STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/25)

Fiscal Year	Business Unit Number	Department
2026-27	4140	Department of Health Care Access and Information

Hyperion Budget Request Name	Relevant Program or Subprogram
4140-030-BCP-2026-GB	3835 – Health Care Workforce

Budget Request Title
Healthcare Workforce Programs

Budget Request Summary
Department of Health Care Access and Information (HCAI) requests an increase in expenditure authority for a total of $931,000 in the Mental Health Practitioner Education Fund, $1,816,000 in the Registered Nurse Education Fund, and $142,000 in the Vocational Nursing Education Fund in FY 2026-27 and ongoing to continue supporting various workforce programs. HCAI also requests an increase in spending authority of $353,000 in FY 2026-27 and ongoing from the Federal Trust Fund to continue support for the Primary Care Office (PCO) and Medicare Rural Hospital Flexibility Program (FLEX) federal grants awarded through the Health Resources and Services Administration.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A	N/A

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	Department CIO	Date
	N/A	N/A

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. N/A **Approval Date:** N/A

Project Approval Document: N/A **Total Project Cost:** N/A

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Jonathan Nazario	1/10/2026	Marissa Enos	1/10/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Elizabeth Landsberg	1/10/2026	Kim Johnson	1/10/2026

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Joseph Donaldson	1/10/2026

A. Problem Statement

The Licensed Mental Health (LMH), Registered Nursing (RN), and Vocational Nurse (VN) programs do not have enough spending authority to utilize the funds allocated by licensure fees to fund the required program activities. The programs currently have spending limits that are much lower than what HCAI receives each year from licensure fees. Any funding from these sources that HCAI is unable to expend, reverts each year.

These programs are funded through a surcharge from renewal and licensure fees collected by the Department of Consumer Affairs. The amount of funds being received from licensure fees has increased over the years.

The table below shows funds received each year from the LMH, RN, and LVN programs' license fees, HCAI's spending authority, and the money left over after our spending authority. HCAI is requesting an increase in budget authority to enable the department to spend these funds at level received. This over all request is to increase the total spending authority in 2026-27 and ongoing from $693,000 to $931,000 from the Mental Health Practitioner Education Fund to continue support for License Mental Health (LMH) care workers, from $1.7 million to $1,816,000 from the Registered Nurse Education Fund to continue support for Registered Nurses (RN), from $137,000 to $142,000 from the Vocational Nursing Education Fund to continue support for Licensed Vocational Nurses (LVN).

Program	Received 23/24	Authority 23/24	Remaining 23/24	Received 24/25	Authority 24/25	Remaining 24/25	Received 25/26	Authority 25/26	Remaining 25/26
LMH	$1,037,940	$693,000	$344,940	$1,015,660	$693,000	$322,660	$1,038,040	$693,000	$345,040
RN	$2,295,110	$1,701,000	$594,110	$2,385,670	$1,701,000	$684,670	$2,312,810	$1,701,000	$611,810
VN	$245,245	$137,000	$108,245	$250,055	$137,000	$113,055	$241,485	$137,000	$104,485
Total	$3,578,295	$2,531,000	$1,047,295	$3,651,385	$2,531,000	$1,120,385	$3,592,335	$2,531,000	$1,061,335

The PCO and FLEX programs do not have enough spending authority to award the funds allocated by the federal government to fund required grant program activities.

The FLEX program uses a grant year of September 1 through August 31. The program's current federal grant award is $624,429, but the spending authority allocated to the program is $539,000, resulting in a deficit of $85,429 each grant year. In grant year 2022-2023, HRSA provided a one-time eight percent increase, $47,350, for state FLEX programs to provide outreach and education related to the Rural Emergency Hospital model. In grant year 2023-2024, HRSA provided a one-time 5.5 percent, $32,553, increase for FLEX programs to identify critical access hospital needs and provide tailored technical assistance.

The PCO uses a grant year of April 1 through March 31. The program's current federal grant award is $550,523, but the spending authority allocated to the program is $433,000, resulting in a deficit of $117,523 each grant year. In 2023-2024 and 2024-2025, HRSA provided one-time supplemental increases of $153,612 and $150,142, respectively, for the PCO to establish criteria and/or identify Maternity Care Target Areas (MCTAs), collect and publish data on the availability and need for maternity care health services in Health Professional Shortage Areas (HPSAs).

Each year, the FLEX and PCO programs are required to submit budget revisions to request the state spending authority to align with the federal grant awards for programs despite receiving consistent baseline grant funds for the five-year grant award period. This results in increased operational costs as program, operational, and budget staff are required to complete the request at the beginning of each grant year. This also poses a delay in the program executing required program activities outlined in the grants, which could result in the reduction of federal

awards due to funds not being expended timely. Any awarded supplemental increases are required to be expended within the grant year they are awarded, thus impacting the department's ability for the timely submission and approval of budget revision requests.

The table below provides federal funding award amounts (dollars in thousands) for the FLEX and PCO programs, including baseline award amounts and one-time supplemental increases for the last four grant years. In most cases, supplemental funding is awarded without advance notice; therefore, we are requesting spending authority to cover the base funding plus a 32 percent increase to cover potential future supplemental increases. The overall request for this BCP is to increase the total spending authority from $972,000 to $1,325,000 for FY 26-27 and onward.

Program	*Base 21-22*	*Base 22-23*	*Supp. 22-23*	*Total 22-23*	*Base 23-24*	*Supp. 23-24*	*Total 23-24*	*Base 24-25*	*Supp. 24-25*	*Total 24-25*
FLEX	$542	$592	$47	$639	$592	$32	$624	$624	$0	$624
PCO	$563	$563	$0	$563	$563	$154	$717	$551	$150	$701
Total	$1,105	$1,155	$47	$1,202	$1,155	$186	$1,341	$1,175	$150	$1,325

B. Justification

Increasing the spending authority will allow HCAI to award additional scholarships or loan repayment funds. By increasing the number of awards issued, HCAI expects to increase the health workforce serving Californians.

In addition, increasing the spending authority for the Federal Trust Fund requested in this proposal allows HCAI to meet all required program activities and objectives outlined in the FLEX and PCO grants. The additional spending authority will allow program flexibility to cover supplemental increases that may be issued during a grant year to obtain timely resources to complete required program activities.

C. Departmentwide and Statewide Considerations

HCAI's health workforce programs aim to address the health professional shortage in underserved areas, increase access to care, and improve the lives of California's most vulnerable. This proposal supports healthcare infrastructure through maintaining shortage designation evaluation to support underserved communities to have access to federal and state resources for healthcare workforce. This proposal also supports the state's critical access hospitals that provide necessary healthcare services to the state's rural communities through supporting quality, financial, operational, and population health improvement efforts. This proposal addresses several of the California Health and Human Services Agency's priorities and principles, including modernizing the health workforce, expanding care delivery capacity, and engaging the people we serve within their diverse and unique communities so that all Californians have meaningful access to care.

HCAI works to increase and diversify California's healthcare workforce by providing loan repayments and scholarships to health professional students and graduates who provide direct client care in those communities. The purpose of the LMH, RN, and VN programs are to increase the number of appropriately trained healthcare professionals providing direct client care in a qualified facility or area in California.

D. Outcomes and Accountability

Increasing HCAI's spending authority will enable the department to make more grant awards.

E. Implementation Plan

HCAI will award more scholarships and loan repayment grants in future fiscal years.

F. Supplemental Information (If Applicable)

N/A

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Health Care Workforce Programs

BR Name: 4140-030-BCP-2026-GB

Budget Request Summary

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5340 - Consulting and Professional Services - External	0	353	353	353	353	353
54XX - Special Items of Expense	0	358	358	358	358	358
Total Operating Expenses and Equipment	**$0**	**$711**	**$711**	**$711**	**$711**	**$711**

Total Budget Request

Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Budget Request	**$0**	**$711**	**$711**	**$711**	**$711**	**$711**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 0890 - Federal Trust Fund	0	353	353	353	353	353
Total State Operations Expenditures	**$0**	**$353**	**$353**	**$353**	**$353**	**$353**
Local Assistance - 0181 - Registered Nurse Education Fund	0	115	115	115	115	115
Local Assistance - 3064 - Mental Health Practitioner Education Fund	0	238	238	238	238	238
Local Assistance - 3068 - Vocational Nurse Education Fund	0	5	5	5	5	5
Total Local Assistance Expenditures	**$0**	**$358**	**$358**	**$358**	**$358**	**$358**
Total All Funds	**$0**	**$711**	**$711**	**$711**	**$711**	**$711**

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Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
3835 - Health Care Workforce	0	711	711	711	711	711
Total All Programs	**$0**	**$711**	**$711**	**$711**	**$711**	**$711**