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March 18, 2026

The Honorable Corey Jackson, Chair
Assembly Budget Subcommittee No. 2
1021 O Street, Room 8230
Sacramento, CA 95814

The Honorable Caroline Menjivar
Chair, Senate Budget & Fiscal Review Subcommittee No. 3
1021 O Street, Suite 6630
Sacramento, CA 95814

RE: Concerns with the Governor's 2026-27 Budget Proposal - In-Home Supportive Services (IHSS)

Dear Assemblymember Jackson and Senator Menjivar,

I am writing on behalf of the Kern County Board of Supervisors to express our strong opposition to the proposed reductions to the In-Home Supportive Services (IHSS) program included in the Governor's proposed 2026-27 Budget. The Governor's budget proposes to shift the full nonfederal cost of growth in IHSS hours to counties beginning in fiscal year (FY) 2027-28; eliminate the permanent Backup Provider System (BUPS); and automate the termination of IHSS to align with the discontinuance of Medi-Cal. When taken together, these proposals exacerbate county fiscal pressures by shifting additional safety net costs all at a time when county resources are critical to mitigate the most severe impacts of H.R. 1.

I also respectfully urge the Legislature to adopt statutory changes that preserve the current 50/50 cost-sharing arrangement between the State and counties for IHSS Community First Choice Option (CFCO) penalties. Together, these proposals have significant implications for the ability of IHSS recipients to safely remain in their homes, as these create significant pressures that will necessitate trade-offs in county administration of the IHSS program.

The IHSS program in Kern County enables nearly 18,000 older adults and people with disabilities to avoid institutionalization by receiving essential care in their homes, delivered by over 11,000 providers. IHSS enhances quality of life by making it easier to live at home and reduces the time and financial burdens placed on family and friend caregivers. County social workers serve as the critical gateway to IHSS, conducting in-home assessments, authorizing service hours, and completing required annual reassessments to ensure timely access to the appropriate level of care, based on individualized needs of clients.

Cost Shift for Growth in IHSS Hours to Counties. The Governor's budget proposes to shift significant new costs to counties for growth in IHSS hours at an estimated cost of \$233.6 million beginning FY 2027-28. This creates a substantial new cost burden with no additional revenues to support it and would effectively place a higher burden on 1991 Realignment funding that counties rely upon to support caseload and cost growth in IHSS and other social services and health and human services safety net programs, including child welfare, CalFresh administration, CalWORKs, public health, behavioral/mental health, and other safety-net responsibilities. Moreover, the proposal creates pressure for counties to limit growth in authorized hours for some of our most vulnerable Californians in accessing the at-home care they need, even when those hours reflect legitimate care needs and help avoid more costly institutionalization.

Counties already face severe underfunding in IHSS administration, by at least \$246 million total funds in the Administration's own estimate as of spring 2025. To address this funding shortfall in staffing, some counties contribute higher levels of funding to maintain staffing in order to meet state mandates for the program, totaling approximately \$71.1 million in FY 2024-25, or 18 percent above the state General Fund allocation, across all counties. Shifting additional service-level costs to counties would force difficult trade-offs, including the potential to reduce any additional funding for staffing which could result in delays for intakes, reassessments, and critical emerging needs of clients.

Passing higher service costs to counties also threatens to destabilize the provider workforce. Counties must approve any negotiated wages or benefits and that approval depends on predictable, adequate funding for both administration and service costs. Shifting growth costs to counties reduces the resources available to meet provider needs through collective bargaining, thus undermining recruitment and retention and further weakening the workforce at a time when the program is already facing provider shortages amid rising demand. At a time when California is prioritizing aging in place, caregiver workforce stability, and alternatives to institutional care, shifting service cost responsibilities to counties moves the State backward.

In Kern, departmental goals for the number of cases per worker for IHSS changed significantly due to the focus and prioritization of CFCO cases. CFCO cases represent 50% of the IHSS caseload. The Kern County IHSS program has experienced an increase in applications for services with currently 3,603 applications pending. The department would like to add additional staff in FY 2026-27 to process the growing backlog of applications and reassessments; however, due to limited funding and penalties from the state, the department will not be able to do so at this time.

As the County must shift general funds to cover the increasing costs to the IHSS program we anticipate impacts on other areas of our programs such as our Meals On Wheels and Congregate dining programs that serve seniors 60 and above. The need for these programs has also increased due to growth of people turning 60+ and the County has been providing additional dollars to these programs to offset the demands, but if the County must assign more general fund dollars, we will have to make further reductions to the number of people served for these vital support programs.

For these reasons, the County of Kern strongly opposes the proposed shift of IHSS hour growth costs to counties and urges the Legislature to reject this proposal and its associated trailer bill language (TBL). This proposal will undermine the foundational purpose of IHSS to ensure that older adults and people with disabilities can remain safe in their homes rather than entering costly institutional care.

Minimize harm to IHSS recipients from CFCO Penalties. The Budget Act of 2025 shifted costs of federal penalties to counties for delayed reassessments under the CFCO program, currently at a 50/50 cost split

between State and counties. Effective July 1, 2026, 100% of the liability will shift to counties. Our county is in strong support of the CWDA-proposed TBL that would preserve the current 50 percent State / 50 percent county cost-sharing structure for CFCO reassessment penalties and address several critical implementation challenges faced by counties. The proposed TBL is necessary to ensure that the implementation of CFCO penalties is fair, transparent, and administratively workable for counties that are already under immense operational strain. Without these statutory changes, counties will continue to face escalating fiscal pressures and increasing barriers to timely intakes, ultimately risking service delays for highly vulnerable IHSS applicants.

The penalties come at a time when counties are already struggling with severe IHSS social worker underfunding, as mentioned above. Fifty-one (51) Social workers in Kern County carry caseloads of 350 IHSS clients per worker, making timely intakes and reassessments exceedingly difficult. The penalties have forced our county to prioritize CFCO reassessments to avoid penalties that would further erode our ability to provide timely access to services for IHSS applicants and other recipients and meet existing State requirements. Counties' immediate response to the CFCO law was to shift priority to CFCO cases to avoid federal fiscal penalties. Absent adequate funding for county staffing, this has resulted in applicants waiting longer for intakes, and existing clients with worsening health conditions are experiencing delays in reassessment. These delays jeopardize clients' safety, place families at risk, and increase the likelihood of costly institutional care, outcomes that contradict the State's long-standing commitment to home- and community-based services.

Here in Kern, CFCO penalties have impacted the administration of the IHSS program. The urgent need to prioritize CFCO cases to prevent significant financial penalties has forced the department to divert resources, resulting in substantial delays in processing applications and non-CFCO reassessments.

CWDA's proposal to include CFCO-related trailer bill language in the 2026 Budget Act is a reasonable, targeted, and cost-effective solution. The proposal would:

- Maintain the current 50 percent State/50 percent county cost share, avoiding a full cost shift to counties. Based on current data, this approach would likely limit State General Fund exposure to no more than \$16 million in FY 2026–27.
- Require CDSS to provide counties with the data necessary to reconcile penalty calculations in order to issue penalty payments to the State and avoid audit risks.
- Exclude IHSS cases that moved between counties or returned from leave from penalty calculations for 30 days after notifying the county of the change, as such circumstances are outside county control.
- Include technical cleanup provisions preventing counties from incurring unintended cost shifts unrelated to overdue reassessments.

This proposal is essential to protect IHSS consumers and ensure equitable access to critical services. Without action, Kern County will be forced to continue to redirect scarce staff time away from timely intakes and urgent reassessments, creating further delays that jeopardize health and safety for IHSS applicants and recipients.

Auto-terminating IHSS recipients when Medi-Cal is discontinued. The Governor's budget proposes to automate the termination of IHSS to align with the discontinuance of Medi-Cal (an \$86 million General Fund reduction). Currently, when a Medi-Cal case is discontinued, the IHSS recipient may be placed into the state-only IHSS Residual program and payments to their provider can continue until the county takes

action to reinstate Medi-Cal. Once the individual comes back into Medi-Cal, the IHSS social worker will rescind the discontinuance and reinstate the recipient in IHSS. Auto-termination will disrupt care continuity and create payment lapses for providers. While framed as a cost containment measure, the "savings" would come from denying services to low-income older adults and people with disabilities. Even if Medi-Cal is restored, the lapse in payment for services creates a financial strain for providers, many of whom may choose to continue to deliver services without pay until Medi-Cal can be fully restored. These disruptions are not minor administrative delays; they represent lapses in essential care for individuals who cannot safely be left without assistance, increasing the likelihood of hospitalization or institutional placement.

Collectively, these proposals would significantly weaken the IHSS program at the exact moment when demand for home- and community-based services is rising and California is preparing for unprecedented demographic aging. The combined effects of shifting costs to counties, unworkable penalty structures, elimination of essential backup supports, and automatic termination of services for low-income recipients would increase risk for older adults and people with disabilities, destabilize the IHSS workforce, and strain already overextended county systems.

For these reasons, the County of Kern strongly urges the Legislature to reject the IHSS cost shift to counties, preserve the 50/50 State-county responsibility for CFCO penalties, adopt CWDA's proposed CFCO trailer bill language, maintain the Backup Provider System, and oppose auto-termination policies that sever IHSS recipients from needed care due to temporary Medi-Cal disruptions. Protecting IHSS is essential to safeguarding vulnerable Californians and sustaining their ability to remain safely at home, a value the State has long affirmed and must continue to uphold.

Thank you for your consideration and continued partnership with counties.

Sincerely,



Phillip Peters, Chairman
Kern County Board of Supervisors

cc: Members and Staff of the Senate Budget Subcommittee No. 3
 Members and Staff of the Assembly Budget Subcommittee No. 2
 County Welfare Directors Association (CWDA)
 Kern County Aging and Adult Services
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