

# Joint Legislative Budget Committee

## CALIFORNIA LEGISLATURE

LEGISLATIVE ANALYST  
GABRIEL PETEK

CHAIR

**NANCY SKINNER**

### SENATE

JOSH BECKER  
BRIAN DAHLE  
MARÍA ELENA DURAZO  
SUSAN TALAMANTES EGGMAN  
ROGER W. NIELLO  
STEPHEN C. PADILLA  
RICHARD D. ROTH

VICE CHAIR

**PHILIP Y. TING**

### ASSEMBLY

Dr. JOAQUIN ARAMBULA  
STEVE BENNETT  
MIA BONTA  
WENDY CARRILLO  
VINCE FONG  
KEVIN MCCARTY  
JIM PATTERSON

March 14, 2023

Mr. Joe Stephenshaw, Director  
Department of Finance  
1021 O Street, Suite 3110  
Sacramento, California 95814

Dear Mr. Stephenshaw:

In a letter dated January 26, 2023, you notified the Joint Legislative Budget Committee, pursuant to Control Section 11.95 in the *2022-23 Budget Act*, of adjustments necessary to administer the various initiatives funded in the Home and Community Based Services (HCBS) Spending Plan. According to the letter, the changes result in a net reduction of \$60,040,000 in HCBS Funds compared to the *2022-23 Budget Act* allocations.

While the proposed adjustments are technical in nature, I want to highlight a broader concern I have with the HCBS Spending Plan. The Governor's proposed budget assumes all HCBS funding will be spent by December 31, 2023, but I believe this deadline may jeopardize the state's ability to expend all of the federal funds on the programs they are intended to support. Some stakeholders have voiced apprehension about being able to spend all funds provided for the programs within the time provided.

The federal government allows states to extend the expenditure date by up to a year and I believe it would be prudent to utilize the additional time. In addition to the upcoming April HCBS Spending Plan Quarterly Report, I request the Administration provide the Legislature with more detail on specific implementation milestones, ramp-up timelines, and service level projections for each of the HCBS activities that are still in progress. For each HCBS activity, this should include a description of the underlying monthly utilization and expenditure assumptions, including, but not limited to, projected monthly program caseload levels, projected monthly expenditure rates, if funds will be released in large lump sum expenditures, and anticipated release date(s) of funds. Unless the Administration can provide program-specific information that demonstrates all funds (based on the most recent expenditure trends) will be spent by December 31, 2023, I would urge the Administration to act promptly and extend the

expenditure time limit to ensure all of the funds are spent on the programs authorized by the Legislature. Acting quickly will give departments the opportunity to modify program designs, adjust their contracts with vendors in a timely manner, and communicate with local program operators in a timely manner.

In conclusion, I concur with the Control Section 11.95 request but request the Administration work with the Legislature to determine whether an extension of the deadline is necessary and if so make this change through the 2023-24 budget.

Sincerely,

A handwritten signature in black ink that reads "Nancy Skinner". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Nancy Skinner  
Chair

cc: Members of the Joint Legislative Budget Committee