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The Honorable Dr. Corey Jackson, Chair
Assembly Budget Subcommittee No. 2
1021 O Street, Suite 6120
Sacramento, CA 95814

**RE: In-Home Supportive Services Assessed Hours Trailer Bill
Language – Oppose**

Dear Chair Jackson:

On behalf of the California State Association of Counties (CSAC), representing all 58 counties in California, I am writing to share our strong opposition to the Governor’s In-Home Supportive Services (IHSS) assessed hours budget proposal. This proposal would essentially shift an estimated \$233.6 million in IHSS costs from the state to counties, which would negatively impact the IHSS program and the broad health and human services programs that counties administer on behalf of the state.

The IHSS assessed hours proposal would back out the state’s share of costs in IHSS hours growth and instead require counties to pay for these costs. This would be enacted through the proposed trailer bill language that would establish a baseline statewide average for IHSS hours per case. Counties with an average authorized IHSS hours per case above that statewide average would be responsible for 100 percent of the nonfederal share of the county’s increased IHSS hours exceeding that baseline. CSAC is strongly opposed to this proposal that would undermine the existing IHSS fiscal structure, exacerbate the safety net impacts of H.R. 1, misdiagnose the cause of hours growth, and negatively impact IHSS recipients and providers.

Proposal undermines fiscal structure and creates additional cost pressures on counties

The existing IHSS fiscal structure was established in 2019 (Chapter 27, Statutes of 2019) through the creation of a new county IHSS maintenance of effort (MOE). The 2019 MOE was enacted consistent with recommendations from the Department of Finance in the [Senate Bill 90: 1991 Realignment Report](#). As outlined by the Department of Finance, the primary purpose of this MOE is to ensure that county IHSS costs fit within available social services Realignment revenues so that counties do not have to continue to take funding away from

health and mental health programs to cover IHSS costs as occurred under the 2017 MOE. The report acknowledges that changes to the IHSS program enacted by the state and federal government, including collective bargaining, minimum wage increases, and overtime rules, caused IHSS program costs to grow beyond what counties could cover within the available social services Realignment funding.

The IHSS assessed hours proposal directly undermines the 2019 MOE structure, which has been essential to sustaining county health and human services programs within Realignment. Under the MOE, county IHSS costs can only increase in two ways – (1) annual four percent MOE inflation factor (intended to match historical Realignment growth) and (2) county share of costs for locally negotiated increases to IHSS provider wages and benefits. This proposal would significantly increase county IHSS costs outside of those two allowable methods and above the MOE requirement. It would cause counties to have to redirect funding from other critical health and mental health programs, running contrary to the purpose of the MOE.

Counties are already facing their own fiscal pressures from IHSS costs. The UC Berkeley Labor Center released a study in 2024 that was commissioned by the California Department of Social Services as part of the statewide collective bargaining workgroup effort. According to the study, county IHSS costs are growing at a faster rate than Realignment revenues (6.5 percent vs. 4.6 percent between FY 2017-18 and FY 2024-25). The study also noted that this growth disparity is likely to continue and that counties will have less revenues available for other realigned programs. In addition, for the past two years, the 1991 Realignment sales tax revenues have failed to reach base. The consequence of this base shortfall is that there has been no sales tax growth revenues available to be utilized for these increased IHSS costs. There is currently \$230 million in unpaid caseload growth resulting primarily from the IHSS inflation factor and county adopted wage and health benefit increases for IHSS providers.

Finally, counties also face cost pressures from being underfunded for the critical work that IHSS social workers do to verify eligibility and perform timely reassessments. Last year, the Administration reassessed the IHSS administrative funding methodology and found that counties are underfunded by approximately \$125 million General Fund. This situation continues and was aggravated by the cost shift for counties to cover Community First Choice Option penalties, which are directly related to the inadequate administrative funding.

IHSS cost shift would exacerbate H.R. 1 impacts on the safety net

Counties are facing massive cost increases as a result of the implementation of federal H.R. 1. These include increased demand for indigent medical care, increased eligibility workforce needs, and direct cost shifts. CSAC recently released [an analysis](#) showing that counties are facing between \$6 billion and \$9.5 billion in anticipated annual costs as a result of H.R. 1.

Unfortunately, the Governor's Budget does not include any funding for counties to address these significant cost increases. In addition, with this IHSS proposal, it actually compounds the county fiscal pressures by shifting additional safety net costs. This proposal further jeopardizes the safety net, as counties cannot backfill federal funding from H.R. 1 implementation, especially if additional state cuts are layered on top of those impacts. Counties are the safety net providers in California performing the on-the-ground work to enroll and serve vulnerable families, children, and older adults and need a partnership with the state to address H.R. 1 costs and not create additional safety net concerns.

Demographic changes are causing hours growth

There are two state-mandated and validated tools, the Functional Index Rankings and Hourly Task Guidelines, that county social workers use to determine the number of IHSS hours to authorize for a recipient. The guidelines have time ranges that provide for allowable and appropriate variation in hours for the same functional index score. The use of these tools is overseen by the California Department of Social Services (CDSS) and counties use them in accordance with CDSS guidance and a rigorous quality assurance process. The increase in hours per case is not caused by counties inappropriately using these tools, but rather the result of a number of factors outside of the control of counties.

According to an analysis from the County Welfare Directors Association (CWDA), IHSS hours per case are growing because of changing demographics and program participation, primarily three changes:

1. There are more older adults in the IHSS program and they are living for longer. As older adults continue to age, their assistance needs grow, but not always significantly enough to change their functional index score. It is appropriate for increased hours to be authorized to meet their increased needs even if their functional index score remains the same.
2. There has also been a significant increase in the number of minors who receive IHSS services. For minors, hours are not authorized for certain tasks that are expected for

their developmental stage, but as they grow and require help for those tasks, those hours can then be authorized even if their functional index score remains the same.

3. There continues to be an increase in protective supervision cases, which receive the maximum number of authorized hours.

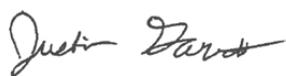
The hours growth that is occurring is consistent with these demographic changes and was occurring prior to the establishment of the 2019 MOE. In fact, in the SB 90: 1991 Realignment Report that recommended the current MOE structure, the Department of Finance acknowledges that there is growth in hours per case and that the primary cause of this growth is the increasing disabled and protective supervision caseload.

IHSS proposal would negatively impact recipients and providers

CSAC has significant concerns that this IHSS assessed hours proposal would result in negative impacts to program participants and IHSS providers given the significant fiscal strain it would put on county safety net services. This proposal would create a situation with a misaligned incentive for counties to reduce or limit service hours that are legitimately needed by recipients to remain safely in their homes. It would also make it difficult to continue the substantial progress by counties to increase wages and benefits for IHSS providers that has occurred under this MOE. In fact, this proposal is likely to create a chilling effect on collective bargaining efforts. Finally, the structure proposed in the trailer bill language is problematic. The concept of a statewide average creates a situation whereby counties, and therefore the recipients and providers in those counties, are punished by their demographics causing their hours growth to be above the statewide average.

For all of these reasons, CSAC urges the Legislature to reject the IHSS assessed hours proposal. Counties are committed to this life-saving program that helps vulnerable individuals remain safely in their homes and seek your partnership in protecting this program from this harmful proposal.

Sincerely,



Justin Garrett
Senior Legislative Advocate

cc: The Honorable Jesse Gabriel, Chair, Assembly Budget Committee
Honorable Members, Assembly Budget Subcommittee No. 2
Nicole Vazquez, Deputy Chief Consultant, Assembly Committee on Budget
Eric Dietz, Principal Consultant, Assembly Republican Fiscal Office
Kelsy Castillo, Policy Consultant, Office of the Speaker
Ginni Bella Navarre, Deputy Legislative Analyst, Legislative Analyst's Office
Claire Ramsey, Chief Deputy Director, California Department of Social Services
Samantha Lui, Deputy Secretary, California Health and Human Services Agency
Kris Cook, Program Budget Manager, Department of Finance
Paula Villescaz, Deputy Legislative Secretary, Office of Governor Newsom