

OUR PERSPECTIVE ON THE GOVERNOR'S PROPOSED FY 24/25 BUDGET: A CALL TO ACTION

On January 10, 2024, when the Governor released his proposed budget for the state's fiscal year beginning in July, it did not contain the deep cuts that many of us in the aging services community had feared. Although he projected a \$38 billion deficit (after assuming \$20 billion in "baseline" adjustments), he proposed to mitigate the shortfall by pulling from reserves, using internal borrowing and fund shifts, and reducing and delaying funding.*

Included in the delays was a \$50 million allocation for the Housing and Disability Advocacy Program, and a delay in the final \$65 million allocation for the APS Home Safe Program. The Governor also eliminated the funding for the Healthier at Home Pilot that was about to be launched out of the California Department of Aging (CDA), and made cuts to many housing and homelessness programs.

The Governor did not touch the funding for the many aging services programs administered by the CDA. He maintained the commitment to eliminate the Medi-Cal asset test for seniors and people with disabilities, as well as increases to the number of Assisted Living Waiver and HCBS Waiver slots.

Unfortunately, the Governor's rosy projections are not supported by information from the Legislative Analyst's Office and incoming fiscal reports. The LAO, in its [January 24 report to the Senate Budget Committee](#), estimates that the Governor's projection is about \$10 billion below the LAO's own budget deficit projection, primarily because their revenue estimates differ. Estimated personal income tax payments in January are already about \$3 billion short of the Governor's projections.

A larger deficit will drive the Governor and Legislature to make more cuts, and aging services funding is historically an area that is cut. We cannot afford to wait until the May Revise Budget to know the depth of the state's actual deficit and what additional cuts the Governor will propose. The May 14 release date for the Governor's revised budget proposal is days before fiscal committees adjourn and the Conference Committee starts its closed session discussions.

Our conclusion? A call to action is warranted. Aging services stakeholders must advance a robust, proactive advocacy effort to protect aging services funding, communicate the value and impact of services, and secure commitments to protect programs and funding.

The following pages summarize the proposals in the Governor's budget that would have direct impacts for seniors and senior services in Alameda County. (For a deeper analysis of the entire budget, check out www.CalBudgetCenter.org.)

**Specifically, the Governor would pull \$12.2 billion from the Budget Stabilization "Rainy Day" account, leaving \$11.1 billion; pull \$5.7 billion from the Public School System Stabilization Account, leaving \$3.9 billion; and pull all \$900 million from the state general funds Safety Net fund. He would use internal borrowing of \$5.7 billion and \$3.4 billion in fund shifts. He would reduce funding levels by \$8.5 billion and make delays or deferrals of funding of \$7.2 billion.*

California Department of Aging

The Governor's proposal leaves the California Department of Aging funding plans in place, including year over year variations in funding designated by the 2023/24 and earlier enacted budgets. Investments made in recent years – including the increase in ongoing funding for Senior Nutrition, and the multi-year allocations for Older Californians Act Modernization, older adult behavioral health and the statewide Friendship Line – were untouched.

The Governor's budget does not propose changes to the funding for the Multi-Purpose Senior Services Program (MSSP) which is administered through the Department of Aging and funded through Medi-Cal.

Community-Based Supports/ Adult Day Health Care

The Governor's proposal does not address the pressing need for a CBAS/ADHC rate increase to prevent the closure of additional Adult Day Health Care programs across the state. Medi-Cal's published CBAS rate has been \$76.27/day since 2009, significantly less than the actual cost of providing the social, health, therapeutic and transportation services that help people with complex medical, cognitive and psychological conditions continue living in their communities.

Home Safe Program

The Governor proposes to delay the final \$65 million allocation for the Home Safe Program. This Adult Protective Services program provides Intensive Case Management, housing stabilization, housing navigation, direct financial assistance for housing, connection to longer term supports for older adults and people with disabilities who are victims of neglect or abuse and are homeless or at risk of homelessness. The program was expanded in FY 21/22 with an allocation of \$185 million over two years. That allocation ends June 30, 2024 but \$65 million still unspent, and the Governor proposes delaying that expenditure to 2025.

Housing and Homeless Programs

The Governors proposed reductions or delays for housing and homelessness funding that include:

- A delay of a \$50 million allocation for the Housing and Disability Advocacy Program.
- A reduction of \$247.5 million General Fund for the Foreclosure Intervention Housing Preservation Program over the next three years (\$85 million in 2024-25, \$100 million in 2025-26, and \$62.5 million in 2026-27).
- A "reversion" (that is, a cut) of \$50 million General Fund for the Veteran Housing and Homelessness Prevention Program.

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AGING IS SOMETHING WE ALL HAVE IN COMMON

- A delay from 2023-24 to 2025-26 of \$260 million General Fund for the Homeless Housing, Assistance and Prevention Program, to more appropriately align with when those funds will be available to eligible applicants.

Medi-Cal

The proposal maintains commitment to eliminate the Medi-Cal asset test for seniors and people with disabilities. The Governor's budget proposal includes \$101.1 million total funds (\$50.5 million General Fund) in 2023-24. \$195.4 million total funds (\$97.7 million General Fund) in 2024-25 for the January 1, 2024 elimination of the Medi-Cal asset test. In addition, the expansion of Medi-Cal to all income-eligible Californians regardless of immigration status remains in place.

The Governor plans to move forward with Assisted Living Waiver and Home-and Community-Based Services Waiver Slot increases. Of note, the increased funding for these waivers will result in \$10.8 million in net General Fund savings in 2024-25 related to these slot expansions. Currently the ALW averages 10,915 slots each month and 2,600-3,600 waitlisted;¹ HCBA averages 8,700 slots each month and 2,000-4,000 waitlisted.²

The Governor's proposed budget maintains funding for California Advancing and Innovating Medi-Cal (CalAIM), allocating approximately \$2.4 billion (\$811.1 million of it in state General Fund) in 2024/25. The proposal also maintains \$24.7 million (\$8.6 million General Fund) in 2025/26 increasing to \$197.9 million (\$69.3 million General Fund) at full implementation to allow up to six months of rent or temporary housing to eligible individuals experiencing homelessness or at risk of homelessness or transitioning out of institutional care or other settings.

Supplemental Security Income/State Supplementary Payment

The Governor proposes no additional state increases to Supplemental Security Income/State Supplementary Payment (SSI/SSP) and CAPI, but maintains the planned 9.2% SSP increase which took effect in January 2024. That increase and the federal COLA brings the 2024 SSI/SSP grant levels to \$1,183 per month for an individual, \$72 less than the Federal Poverty Level and \$475 less than the HUD fair market rent for a studio apartment.

¹ [ALW-Monthly-Dashboard-Dec2023.pdf \(ca.gov\)](#)

² [HCBA Waiver Enrollment Dashboards \(ca.gov\)](#)