.5 million from Item 5180-001-0001, Budget Act of 2025, up to \$7.5 million from Item 5180-001-0890, Budget Act of 2025, up to \$20.1 million from Item 5180-141-0001, Budget Act of 2025, and up to \$19.8 million from Item 5180-141-0890, Budget Act of 2025 for initiatives to mitigate the state's CalFresh Payment Error Rate.
- **CalFresh Fruit and Vegetable Electronic Benefit Transfer Pilot Reappropriation**—Up to \$4.8 million from Item 5180-101-0001, Budget Act of 2025, for the CalFresh Fruit and Vegetable Electronic Benefit Transfer Pilot.
- **State Supplemental Grant Program Reappropriation**—Up to \$10 million from Item 5180-101-0001, Budget Act of 2024, for the State Supplemental Grant Program.

Various Reappropriations for Support and Local Assistance through June 30, 2028—It is requested that Item 5180-490 be added to reappropriate funding from the following items through June 30, 2028 (see Attachment 2):

- **Low Income Investment Fund Reappropriation**—Up to \$1,516,000 from Item 5180-101-0001, Budget Act of 2021 and reappropriated in Budget Act of 2022, for the Infrastructure Grant Program.
- **Tribal Housing and Homelessness Funding Reappropriation**—Up to \$15.6 million from Item 5180-151-0001, Budget Act of 2022, for the Bringing Families Home Program, the Home Safe Program, and the Housing and Disability Advocacy Program.

Tribal Housing and Homelessness Funding Liquidation Extension—It is requested that Item 5180-492 be added to extend the liquidation of up to \$10.8 million from Item 5180-151-0001, Budget Act of 2021, for the Home Safe Program, Bringing Families Home Program, and the Housing Disability Advocacy program through June 30, 2030 (see Attachment 7).

Various Reversions for State Operations and Local Assistance—It is requested that Item 5180-495 be added to revert funding from the following items (see Attachment 8):

- **State Supplemental Grant Program**—Up to \$65 million from Item 5180-101-0001, Budget Act of 2024, for the State Supplemental Grant Program.
- **Prospective Pay**—Up to \$30,091,000 from Item 5180-101-0001, Budget Act of 2025, for implementation of prospective pay for child care providers.
- **Prospective Pay**—Up to \$582,000 from Item 5180-001-0001, Budget Act of 2025, for resources to support the implementation of prospective pay for child care providers.

Provisional Language Only: General Fund Loan Increase—It is requested that:

- Provision 2 of Item 5180-101-0001 be amended to increase General Fund loan authority to \$1,485,361,000 (see Attachment 1).
- Provision 1 of Item 5180-141-0001 be amended to increase General Fund loan authority to \$400,417,000 (see Attachment 3).
- Provision 2 of Item 5180-151-0001 be amended by increasing General Fund loan authority to \$345,410,000 (see Attachment 5).

- Provision 16 be added to Item 5180-001-0001 to provide General Fund loan authority up to \$125,587,000 (see Attachment 9).

Provisional Language Only: Administrative Support for Alternative Payment Programs—It is requested that Provision 20 of Item 5180-101-0001 be eliminated to align with proposed statutory changes to increase alternative payment program agencies in-contract allowable administration costs percentage by 1.5 percent of their total contract amount in lieu of out-of-contract resources to agencies for administration and support costs associated with implementing ongoing provisions of the Memorandum of Understanding with Child Care Providers United. It is also requested that statutory changes be added for this purpose.

Provisional Language Only: CalFresh State Administrative Expense Adjustment—It is requested that Provision 12 be added to Item 5180-141-0001 to adjust the State Administrative Expense for the CalFresh program (see Attachment 3).

Provisional Language Only: Employment and Training Workers' Compensation Account—It is requested that Provision 2 of Item 5180-141-0890 be amended for the Employment and Training Workers' Compensation Account (see Attachment 4).

Provisional Language Only: CalWORKs Funding Shift from Local Assistance to State Operations—It is requested that Provision 1 of Item 5180-141-0890 be amended and Provision 3 be added for the CalWORKs program (see Attachment 4).

Provisional Language Only: Summer Electronic Benefits Transfer Funding Shift from Local Assistance to State Operations—It is requested that Provision 1 of Item 5180-141-0890 be amended and Provision 4 be added for the Summer Electronic Benefit Transfer program (see Attachment 4).

Provisional Language Only: H.R.1 State Hearings Division—It is requested that Provision 9 of Item 5180-001-0001 be amended to allow the Department of Finance to approve expenditures in excess of the amounts appropriated for the State Hearings Division for increased fair hearing requests due to policy changes from the H.R.1 (see Attachment 9).

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 or Kia Cha, Principal Program Budget Analysts, at (916) 445-6432.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Elisa Wynne, Staff Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable David Tangipa, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Corey Jackson, Chair, Assembly Budget Subcommittee No. 2
Honorable Caroline Menjivar, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
Christopher W. Woods, Budget Director, Senate President pro Tempore's Office
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy
and Budget
Jason Sisney, Budget Director, Assembly Speaker's Office
Paul Dress, Chief of Staff, Assembly Republican Caucus
Dylan Gray, Chief of Staff, Assembly Republican Leader's Office
Kim Johnson, Secretary, Health and Human Services Agency
Corrin Buchanan, Undersecretary, 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, Deputy Director, Chief Financial Officer, Department of Social
Services

Amend Provisions 2, 15 (d) (3), 16, and 23, and add Provision 24 of Item 5180-101-0001 as follows:

"2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed ~~\$500,000,000~~\$1,485,361,000 shall be made available from the General Fund, from funds not otherwise appropriated, to: (a) cover the costs of a program or programs when the federal funds have not been received or funds in any subaccount within the Local Revenue Fund have not been deposited prior to the usual time for the State to transmit payment to the counties or (b) ensure cash disbursement needs in this item are met when abatements have not yet posted in time for disbursement. For this purpose, the Department of Finance may authorize an augmentation to this item to ensure cash disbursement requirements are met. This loan from the General Fund shall be repaid when the federal funds or the funds for any subaccounts within the Local Revenue Fund for the program or programs becomes available."

"15 (d) (3). The reimbursement for meals served in childcare centers and homes shall be ~~\$0.2212~~ \$0.2203 per meal."

"16. Of the amount appropriated in Schedule (3), up to ~~\$9,615,000~~ \$9,144,890 shall be available for the child nutrition program state match for the program."

"23. Of the funds appropriated in Schedule (3), up to ~~\$830,000~~\$192,000 shall be available for the Infrastructure Grant Program pursuant to Section 10310.1 of the Welfare and Institutions Code. These funds shall be available for encumbrance or expenditure until June 30, 2028."

24. Of the funds appropriated in this item, \$30,000,000 shall be allocated on a one-time basis for the CalFood Program.

5180-490—Reappropriation, State Department of Social Services. The amount specified in the following citations are reappropriated for the purposes provided in those appropriations and shall be available for encumbrance or expenditure until June 30, 2028:

0001—General Fund

(1) Up to \$4,100,000 of the amount appropriated in Schedule (1) of Item 5180-151-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for the Home Safe Program as reappropriated by Item 5180-492, Budget Act of 2024 (Chs. 22, 35, and 944, Stats. 2024).

(2) Up to \$4,100,000 of the amount appropriated in Schedule (1) of Item 5180-151-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for the Bringing Families Home Program as reappropriated by Items 5180-490 and 5180-492, Budget Act of 2024 (Chs. 22, 35, and 944, Stats. 2024).

(3) Up to \$7,400,000 of the amount appropriated in Schedule (2) of Item 5180-151-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for the Housing and Disability Advocacy Program as reappropriated by Item 5180-492, Budget Act of 2024 (Chs. 22, 35, and 944, Stats. 2024).

(4) Up to \$1,516,000 of the amount appropriated in Schedule (3) of Item 5180-101-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) as reappropriated by Item 5180-492, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022), for the Infrastructure Grant Program acquisition, construction, development, and renovation of child care facilities as outlined in Section 10310.1 of the Welfare and Institutions Code.

Amend Provision 1 and add Provisions 12 and 13 of Item 5180-141-0001 as follows:

"1. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed ~~\$140,000,000~~\$400,417,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal or reimbursable share, or both, of costs of a program or programs when the federal funds or reimbursements have not been received by this state prior to the usual time for transmitting state payments for the federal or reimbursable share of costs. This loan from the General Fund shall be repaid when the federal share of costs or the reimbursements for the program or programs become available."

12. Notwithstanding any other law, upon request by the State Department of Social Services, the Department of Finance may adjust the expenditure authority in this item to support State Administrative Expenditures for the CalFresh program. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date the Department of Finance approves the adjustment.

13. a. Of the funds appropriated in Schedule (1), \$179,774,000 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 from unspent appropriations and augmentation amounts authorized in prior years upon approval by the Department of Finance. In providing approval of any augmentation, the Department of Finance, in consultation with the Department of Technology, 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; (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.

b. The Department of Finance may authorize the transfer of funds appropriated for the CWS-CARES project in Schedule (1) to Item 5180-001-0001, for project-related activities, including, but not limited to, necessary personal services expenditures, interagency agreements, and contracts.

c. Of the amount appropriated in this item, \$100,000 is available to fund reimbursements to Indian tribes, as defined in subdivision (a) of Section 224.1 of the Welfare and Institutions Code, or the tribe's designee, for costs associated with participating with the State Department of Social Services to guide the development of an automated system used for Child Welfare Services. Notwithstanding any other law, the amount and manner of reimbursements shall be determined by the State Department of Social Services in written directives.

d. The Department of Social Services, in coordination with the Department of Finance and the Office of Technology and Solutions Integration, shall provide written notification to the Joint Legislative Budget Committee, relevant fiscal and policy committee staff, and the Legislative Analyst's Office if the scheduled implementation of any child welfare program changes will be delayed due to changes in CWS-CARES project schedule. The Department of Social Services shall provide this written notification no later than 30 days after its determination that project schedule changes will delay program changes.

Amend Provisions 1 and 2 and add Provisions 3 and 4 of Item 5180-141-0890 as follows:

"1. Provisions 2, ~~3~~, 4, 6, 7, 8, and ~~10~~13 of Item 5180-141-0001 also apply to this item."

"2. Upon notification by the California Department of Social Services (CDSS), the Controller is authorized to transfer funds from this item to the CalFresh E&T Workers' Compensation Fund in accordance with Section 18926.8 of the Welfare Institutions Code. This provision also applies to Item 5180-141-0890 of the Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023) and Item 5180-141-0890 of the Budget Act of 2024 (Chs. 22, 35 and, 994, Stats. 2024)."

3. The Department of Finance may authorize the transfer of amounts from this item to Item 5180-001-0890 in order to fund the costs of the administrative hearing process associated with the CalWORKs program.

4. The Department of Finance may authorize the transfer of amounts in this item to Item 5180-001-0890 in order to fund the costs of administration and implementation of the SUN Bucks California program established pursuant to Section 1762 of Title 42 of the United States Code. This provision also applies to Item 5180-141-0890 of the Budget Act of 2025 (Chs. 4 and 5, Stats. 2025).

Amend Provision 2 and add Provision 15 of Item 5180-151-0001 as follows:

"2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code and pursuant to Section 30029.8 of the Government Code, a loan not to exceed ~~\$50,000,000~~ \$345,410,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share or reimbursable share, or both, of costs of a program or programs when the federal funds or reimbursements have not been received by the state prior to the usual time for transmitting state payments for the federal or reimbursable share of costs. The loan from the General Fund shall be repaid when the federal or reimbursable share of costs for the program or programs becomes available."

15. (a) Of the funds appropriated in Schedule (2), \$20,000,000 shall be available to support legal strategies that increase legal capacity to help Californians who are facing immigration court proceedings, particularly for individuals in civil immigration detention. These funds shall be available for encumbrance or expenditure until June 30, 2029, and liquidation until June 30, 2031.

(b) Upon approval from the Department of Finance, up to five percent of the funds appropriated in Schedule (2) for the purposes described in this provision may be transferred to Item 5180-001-0001 to implement and administer legal services pursuant to Division 9, Part 3, Chapter 5.6 of the Welfare and Institutions Code.

5180-491—Reappropriation, State Department of Social Services. 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, 2027:

0001—General Fund

(1) Up to \$4,290,000 of the amount appropriated in Schedule (1) of Item 5180-141-0001, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for automation in the California Statewide Automated Welfare System to support implementation of the foster care Tiered Rate Structure.

(2) Up to \$1,312,000 of the amount appropriated in Schedule (1) of Item 5180-141-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) as reappropriated by Item 5180-491, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for automation in the California Statewide Automated Welfare System to support implementation of the foster care Tiered Rate Structure.

(3) Up to \$419,000 of the amount appropriated in Schedule (1) of Item 5180-001-0001, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for automation to support implementation of the Summer Electronic Benefits Transfer for Children program.

(4) Up to \$7,500,000 of the amount appropriated in Schedule (1) of Item 5108-001-0001, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for CalFresh Payment Error Rate Mitigation and automation for implementation of Public Law 119-21.

(5) Up to \$20,100,000 of the amount appropriated in Schedule (1) of Item 5108-141-0001, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for CalFresh Payment Error Rate Mitigation and automation for implementation of Public Law 119-21.

(6) Up to \$4,800,000 of the amount appropriated in Schedule (1) of Item 5180-101-0001, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for the CalFresh Fruit & Vegetable Demonstration Pilot.

(7) Up to \$10,000,000 of the amount appropriated in Schedule (1) of Item 5180-101-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) as reappropriated by Item 5180-491, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for the State Supplemental Grant Program.

0890—Federal Trust Fund

(1) Up to \$420,000 of the amount appropriated in Schedule (1) of Item 5180-001-0890, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for automation to support implementation of the Summer Electronic Benefits Transfer for Children program.

(2) Up to \$7,500,000 of the amount appropriated in Schedule (1) of Item 5108-001-0890, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for CalFresh Payment Error Rate Mitigation and automation for implementation of Public Law 119-21.

(3) Up to \$19,800,000 of the amount appropriated in Schedule (1) of Item 5108-141-0890, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for CalFresh Payment Error Rate Mitigation and automation for implementation of Public Law 119-21.

5180-492—Reappropriation, Department of Social Services. Notwithstanding any other law, the period to liquidate encumbrances of the following citations is extended to June 30, 2030.

0001—General Fund

(1) Up to \$2,500,000 of the amount appropriated in Schedule (1) of Item 5180-151-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for the Home Safe Program as reappropriated by Item 5180-494, Budget Act of 2024 (Chs. 22, 35, and 944, Stats. 2024)

(2) Up to \$5,900,000 of the amount appropriated in Schedule (2) of Item 5180-151-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for the Housing and Disability Advocacy Program as reappropriated by Item 5180-494, Budget Act of 2024 (Chs. 22, 35, and 944, Stats. 2024)

(3) Up to \$2,400,000 of the amount appropriated in Schedule (1) of Item 5180-151-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for the Bringing Families Home Program as reappropriated by Item 5180-494, Budget Act of 2024 (Chs. 22, 35, and 944, Stats. 2024)

5180-495—Reversion, State Department of Social Services. As of June 30, 2026, the balances specified below of the appropriations provided in the following citations shall revert to the balances of the funds from which the appropriations were made:

0001—General Fund

(1) Up to \$65,000,000 in Item 5180-101-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) appropriated for the State Supplemental Grant Program.

(2) Up to \$30,091,000 in Item 5180-101-0001, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) appropriated for implementation of prospective pay.

(3) Up to \$582,000 in Item 5180-001-0001, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) appropriated for resources to support the implementation of prospective pay.

Amend Provision 9 and add Provision 16 of Item 5180-001-0001 as follows:

"9. The Department of Finance is authorized to approve expenditures in excess of the amounts appropriated in this item, upon notification from the State Department of Social Services, to cover costs associated with increased fair hearing requests due to Medi-Cal redeterminations or Public Law 119-21."

16. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$125,587,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal or reimbursable share, or both, of costs of a program or programs when the federal funds or reimbursements have not been received by the state prior to the usual time for transmitting state payments for the federal or reimbursable share of costs. This loan from the General Fund shall be repaid when the federal share of costs or the reimbursements for the program or programs become available.