

HEALTH AND HUMAN SERVICES

The Health and Human Services Agency (CalHHS) oversees departments and state entities that provide health and social services to the most vulnerable and at-risk Californians while providing public health services to all Californians. The Governor's Budget includes \$230.5 billion (\$71.5 billion General Fund) for all health and human services programs in 2023-24.

In the last two Budget Acts, unprecedented investments have been made to improve the lives of all Californians, with a focus on the state's most vulnerable communities. This included significant investments to advance health care affordability and the master plan for aging; improve outcomes; expand access to care and benefits; address homelessness; and strengthen the behavioral health continuum, health and human services workforce, and public health infrastructure. Because of past fiscal prudence and planning and despite the decline in General Fund revenues, the Budget continues to advance the health and well-being of all Californians and maintains most of the investments made in recent years.

RECENT SIGNIFICANT INVESTMENTS AND ACTIONS

- **Expanding Health Care Access and Delivery System Transformation**—The Budget maintains \$844.5 million (\$635.3 million General Fund) in 2023-24, \$2.1 billion (\$1.6 billion General Fund) in 2024-25, and approximately \$2.5 billion (\$2 billion General Fund) ongoing, inclusive of In-Home Supportive Services costs, to expand full-scope Medi-Cal eligibility to all income-eligible adults ages 26 to 49 regardless of

immigration status on January 1, 2024. Additionally, the Budget maintains the approximately \$10 billion total funds commitment to continue transforming the health care delivery system through California Advancing and Innovating Medi-Cal (CalAIM).

- **Behavioral Health Continuum**—The Budget maintains over \$8 billion total funds across various Health and Human Services departments to expand the continuum of behavioral health treatment and infrastructure capacity and transform the system for providing behavioral health services to children and youth.
- **Community Assistance, Recovery & Empowerment (CARE) Act**—The Budget maintains \$88.3 million General Fund for county start up and state implementation and proposes additional funding for ongoing costs.
- **Child Care**—The state reached an historic agreement with Child Care Providers United – California to collectively bargain reimbursement rate increases. The Budget maintains over \$2 billion annually to expand subsidized child care slot availability.
- **Developmental Services Provider Rate Reform**—The Budget maintains an estimated annual \$1.2 billion General Fund by 2024-25 to fully implement service provider rate reform with a focus on improving outcomes and quality of services, and to address disparities within the system.
- **Increased Cash Assistance**—The Budget maintains over \$1 billion General Fund annually to provide increased cash assistance to individuals with disabilities and older adults in the Supplemental Security Income/State Supplementary Payment program, and low-income children and families in the CalWORKs program.
- **Incompetent to Stand Trial Waitlist Solutions**—The Budget maintains \$535.5 million General Fund in 2022-23, increasing to \$638 million in 2025-26 and ongoing for the Department of State Hospitals to implement solutions focused on Early Stabilization, Community Care Coordination, and Expanding Diversion and Community-Based Restoration Capacity for the Incompetent to Stand Trial (IST) population. Over four years, this funding will establish 5,000 beds to support felony ISTs. From January to December 2022, the waitlist has declined from a high of 1,953 to 1,473 as a result of these solutions and increased operational efficiencies.
- **Public Health Infrastructure Investment**—The Budget maintains \$300 million ongoing General Fund to modernize state and local public health infrastructure and transition to a resilient public health system. Of this amount, \$100 million General Fund supports increased state public health capacity in foundational public health areas such as emergency preparedness and response and workforce development

and training. The remaining \$200 million General Fund is for local health jurisdictions to expand public health staffing and reduce health disparities.

- **Healthcare Workforce**—The Budget maintains over \$1 billion General Fund to the Department of Health Care Access and Information (HCAI) to strengthen and expand the state's health and human services workforce. These investments include funding for increasing nurses, community health workers and social workers, and supporting new individuals coming into the workforce in behavioral health, primary care and reproductive health. This commitment will be fulfilled, but over more time due to declining General Fund revenues. Please see the General Government and Statewide Issues and Climate Change Chapters for more information.

DEPARTMENT OF HEALTH CARE SERVICES

Medi-Cal, California's Medicaid program, is administered by the Department of Health Care Services (DHCS). Medi-Cal is a public health care program that provides comprehensive health care services at no or low cost for low-income individuals. The federal government mandates that a range of basic services be included in the program and the state provides additional optional benefits. The Department also oversees county-operated community mental health and substance use disorder programs, the California Children's Services and the Primary and Rural Health Programs. The Medi-Cal budget includes \$137.7 billion (\$32.3 billion General Fund) in 2022-23 and \$138.9 billion (\$38.7 billion General Fund) in 2023-24. Medi-Cal is projected to cover approximately 15.2 million Californians in 2022-23 and 14.4 million in 2023-24—more than one-third of the state's population.

SIGNIFICANT BUDGET ADJUSTMENTS

- **California's Behavioral Health Community-Based Continuum Demonstration**—The Budget includes \$6.1 billion (\$314 million General Fund, \$175 million Mental Health Services Fund, \$2.1 billion Medi-Cal County Behavioral Health Fund, and \$3.5 billion federal funds) over five years for the Department of Health Care Services and the Department of Social Services to implement the Behavioral Health Community-Based Continuum Demonstration, effective January 1, 2024. A critical part of CalAIM, the Demonstration includes statewide and county opt-in components to expand behavioral health services and strengthen the continuum of mental health services for Medi-Cal beneficiaries living with serious mental illness and serious emotional disturbance, with a focus on children and youth, individuals

experiencing or at risk of homelessness, and justice-involved individuals. The Demonstration will improve integration of medical, behavioral health and social services for foster children and youth, strengthen community-based services, clarify coverage for evidence-based therapies and home-based services for children and families, add critical treatment and supports, and build statewide centers of excellence to support practice transformations. Additionally, the Demonstration will allow counties to cover certain community-based services, such as supportive employment and rent and temporary housing for up to six months for certain high-need beneficiaries.

- **Managed Care Organization Tax**—The Budget proposes the renewal of the Managed Care Organization (MCO) Tax effective January 1, 2024, through December 31, 2026, to help maintain Medi-Cal program funding for the Medi-Cal expansion to all income eligible individuals and minimize the need for reductions to the program. This tax renewal maintains the structure from the prior MCO Tax authorized in Assembly Bill 115 (Chapter 348, Statutes of 2019) as approved by the federal government with minor modifications and data updates. The Budget includes \$1.3 billion (\$317 million in reduced General Fund spending) in 2023-24 and the MCO Tax is estimated to offset \$6.5 billion in General Fund spending over the three years. The Administration will explore opportunities over the next few months to increase the MCO Tax to provide support for the Medi-Cal program.
- **Designated State Health Program and Rate Increases**—The Budget reflects \$40.4 million General Fund savings in 2022-23 and \$161.6 million General Fund savings in 2023-24 through 2026-27, for total General Fund savings of \$646.4 million, from the anticipated federal reauthorization of Designated State Health Program funding to cover the costs of the Providing Access and Transforming Health and CalAIM Justice Initiative. As a condition of approval of Designated State Health Program funding, DHCS is required to demonstrate compliance with minimum reimbursement levels for specific service categories. The Budget includes \$22.7 million (\$8.6 million General Fund) in 2023-24 and \$57.1 million (\$21.7 million General Fund) ongoing for primary care and obstetric care provider increases. The Administration will continue to evaluate the need for additional targeted provider rate increases at the May Revision.
- **Reproductive Health Services 1115 Waiver**—The Budget includes \$200 million (\$15 million General Fund) in 2024-25 for a grant program through an 1115 federal demonstration waiver focused on supporting access to family planning and related services, system transformation, capacity, and sustainability of California's safety net. This funding builds on the 2022 Budget Act investments for reproductive health

services and continues California's progress to provide comprehensive family planning and related services as California grapples with the effects of recent federal actions.

- **CalAIM Transitional Rent Waiver Amendment**—The Budget includes \$17.9 million (\$6.3 million General Fund) in 2025-26 increasing to \$116.6 million (\$40.8 million General Fund) at full implementation to allow up to six months of rent or temporary housing to eligible individuals experiencing homelessness or at risk of homelessness and transitioning out of institutional levels of care, a correctional facility, or the foster care system and who are at risk of inpatient hospitalization or emergency department visits.
- **Community Assistance, Recovery & Empowerment (CARE) Act**—The Budget includes \$16.5 million General Fund in 2023-24, \$66.5 million General Fund in 2024-25, \$108.5 million in 2025-26 and annually thereafter to support estimated county behavioral health department costs for the CARE Act (Chapter 319, Statutes of 2022). The Act requires Cohort I counties to implement the CARE program beginning October 2023 and Cohort II counties beginning December 2024. The Administration will continue to work with counties and stakeholders to refine the ongoing program cost estimate. For Judicial Branch and legal services funding, see the Judicial Branch Chapter.
- **Behavioral Health Bridge Housing Program**—The Budget delays \$250 million General Fund of the total \$1.5 billion General Fund to 2024-25 for the Behavioral Health Bridge Housing Program. The Budget maintains \$1 billion General Fund in 2022-23 and \$250 million General Fund in 2023-24 for this program.
- **Behavioral Health Continuum Infrastructure Program**—The Budget delays the last round of behavioral health continuum capacity funding of \$480.7 million General Fund appropriated in the 2022 Budget Act for 2022-23 to \$240.4 million in 2024-25 and \$240.3 million in 2025-26. A total of \$1.2 billion has been awarded to date, and the Budget maintains \$480 million General Fund for crisis and behavioral health continuum grant funding to be awarded in 2022-23.
- **Two-Week Checkwrite Hold Buyback**—The Budget delays the elimination of the two-week checkwrite hold buyback that was planned for 2022-23 to 2024-25, reducing 2022-23 costs by \$1.1 billion (\$377.7 million General Fund).
- **2022-23 Budget Update**—The Budget reflects lower Medi-Cal expenditures of approximately \$4.2 billion General Fund in 2022-23 compared to the 2022 Budget Act. The decrease is due primarily to the shifting of certain repayments to the federal government related to state-only populations into 2023-24, and net savings

from the assumed extension of the federal COVID-19 Public Health Emergency through mid-April 2023.

- **Year-Over-Year Comparison**—The Budget projects Medi-Cal expenditures of \$38.7 billion General Fund in 2023-24, an increase of \$6.4 billion General Fund compared with the revised 2022-23 expenditures. A majority of the increase is attributable to shifting of repayments to the federal government related to state-only populations from 2022-23 and the assumed loss of increased federal funding consistent with the end of the federal Public Health Emergency while costs for caseload persist through the year. These costs are partially offset by one-time expenditures budgeted in 2022-23 that are not continuing into 2023-24.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence. The Department's major programs include CalWORKs, CalFresh, In-Home Supportive Services (IHSS), Supplemental Security Income/State Supplementary Payment (SSI/SSP), Child Welfare Services, Community Care Licensing, Disability Determination Services, and child care and nutrition. The Budget includes \$43.8 billion (\$18.4 billion General Fund) for DSS programs in 2023-24.

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS

The CalWORKs program, California's version of the federal Temporary Assistance for Needy Families (TANF) program, provides temporary cash assistance to low-income families with children to meet basic needs. It also provides welfare-to-work services so that families may become self-sufficient. Eligibility requirements and benefit levels are established by the state. Counties have flexibility in program design, services, and funding to meet local needs. Total TANF expenditures are \$9 billion (state, local, and federal funds) in 2023-24. The amount budgeted includes \$7.4 billion for CalWORKs program expenditures and \$1.6 billion for other programs such as Child Welfare Services, Foster Care, Department of Developmental Services programs, the Statewide Automated Welfare System, California Community Colleges Child Care and Education Services, Cal Grants, and the Department of Child Support Services. The average monthly CalWORKs caseload is estimated to be 360,000 families in 2023-24.

SIGNIFICANT ADJUSTMENT

- **CalWORKs Grant Increase**—The Budget projects a 2.9-percent increase to CalWORKs Maximum Aid Payment levels, with an estimated cost of \$87 million in 2023-24. These increased costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund and will be updated at the May Revision. This increase is on top of an 11-percent statutory increase for 2022-23.

IN-HOME SUPPORTIVE SERVICES

The IHSS program provides domestic and related services such as housework, meal preparation, and personal care services to eligible low-income individuals with disabilities, including children and adults, and low-income individuals who are ages 65 and over. These services are provided to assist individuals to remain safely in their homes and prevent more costly institutionalization. The Budget includes \$20.5 billion (\$7.8 billion General Fund) for the IHSS program in 2023-24. Average monthly caseload in this program is estimated to be 642,000 recipients in 2023-24.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP)

The federal SSI program provides a monthly cash benefit to individuals with disabilities, including children and adults, and individuals who are ages 65 and over who meet the program's income and resource requirements. In California, the SSI payment is augmented with an SSP grant. These cash grants help recipients meet their basic needs and living expenses. The federal Social Security Administration administers the SSI/SSP program, making eligibility determinations, computing grants, and issuing combined monthly checks to recipients. The state-only Cash Assistance Program for Immigrants (CAPI) provides monthly cash benefits to aged, blind, and disabled individuals who are ineligible for SSI/SSP due solely to their immigration status.

The Budget includes \$3.5 billion General Fund in 2023-24 for the SSI/SSP program, including CAPI. The average monthly caseload in this program is estimated to be 1.1 million recipients in 2023-24. An 8.7-percent federal SSI cost-of-living adjustment and 10.3-percent SSP increase took effect on January 1, 2023, bringing the maximum SSI/SSP grant levels to \$1,134 per month for individuals and \$1,928 per month for couples. CAPI benefits are equivalent to SSI/SSP benefits.

SIGNIFICANT ADJUSTMENT

- **SSP Increase**—The Budget reflects \$146 million General Fund in 2023-24 and \$292 million ongoing for an additional SSP increase of approximately 8.6 percent, effective January 1, 2024.

CHILDREN'S PROGRAMS

Child Welfare Services include family support and maltreatment prevention services, child protective services, foster care services, and adoptions. California's child welfare system provides a continuum of services to children who are either at risk of or have suffered abuse and neglect. Program success is measured in terms of improving the safety, permanence, and well-being of children and families served. The Budget includes \$884.9 million General Fund in 2023-24 for services to children and families in these programs. When federal and 1991 and 2011 Realignment funds are included, total funding for children's programs is in excess of \$9.2 billion in 2023-24.

CHILD CARE AND DEVELOPMENT

DSS administers child care programs including CalWORKs Stages One, Two, and Three; the Emergency Child Care Bridge Program; Alternative Payment Programs; Migrant Child Care; General Child Care; Child Care for Children with Disabilities; and a variety of local supports for these programs, such as Resource and Referral and Local Child Care Planning Councils, in addition to quality improvement projects and the Child and Adult Care Food Program. Families can access child care subsidies through centers that contract directly with DSS, local educational agencies, or vouchers from county welfare departments and Alternative Payment Programs. The Budget includes \$6.6 billion (\$2.7 billion General Fund) for child care programs.

Consistent with the current memorandum of understanding between the state and Child Care Providers United – California (CCPU) and the requirements of Chapter 116, Statutes of 2021 (AB 131), a Joint Labor Management Committee (JLMC) consisting of the state and CCPU presented a single rate reimbursement structure to the Department of Finance on November 14, 2022. The JLMC's joint presentation was informed by a stakeholder workgroup convened by DSS, in consultation with the California Department of Education, in the summer and fall of 2022. The presented approach toward a future single rate structure consists of (1) an alternative methodology that considers a cost estimation model; (2) base rates; (3) incentives/enhancement

rate-setting metrics; and (4) evaluation of the rate structure. The state will rely on the presented approach as it continues to develop a single rate structure. Additionally, the state will continue to work with CCPU to negotiate a successor agreement to the current agreement expiring June 30, 2023.

SIGNIFICANT ADJUSTMENTS

- **Cost-of-Living Adjustment (COLA)**—The Budget includes \$301.7 million General Fund for Child Care and Development Programs and \$1.5 million for the Child and Adult Care Food Program to reflect an estimated statutory COLA of 8.13 percent.
- **Child Care Slot Expansion Timing**—The Budget maintains the commitment initiated as part of the 2021 Budget Act to continue funding 110,500 new subsidized child care slots added in 2021-22 and another 36,000 new slots added in 2022-23, with the goal of eventually funding over 200,000 expanded slots. However, thousands of newly available slots since 2021-22 have not yet been filled. To accommodate the time necessary to utilize recent slot expansions, the Budget assumes that 20,000 new slots that would have been funded in 2023-24 will instead be funded in 2024-25.

OTHER DEPARTMENT OF SOCIAL SERVICES SIGNIFICANT ADJUSTMENTS

- **California Food Assistance Program (CFAP) Expansion Timing**—The Budget reflects updated timing of the CFAP expansion to all income-eligible noncitizens 55 years of age or older, consistent with the necessary completion of the California Statewide Automated Welfare System migration. Benefit distribution is estimated to begin January 1, 2027.
- **Electronic Benefit Transfer (EBT) Fraud Mitigation**—California, and states across the nation, have seen substantial increases in EBT theft of CalWORKs and CalFresh benefits via electronic means. Cash benefit theft has increased from less than one percent of total cash benefits distributed in 2019-20 to a projected 1.7 percent in 2022-23. To protect clients and prevent theft of EBT benefits, DSS will pursue security upgrades and EBT card technology enhancements. California will be the first state in the nation to use these enhanced security features for EBT to safeguard CalWORKs and CalFresh clients' access to benefits. The Budget includes \$50 million (\$17.1 million General Fund) in 2023-24, \$23 million (\$7.9 million General Fund) in 2024-25, and \$3.5 million (\$1.2 million General Fund) in 2025-26 for this purpose.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) provides individuals with intellectual and developmental disabilities a variety of services, as an entitlement, that allow them to live and work independently or in supported environments. The Budget includes \$14.2 billion (\$8.6 billion General Fund) and estimates that approximately 421,000 individuals will receive services in 2023-24.

SIGNIFICANT ADJUSTMENTS

- **Safety Net Plan Update**—The Budget includes \$28.7 million (\$22.1 million General Fund) to expand safety net services to further support individuals with complex needs. The updated Safety Net Plan includes the development of a residential program in the community for adolescents and adults with high-intensity co-occurring developmental disabilities and mental health diagnoses, conversion of two Stabilization Training Assistance Reintegration homes to Intermediate-Care-Facility-licensed homes, adjustments to Crisis Assessment Stabilization Teams staffing, expansion of supports for foster youth who are eligible for regional center services, and establishment of an Autism Services Branch to support a statewide focus on addressing the needs of the growing population of individuals with autism spectrum disorder. These additional resources further support the continuum of safety net services.
- **Preschool Inclusion Grants**—The Budget delays for two years, from 2022-23 to 2024-25, the implementation of an annual \$10 million General Fund grant program to support preschool inclusion efforts such as facility modifications or staff training. The Budget maintains the grant program on an ongoing basis beginning in 2024-25.

DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health (DPH) is charged with protecting and promoting the health and well-being of the people of California. The Budget includes \$5.5 billion (\$1 billion General Fund) in 2023-24 for the Department.

SIGNIFICANT ADJUSTMENTS

- **Emergency Response and SMARTER Plan Implementation**—The Budget reflects \$176.6 million General Fund in 2023-24 to continue the state's efforts to protect the public's health against COVID-19, consistent with the Administration's SMARTER Plan,

and maintain significant information technology systems, including the California COVID Reporting System for laboratory data management and CalCONNECT for case and outbreak investigation.

- **Current Year 2022-23 COVID-19 Response**—The Budget assumes reduced COVID-19 direct response expenditures of approximately \$614 million California Emergency Relief Fund in 2022-23 compared to the 2022 Budget Act. The decrease is driven in part by reduced response activities since the peak of the COVID-19 Pandemic.
- **Public Health Climate and Health Resilience Planning**—The Budget reduces \$25 million General Fund in 2022-23 for Climate and Health Resilience Planning Grants. If there is sufficient General Fund in January 2024, this reduction will be restored. See the Introduction and Climate Change Chapters for further information.
- **Partial Public Health Workforce Reductions**—The Budget reduces funding for various public health workforce training and development programs by \$49.8 million General Fund over four years to help address the budgetary problem. The Budget maintains \$47.7 million General Fund over four years for community-based clinical education rotations for dental students and public health incumbent workforce upskilling and training.

DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals (DSH) administers the state mental health hospital system, the Forensic Conditional Release Program, the Sex Offender Commitment Program, and the evaluation and treatment of judicially and civilly committed patients. The Budget includes \$3.2 billion (\$3 billion General Fund) in 2023-24 to support the Department. The patient population is expected to reach 9,289 by the end of 2023-24, including patients receiving competency treatment in jail-based settings and community-based settings.

SIGNIFICANT ADJUSTMENTS

- **Electronic Health Records (EHR) Implementation**—The Budget includes \$21.5 million General Fund in 2023-24 and \$22.3 million General Fund ongoing to complete the planning phase and begin implementation of the enterprise Continuum Electronic Health Records project.

- **COVID-19 Impacts**—The Budget includes \$51.3 million General Fund in 2023-24 to protect patients and staff from COVID-19 and other infectious diseases.
- **Fund Shift**—The Budget shifts \$29.4 million one-time from the General Fund to the Mental Health Facilities Fund (reimbursements in 2022-23) from available reserves for state operations.

DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

The Department of Health Care Access and Information (HCAI) is committed to expanding equitable access to health care for all Californians—improving the health workforce, ensuring health care facilities are safe and reliable, and analyzing health information that can help make care more effective and affordable. The Budget includes \$338 million (\$186 million General Fund) in 2023-24 to support the Department.

SIGNIFICANT ADJUSTMENT

- **Healthcare Workforce Grants**—Funding for some HCAI workforce grants will be released later than originally planned. See the General Government and Statewide Issues and Climate Change Chapters for more information.

COVERED CALIFORNIA

Covered California increases the number of insured Californians, improves health care equity, lowers costs, and reduces health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give them the best value.

Improving the affordability of and access to health care continues to be a top priority for the Administration. Last year, the Budget provided a contingency in case federal subsidies were not extended. Federal subsidies were extended until 2025, so the contingency was placed in the Health Care Affordability Reserve Fund (HCARF) to ensure that state-only premium subsidies are available again in the future when they are most needed.

SIGNIFICANT ADJUSTMENT

- **Temporarily Use Available Reserves**—Due to declining General Fund revenues, the Budget transfers the available HCARF balance of \$333.4 million to the General Fund. These funds will be returned after federal subsidies end, which is scheduled in 2025-26.

OTHER HEALTH AND HUMAN SERVICES SIGNIFICANT ADJUSTMENTS

- **Opioid and Fentanyl Response**—Building on the 2022 Budget Act opioid response investments, the Budget includes an additional \$93 million in Opioid Settlement Fund over four years beginning in 2023-24 to support youth- and fentanyl-focused investments for the Department of Health Care Services and for the Department of Public Health as follows:
 - \$79 million for the Naloxone Distribution Project to increase distribution to first responders, law enforcement, community-based organizations, and county agencies.
 - \$10 million for fentanyl program grants to increase local efforts in education, testing, recovery, and support services to implement Chapter 783, Statutes of 2022 (AB 2365).
 - \$4 million to support innovative approaches to make fentanyl test strips and naloxone more widely available.

The Administration anticipates receiving additional funds from new settlements with opioid retailers. Once the settlement funds are secured, the Administration will update the spending plan for the settlement funds in the May Revision with a focus on opioid overdose medication distribution such as naloxone.

The Budget also includes \$3.5 million ongoing Proposition 98 General Fund to provide all middle and high school sites at least two doses of naloxone hydrochloride or another medication to reverse an opioid overdose on campus. See the K-12 Education Chapter for more information.

- **Federal Public Health Emergency Extension**—The Budget assumes a two-quarter extension of the federal Public Health Emergency through mid-April 2023 and enhanced federal funding through the end of the 2022-23 fiscal year. The Budget continues to reflect significant fiscal impact related to COVID-19 across various

Health and Human Services departments. Additionally, the Budget does not reflect the impact of the recently signed federal Consolidated Appropriations Act. The May Revision will reflect the impact of required changes related to Health and Human Services programs such as the timing of Medi-Cal eligibility redeterminations and phasing out of enhanced federal funding at the end of the federal COVID-19 Public Health Emergency.

- **Home- and Community-Based Services (HCBS) Spending Plan**—The Budget includes adjustments to the HCBS spending plan based on revised claiming of the enhanced federal funding and expenditure estimates to \$2.8 billion, a \$60 million reduction compared to the 2022 Budget Act. The Budget assumes that all HCBS spending plan funding will be expended by March 2024, and California will not use the additional optional year to spend the enhanced federal funding. The 2021 Budget Act appropriated funding made available pursuant to the American Rescue Plan Act of 2021 to enhance, expand, and strengthen Home and Community-Based Services for 26 initiatives across six Health and Human Services departments.
- **Health and Human Services Innovation Accelerator Initiative**—An important approach to addressing the health of all Californians is to focus research and development on tools that directly address health disparities and ensure innovations are quickly accessible to all. This Initiative will seed a new entity and provide an initial investment so that researchers and developers can create solutions to the greatest health challenges facing Californians, such as targeting diabetes-related morbidity and mortality, addressing disparities in maternal and infant mortality faced by women and their babies, and preventing and mitigating infectious disease. This program will also create a State Innovation Transition Team within government to enhance innovation within safety-net programs. Funding for this initiative will be refined over the next few months and included in the May Revision.
- **Mello-Granlund Older Californians Act Modernization Pilot Program**—The Budget includes \$37.2 million annually across five years starting in 2022-23 for pilot programs supporting community-based services programs, senior nutrition support, family and caregiver supports, senior volunteer development, and/or aging in place. This reflects \$186 million General Fund spent over five years instead of across three years as originally planned in the 2022 Budget Act.

1991 AND 2011 REALIGNMENT

Realignment shifted administrative and fiscal responsibility to counties for a variety of programs, along with a dedicated source of funding. 1991 Realignment provides funding for social and health programs and 2011 Realignment provides funding for local public safety programs. Additionally, both 1991 and 2011 Realignment provide funding for mental health and child welfare programs. The programs for 1991 and 2011 Realignment are funded through two sources: state sales tax and vehicle license fees. These fund sources are projected to increase by 1.3 percent from 2021-22 to 2022-23 and by 1.6 percent from 2022-23 to 2023-24.

MIGRATION AND BORDER COMMUNITIES

Since 2019, California has supported humanitarian services for migrants released from short-term federal custody in the border region. These services were expanded in 2021 given changing federal policies and public health needs related to COVID-19. California's national model of care and community partnership provides screening, support services, temporary shelter and onward travel coordination for migrants so they may safely continue with their immigration proceedings at their destination in the U.S. The California model prioritizes the state's border communities and the well-being of migrants.

No state has invested more than California in these humanitarian efforts. However, California cannot continue to fund these efforts at scale without significant support from Congress. The federal government is responsible for immigration policies and processing, and Congress must invest in policies and sustainable infrastructure that ensures the right to asylum for those fleeing violence and persecution while supporting their safe passage through border regions and onto their destinations within the U.S. Local jurisdictions, including immigrant affairs offices and non-governmental organizations, are important partners in supporting the delivery of services.

In the coming months, the Administration will continue to work with the federal government, including Congress, to leverage additional federal resources and assess operational needs to inform a 2023-24 investment in these humanitarian efforts, which will be included as part of the May Revision.