October 2, 2026

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

**EXECUTIVE SUMMARY**

**ALL COUNTY LETTER NO. 26-71**

The purpose of this letter is to notify counties of the updated Maximum Allowable Contract Rates effective July 1, 2026. This applies to counties that have contracts with private agencies.

CALIFORNIA HEALTH & HUMAN SERVICES AGENCY
**DEPARTMENT OF SOCIAL SERVICES**
744 P Street • Sacramento, CA 95814 • *www.cdss.ca.gov*

**JENNIFER TROIA**
DIRECTOR

**GAVIN NEWSOM**
GOVERNOR

October 2, 2026

ALL COUNTY LETTER NO. 26-71

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY PROGRAM MANAGERS
ALL COUNTY WELFARE FISCAL OFFICERS

SUBJECT: **UPDATED MAXIMUM ALLOWABLE CONTRACT RATES ESTABLISHED FOR IN-HOME SUPPORTIVE SERVICES COUNTIES**

REFERENCE: WELFARE AND INSTITUTIONS CODE (WIC) SECTIONS 12303 (a), WIC 12306.16 (d)(4)
MANUAL OF POLICIES AND PROCEDURES (MPP) SECTION 10-205.1 TO 10-205.8
U.S. BUREAU OF LABOR STATISTICS CPI INDEX JULY 2026
CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT'S (EDD) OCCUPATIONAL EMPLOYMENT AND WAGE STATISTICS (OEWS) SURVEY
ALL COUNTY LETTER (ACL) NO. 02-95, DATED DECEMBER 18, 2002
ACL NO. 25-81, DATED NOVEMBER 17, 2025

The purpose of this All County Letter (ACL) is to notify counties of the updated Maximum Allowable Contract Rates (MACR) for counties that have contracts with private agencies as an option for delivering In-Home Supportive Services (IHSS) to recipients. The new rates are effective July 1, 2026.

## MAXIMUM ALLOWABLE CONTRACT RATES METHODOLOGY

The MACRs were developed in accordance with Welfare and Institutions Code (WIC) Section 12303 (a) and the Manual of Policies and Procedures (MPP) Section 10-205.1 to 10-205.3.

The process used to determine the MACR for each county remains unchanged. The most recent labor market information from the Occupational Employment and Wage

Statistics (OEWS) Survey was used and adjusted by the U.S. Bureau of Labor Statistics Consumer Price Index (CPI) as of July 1, 2026. The occupational description most consistent with the services performed by an IHSS provider was for "Home Health and Personal Care Aides" (HHPCA). The California Employment Development Department (EDD) wage level information for a HHPCA was used to develop the allowable cost rate and ultimately the MACR amounts for each county. These calculations were then compared to the previously posted rates in ACL 25-81 to determine the MACR for each county. The new MACR will be the higher of the two rates for each county displayed in the attached spreadsheet (Attachment A). The methodology for calculating the MACRs is summarized below:

**Step 1: Identify the relevant county-specific hourly wage rates for HHPCA.**

- The average entry-level wage for a HHPCA in each county was determined from the 2026 EDD OEWS Metropolitan Statistical Area (MSA) data.

**Step 2: Adjust county wage-levels for inflation.**

- Each county specific MSA wage was adjusted by applying the annual U.S. Bureau of Labor Statistics, Consumer Price Index (CPI) factor of 2.5 percent as of July 2026 to reflect the current cost of living.

**Step 3: Develop the contract administrative cost component.**

- The allowable cost rate includes a historical assumption for contractor overhead (administrative) costs of 91.45 percent as shown in ACL 25-81.

**Step 4: Establish the (Gross) MACR.**

- Apply a 10 percent factor to the allowable cost rate according to Department regulations, MPP Section 10-205.1. Compare the MACR rate with the MACR rates posted in ACL No. 25-81. The higher of the two rates for each county will be the county's MACR rate effective July 1, 2026.

## EFFECT OF NEW MAXIMUM ALLOWABLE CONTRACT RATES

The MACRs provided in this letter do not create a new county financial obligation and should not be construed to be a standard or required rate of payment for IHSS contract services (see MPP Section 10-205.6). Counties should conduct a bid process that encourages and secures the lowest price possible.

Counties can establish a contract rate above their MACR. However, for counties claiming costs for contracted IHSS services, the hourly rate shown on the attached spreadsheet (Attachment A) is the maximum dollar amount for which the state will provide contributing funds.

State participation in the contract mode rate is conditioned upon the availability of funding in the annual Budget Act or as appropriated by statute. As noted above, state

financial participation is only available for contract rates at or below the MACR. See WIC 12306.16 (d)(4). Counties that agree to pay a contract rate higher than the MACR are reminded that they must pay the full amount of the non-federal cost for the portion above the MACR in accordance with WIC Section 12303 (a), WIC 12306.16 (d)(4), and CDSS MPP Section 10-205.1. Title XIX federal financial participation is available for contract rates, with the approval of the California Department of Social Services.

## MAXIMUM ALLOWABLE CONTRACT RATE APPEALS

Counties may appeal to CDSS for an adjustment to the MACR as outlined in state regulations MPP Section 10-205.5. Counties must initiate an appeal by filing a written request for an adjustment no later than 15 working days from the date of this ACL.

If you have any questions or need additional guidance regarding the information in this letter, contact the Adult Programs Division (APD), Public Authority Unit (PAU) at APD_PAU@dss.ca.gov. The inquiry will be directed to the assigned APD PAU analyst for each county.

Sincerely,

***Original Document Signed By***

LEORA FILOSENA, P.M.P.
Deputy Director
Adult Programs Division

Attachment

ATTACHMENT A

# MAXIMUM ALLOWABLE CONTRACT RATES FOR ALL COUNTIES

Consumer Price Index (CPI) as of July 2026 2.5%

Average Contract Overhead 91.45%

| A. County | B. 2026 County MSA HHPCA Average Wage | C. MSA Adjusted for CPI Rate (Bx1.025) | D. Average Contract Overhead (Bx0.9145) | E. Adjusted Cost Rate (C+D) | F. Add 10% to create MACR (Ex1.1) | G. 2025 MACR Amounts from ACL 25-81 | H. MACR Effective July 1, 2026 |
|---|---|---|---|---|---|---|---|
| Alameda | $ 19.10 | $ 19.57 | $ 17.46 | $ 37.03 | $ 40.73 | $ 41.88 | $ 41.88 |
| Alpine | $ 17.92 | $ 18.36 | $ 16.38 | $ 34.74 | $ 38.21 | $ 37.98 | $ 38.21 |
| Amador | $ 17.92 | $ 18.36 | $ 16.38 | $ 34.74 | $ 38.21 | $ 37.98 | $ 38.21 |
| Butte | $ 17.54 | $ 17.97 | $ 16.04 | $ 34.01 | $ 37.41 | $ 36.43 | $ 37.41 |
| Calaveras | $ 17.92 | $ 18.36 | $ 16.38 | $ 34.74 | $ 38.21 | $ 37.98 | $ 38.21 |
| Colusa | $ 17.43 | $ 17.86 | $ 15.93 | $ 33.79 | $ 37.17 | $ 36.65 | $ 37.17 |
| Contra Costa | $ 19.10 | $ 19.57 | $ 17.46 | $ 37.03 | $ 40.73 | $ 41.88 | $ 41.88 |
| Del Norte | $ 17.59 | $ 18.02 | $ 16.08 | $ 34.10 | $ 37.51 | $ 37.29 | $ 37.51 |
| El Dorado | $ 17.64 | $ 18.08 | $ 16.13 | $ 34.21 | $ 37.63 | $ 37.16 | $ 37.63 |
| Fresno | $ 17.26 | $ 17.69 | $ 15.78 | $ 33.47 | $ 36.82 | $ 35.90 | $ 36.82 |
| Glenn | $ 17.43 | $ 17.86 | $ 15.93 | $ 33.79 | $ 37.17 | $ 36.65 | $ 37.17 |
| Humboldt | $ 17.59 | $ 18.02 | $ 16.08 | $ 34.10 | $ 37.51 | $ 37.29 | $ 37.51 |
| Imperial | $ 17.03 | $ 17.45 | $ 15.57 | $ 33.02 | $ 36.32 | $ 35.55 | $ 36.32 |
| Inyo | $ 17.92 | $ 18.36 | $ 16.38 | $ 34.74 | $ 38.21 | $ 37.98 | $ 38.21 |
| Kern | $ 17.35 | $ 17.78 | $ 15.86 | $ 33.64 | $ 37.00 | $ 36.48 | $ 37.00 |
| Kings | $ 17.04 | $ 17.46 | $ 15.58 | $ 33.04 | $ 36.34 | $ 36.18 | $ 36.34 |
| Lake | $ 17.59 | $ 18.02 | $ 16.08 | $ 34.10 | $ 37.51 | $ 37.29 | $ 37.51 |
| Lassen | $ 17.43 | $ 17.86 | $ 15.93 | $ 33.79 | $ 37.17 | $ 36.65 | $ 37.17 |
| Los Angeles | $ 17.63 | $ 18.07 | $ 16.12 | $ 34.19 | $ 37.61 | $ 38.24 | $ 38.24 |
| Madera | $ 17.26 | $ 17.69 | $ 15.78 | $ 33.47 | $ 36.82 | $ 35.90 | $ 36.82 |
| Marin | $ 20.18 | $ 20.68 | $ 18.45 | $ 39.13 | $ 43.04 | $ 42.55 | $ 43.04 |
| Mariposa | $ 17.92 | $ 18.36 | $ 16.38 | $ 34.74 | $ 38.21 | $ 37.98 | $ 38.21 |
| Mendocino | $ 17.59 | $ 18.02 | $ 16.08 | $ 34.10 | $ 37.51 | $ 37.29 | $ 37.51 |
| Merced | $ 17.25 | $ 17.68 | $ 15.77 | $ 33.45 | $ 36.80 | $ 35.85 | $ 36.80 |
| Modoc | $ 17.43 | $ 17.86 | $ 15.93 | $ 33.79 | $ 37.17 | $ 36.65 | $ 37.17 |
| Mono | $ 17.92 | $ 18.36 | $ 16.38 | $ 34.74 | $ 38.21 | $ 37.98 | $ 38.21 |
| Monterey | $ 17.53 | $ 17.96 | $ 16.03 | $ 33.99 | $ 37.39 | $ 38.39 | $ 38.39 |
| Napa | $ 19.97 | $ 20.46 | $ 18.26 | $ 38.72 | $ 42.59 | $ 41.61 | $ 42.59 |
| Nevada | $ 17.43 | $ 17.86 | $ 15.93 | $ 33.79 | $ 37.17 | $ 36.65 | $ 37.17 |
| Orange | $ 18.06 | $ 18.51 | $ 16.51 | $ 35.02 | $ 38.52 | $ 39.04 | $ 39.04 |
| Placer | $ 17.64 | $ 18.08 | $ 16.13 | $ 34.21 | $ 37.63 | $ 37.16 | $ 37.63 |
| Plumas | $ 17.43 | $ 17.86 | $ 15.93 | $ 33.79 | $ 37.17 | $ 36.65 | $ 37.17 |
| Riverside | $ 17.46 | $ 17.89 | $ 15.96 | $ 33.85 | $ 37.24 | $ 36.61 | $ 37.24 |
| Sacramento | $ 17.64 | $ 18.08 | $ 16.13 | $ 34.21 | $ 37.63 | $ 37.16 | $ 37.63 |
| San Benito | $ 19.40 | $ 19.88 | $ 17.74 | $ 37.62 | $ 41.38 | $ 40.98 | $ 41.38 |
| San Bernardino | $ 17.46 | $ 17.89 | $ 15.96 | $ 33.85 | $ 37.24 | $ 36.61 | $ 37.24 |
| San Diego | $ 18.16 | $ 18.61 | $ 16.60 | $ 35.21 | $ 38.73 | $ 38.61 | $ 38.73 |
| San Francisco | $ 19.08 | $ 19.55 | $ 17.44 | $ 36.99 | $ 40.69 | $ 41.77 | $ 41.77 |
| San Joaquin | $ 17.60 | $ 18.04 | $ 16.09 | $ 34.13 | $ 37.54 | $ 37.70 | $ 37.70 |
| San Luis Obispo | $ 18.10 | $ 18.55 | $ 16.55 | $ 35.10 | $ 38.61 | $ 37.72 | $ 38.61 |
| San Mateo | $ 19.08 | $ 19.55 | $ 17.44 | $ 36.99 | $ 40.69 | $ 41.77 | $ 41.77 |
| Santa Barbara | $ 18.22 | $ 18.67 | $ 16.66 | $ 35.33 | $ 38.86 | $ 38.51 | $ 38.86 |
| Santa Clara | $ 19.40 | $ 19.88 | $ 17.74 | $ 37.62 | $ 41.38 | $ 40.98 | $ 41.38 |
| Santa Cruz | $ 18.60 | $ 19.06 | $ 17.00 | $ 36.06 | $ 39.67 | $ 39.12 | $ 39.67 |
| Shasta | $ 17.41 | $ 17.84 | $ 15.92 | $ 33.76 | $ 37.14 | $ 37.29 | $ 37.29 |
| Sierra | $ 17.43 | $ 17.86 | $ 15.93 | $ 33.79 | $ 37.17 | $ 36.65 | $ 37.17 |
| Siskiyou | $ 17.43 | $ 17.86 | $ 15.93 | $ 33.79 | $ 37.17 | $ 36.65 | $ 37.17 |
| Solano | $ 18.34 | $ 18.79 | $ 16.77 | $ 35.56 | $ 39.12 | $ 40.35 | $ 40.35 |
| Sonoma | $ 18.93 | $ 19.40 | $ 17.31 | $ 36.71 | $ 40.38 | $ 40.01 | $ 40.38 |
| Stanislaus | $ 17.64 | $ 18.08 | $ 16.13 | $ 34.21 | $ 37.63 | $ 36.78 | $ 37.63 |
| Sutter | $ 17.32 | $ 17.75 | $ 15.83 | $ 33.58 | $ 36.94 | $ 36.74 | $ 36.94 |
| Tehama | $ 17.43 | $ 17.86 | $ 15.93 | $ 33.79 | $ 37.17 | $ 36.65 | $ 37.17 |
| Trinity | $ 17.43 | $ 17.86 | $ 15.93 | $ 33.79 | $ 37.17 | $ 36.65 | $ 37.17 |
| Tulare | $ 17.32 | $ 17.75 | $ 15.83 | $ 33.58 | $ 36.94 | $ 36.14 | $ 36.94 |
| Tuolumne | $ 17.92 | $ 18.36 | $ 16.38 | $ 34.74 | $ 38.21 | $ 37.98 | $ 38.21 |
| Ventura | $ 18.33 | $ 18.78 | $ 16.76 | $ 35.54 | $ 39.09 | $ 39.17 | $ 39.17 |
| Yolo | $ 17.64 | $ 18.08 | $ 16.13 | $ 34.21 | $ 37.63 | $ 37.16 | $ 37.63 |
| Yuba | $ 17.32 | $ 17.75 | $ 15.83 | $ 33.58 | $ 36.94 | $ 36.74 | $ 36.94 |