

Our Take on the Governor's 23/24 May Revise Budget Proposal

Since Governor Newsom released his proposed 2023-24 budget in January, the state's projected \$22.5 billion shortfall has grown to \$31.5 billion, thanks to slowing economic growth and lower tax revenue estimates.

Back in January the administration proposed to solve the deficit through a series of trigger cuts, spending delays, and reductions in planned one-time spending. The result was a spending plan that protected many ongoing investments made in prior years, and would *not* draw down state reserves or raise taxes.

Despite a larger deficit, the Governor's May Revise Budget continues on the same course, and manages to avoid devastating cuts.

The new proposal protects most of the funding allocated in past years for the California Master Plan for Aging, and includes a few new investments. Also, the Governor listened to advocates who pushed back on his proposal to shorten the life of the HCBS Spending Plan that is bringing investments to aging services.

Unfortunately, the Governor has not seen the wisdom or urgency of supporting the Housing Stabilization Act that would provide rental subsidies to enable thousands of older adults and people with disabilities to get or keep housing. This is a tremendous disappointment. The housing crisis is growing for low-income older adults. Homelessness among people age 60 and older in our county has more than tripled since 2017, and immediate action is needed to reverse the trend.

The following summarizes how the Governor's newly revised budget proposal will impact older adults and services.

HEALTH

Medi-Cal

The May Revise budget proposal **maintains funding to expand full-scope Medi-Cal eligibility to all income-eligible Californians**, regardless of citizenship status.

The May Revision proposes to accelerate the renewal of the Managed Care Organization (MCO) Tax effective April 1, 2023, through December 31, 2026, resulting in \$19.4 billion in funding to help maintain the Medi-Cal program and support increased investments while minimizing the need for reductions to the program.

Using some of the increased federal funding, the Governor proposes to **increase provider rates for medical, obstetric and non-specialty mental health care** in January 2024 and annually thereafter, pegging increases to at least 87.5% of Medicare rates. Adequate rates will

help to maintain and grow the network of providers so that people have access to care when they need it.

ECONOMIC SECURITY

SSI/SSP

The Governor's May Revise maintains his proposal to dial back a planned increase in the state's portion of SSI/SSP grants in 2024. In the 2021/22 and 22/23 budgets, California leaders allocated funding to fully restore SSP grants to pre-2009 levels, scheduling incremental increases over several years. The Governor's proposal calls for the next increase to take effect January 1, 2024, raising the maximum SSP grants for individuals by about \$18 per month, and for couples by about \$47 per month. These increases would fall short of the 24% increase originally anticipated by state lawmakers (a plan that would increase the monthly grant for individuals by about \$27 and for couples by about \$69).

The Governor's plan does not increase payment rates enough to keep up with the cost of living or fully make up for prior grant reductions. SSI/SSP is the joint federal/state program that provides monthly cash assistance for 1.3 million extremely low-income Californians who are aged, blind or disabled. In California, with its high cost of living, funding for SSI/SSP and CAPI (Cash Assistance Program for Immigrants) grants have been woefully inadequate since grant levels were deeply cut during the Great Recession. This "penny wise and pound foolish" policy has contributed to the rise in homelessness among older and disabled people in our state.

CalFresh

The May Revise maintains the Governor's decision to not backstop the drop in CalFresh benefits, but speeds up CFAP expansion. With federal emergency funding for CalFresh ending, some households will soon see their food assistance benefits plummet. For example, some one-to-two person households will see their monthly benefits drop from \$281 to \$23, even as food costs have increased significantly. The Governor's proposed 23/24 budget does not include any additional funding to help support families during this change.

California Food Assistance Program

The May Revise proposal speeds up the timeline to expand the California Food Assistance Program for income-eligible individuals aged 55 years or older, regardless of their immigration status, and includes funding for automation and outreach. The expansion would begin in October 2025.

HOUSING

CalAIM Transitional Rent Waiver Amendment

The proposed budget leverages potential federal and state Medicaid funds for homelessness prevention and rehousing assistance if select waivers are approved by the federal government. This includes: The CalAIM Transitional Rent Waiver Amendment, which would provide up to six months of rent or temporary housing to eligible unhoused individuals or those at risk of homelessness who are transitioning out of institutions or foster care and are at risk of inpatient hospitalization or emergency care. This is estimated to cost \$17.9 million (\$6.3 million General Fund) in 2025-26 and will increase to \$116.6 million (\$40.8 million General Fund) at full implementation.

Behavioral Health Bridge Housing Program

The May Revision included \$500 million from the Mental Health Services Fund to support the Behavioral Health Bridge Housing Program, which aims to address the immediate housing and treatment needs of people with serious behavioral health conditions who are also experiencing unsheltered homelessness. In January, the governor's administration proposed to postpone \$250 million for this program to 2024-25. The revised budget eliminates this delay by using Mental Health Service Fund dollars in lieu of General Fund support.

INCLUSION

Aging Services

The Governor's revised budget continues his proposal to spread a \$186 million 2022 Budget Act allocation for Older Californians Act Modernization Pilot Program over five years instead of three as originally planned. This change would distribute \$37.2 million annually across five years starting in 2022-23 for pilot programs supporting community-based services programs, senior nutrition support, family and caregiver supports, senior volunteer development, and/or aging in place. In Alameda County, some of this funding may include a pilot to restart the Linkages program—we'll update this as we learn more.

Advancing Older Adult Behavioral Health

The May Revision includes \$50 million over three years (\$20 million General Fund in 2023-24, \$20 million General Fund in 2024-25, and \$10 million General Fund in 2025-26) for the California Department of Aging to support the continuation of the Older Adult Friendship Line, a targeted media campaign for older adults, and competitive grants to local jurisdictions to build organizational capacity to identify and address older adult behavioral health and substance use disorder needs.

HCBS Spending Plan

The May Revise extends the timespan for the HCBS Spending Plan to September 2024. The plan was approved in the 2021 Budget Act to enhance, expand, and strengthen HCBS initiatives across six Health and Human Services departments. The Spending Plan was originally intended to fund efforts through the end of 2024, but the Administration has decided to forgo making a simple extension request to the federal government, thus requiring all expenditures to happen before the end of 2023.

The HCBS Spending Plan includes funding for building capacity and infrastructure in **Senior Nutrition programs**, and the Governor's extension will give providers the time they need to implement and solve sourcing challenges for equipment and vehicle purchases.