



Western Center's Analysis of Governor Newsom's 2022-23 May Budget Revision

The Newsom Administration released its [2022-23 May Revise budget](#), which includes a massive three year budget surplus of over \$90 billion. While the budget includes many noteworthy proposals, overall it fails to provide robust help to those who need it most. Rather than target the surplus on increased tax credits and emergency relief for people with low incomes, the budget proposal provides more than \$11 billion in tax credits to car owners, including households with incomes up to \$250,000.

Paradoxically, the state has so much extra revenue that General Fund spending is limited since the increased revenue exceeds the State Appropriations Limit (aka the Gann limit). As such, the May Revise proposes large infrastructure spending that is not counted towards the Gann limit. While those proposals are not without merit, the Revise fails on fundamental anti-poverty measures, like backfilling the lost federal child tax credits proven to reduce child poverty, leaving hundreds of thousands of children at risk of unnecessarily falling back into poverty. The Revise also fails to fully eliminate [civil assessment fees](#) that disproportionately punish people experiencing poverty who cannot afford to pay a traffic ticket or take time to appear in court.

Care Court

The governor proposes \$65 million to fund a new court process called Care Court, which would force unhoused individuals with schizophrenia and other psychotic disorders into a court ordered treatment plan. Western Center [has been tracking](#) the proposal and vocal about our opposition since the governor revealed it in March, as it touches on each of our issue areas.

The Revise provides \$39 million to the Judicial Council to run the court process, \$10 million to finance a supporter program within the state Department of Aging, and \$15 million to counties for training and technical assistance.

With its lack of necessary interventions, like a clear budget strategy and mechanisms for creating housing, we believe the framework of the proposal is fundamentally flawed. If implemented, it is likely CARE Court will lead to unnecessary institutionalization of people with disabilities and unhoused people and likely create a chilling effect that will prevent people from seeking services for fear of being institutionalized. Additionally, by involving the court system the proposal will perpetuate institutionalized racism and exacerbate existing disparities in health care delivery since Black, Indigenous and other people of color are significantly more likely to be diagnosed with psychotic disorders than white people. All evidence shows that adequately-resourced, intensive, voluntary outpatient treatment – not court-ordered treatment – is most effective for treating the population CARE Court seeks to serve.

HOUSING & HOMELESSNESS

The governor's May Revise proposes a \$2.5 billion dollar increase for housing and homelessness programs from last year for multi-year investments to build housing and behavioral health housing. The Revise includes an additional \$150 million to fund Homekey projects, \$50 million to build interim housing and \$500 million to accelerate affordable housing production and conversions of retail space in downtown corridors.

Even with the economic fallout of the pandemic raging on, the proposal does not include additional funding for tenants at the brink of eviction for their inability to pay rent. To confuse matters, the governor announced a \$2.7 billion budget allocation for rental assistance, but it is not a new commitment. Rather, it's part of the commitment the legislature made in February via Senate Bill 115, designed to ensure full coverage for rental assistance applications submitted before March 31. However, because of the burdensome application process, tenants accrue debt while they wait for approval and still face the threat of eviction for the months their application was being processed.

The governor's proposal fails to comply with the legal requirement for the state to fully fund rental assistance applications submitted before March 31 by paying those tenants 100% of their accrued debt at the time they are approved. To keep tenants housed and fulfill the promise of the rental assistance program, the massive budget surplus must be used to fully fund tenants' rental debt and ensure that vulnerable Californians remain housed.

Western Center will continue to advocate for other sponsored proposals missing in the May Revise, including \$500 million in the Community Anti-Displacement and Preservation Program (CAPP) to acquire unsubsidized affordable housing and make them permanently affordable, \$200 million in the Reentry Housing and Workforce Development Program to provide stable housing and supportive services to formerly incarcerated people as outlined in AB 1816 (Bryan), and \$150 million for eviction defense funding and community education and outreach.

PUBLIC BENEFITS & ACCESS TO JUSTICE

CalWORKs

The May Revise proposes an 11.1 percent increase in CalWORKs, the largest one-year increase in the grant levels in recent memory. The funding for this comes from the Child Poverty subaccount which has seen a significant increase along with the overall budget. Even with this increase, CalWORKs grants for most families are still not out above deep poverty (50 percent of the federal poverty level). That is because most families have an excluded adult. We are calling on the legislature to fulfill the commitment made four years ago to fund CalWORKs grants at the assistance unit plus one level. See the chart below for what the gap will remain at:

Family Size	Current Grant	Proposed Grant	Percent of FPL	AU +1 Grant Level	Gap to AU +1
1	579	643	56.8	785	-142
2	733	814	53.3	990	-86
3	925	1,027	53.5	1195	-168
4	1116	1239	53.5	1402	-163
5	1308	1453	53.7	1605	-152
6	1499	1665	53.7	1811	-146
7	1691	1878	54.7	2016	-138
8	1883	2092	53.8	2222	-130
9	2075	2305	53.8	2437	-132
10	2276	2528	54.1	2650	-122

*Based on 2022 federal poverty level.

Child Support Pass Through

The May Revision makes no change in the administration’s proposal to pass through all child support to former CalWORKs families. While advocates support the proposal, we seek to have it extended to current CalWORKs cases where families have lower incomes and could use the child support assistance immediately.

Food Assistance

The May Revision makes no change to the governor’s January proposal seeking to expand the California Food Assistance Program to Californians regardless of immigration status for those 55 years of age and older. Western Center stands with our partners advocating for the expansion of the program to include Californians of all ages. Many immigrant families were excluded from pandemic relief and continue to be left behind as we rebuild the state’s safety nets.

SSI/SSP

The governor’s May Revision budget makes no proposal to increase grants for blind, aged and disabled Californians. There is a provisional agreement to restore the remainder of the 2009 SSP grant cuts beginning in January 2024 but the governor did not include CA4SSI’s request to accelerate the grant increase to January 2023. By delaying the second restoration, the value of the grant will decline when compared to the federal poverty level.

HEALTH CARE

The governor’s May Revision maintains the expansions proposed in the January proposal, including expanding Medi-Cal to all adults regardless of immigration status (Health4All), zeroing out premiums and copayments for Medi-Cal, and expanding Medi-Cal coverage of custom crowns for back teeth. In addition, the May Revision makes new investments to increase the Medi-Cal doula reimbursement rate, provides navigator funding, and permanently extends presumptive eligibility for older adults and individuals with disabilities. Unfortunately, the May Revision does not update the [Medi-Cal share of cost](#), fully fund [SB 65](#), or implement Health4All sooner than January 2024.

Below is summary of health proposals in the May Revision, which still needs to be negotiated with the legislature by the budget deadline of June 15th.

Medi-Cal

- **Increased Doula Reimbursement Rate:** The May Revision proposes to increase the average doula service reimbursement rate from \$450 to \$1,094, which includes antepartum visits, delivery, and postpartum visits. The implementation date for the doula benefit will be shifted from July 2022 to January 2023 resulting in \$974,000 total funds (\$377,000 General Fund) in 2022-23 for this benefit.
- **\$60M One-time Navigator Funding:** The May Revision proposes to add \$60 million total funds (\$30 million General Fund) to the Health Enrollment Navigators available over four years through fiscal year 2025-26 to assist in outreach, application assistance, enrollment, and retention for difficult-to-reach populations, including the implementation of Health4All.
- **Presumptive Eligibility for Individuals 65 +, Blind, or Disabled:** The May Revision includes \$73 million total funds (\$37 million General Fund) to continue Medi-Cal presumptive eligibility for older adults and individuals who are blind or disabled. Already permanent for other populations, this gives eligible older adults and individuals who are blind or disabled instant Medi-Cal eligibility for a limited time. Advocates are working to ensure this means two Presumptive Eligibility periods per year, as is currently available during COVID.
- **Equity and Practice Transformation Payments:** To close health equity gaps in preventative, maternity, and behavioral health care measures, and to address gaps in care, the May Revision proposes an additional \$300 million (\$150 million General Fund) to the \$400 million proposed in January for a combined \$700 million in total funds.
- **Transitions to Managed Care:** Under CalAIM, various populations are shifting to mandatory managed care effective January 2022 and January 2023. The May Revision proposes to delay the transition of ICF/DDs and Subacute Care Facilities into managed care from January 1, 2023 to July 1, 2023 to prepare for the transition. The administration also identified additional individuals subject to mandatory managed care that were assumed to already be included and will provide details on specific populations once determined.
- **LA Care Sanctions:** The May Revision proposes budget bill language to use [monetary sanctions collected from LA Care](#) in the budget year to award grants to qualifying non-profit legal aid programs and organizations that serve Medi-Cal managed care enrollees in Los Angeles County or other impacted counties, for purposes of improving access to care in the Medi-Cal program.
- **Medi-Cal Media and Outreach Campaign:** In an April budget change proposal prior to the May Revision, the Department of Health Care Services (DHCS) requested \$25 million (\$12.5 million General Fund) for a media and outreach campaign to encourage members to update their contact information with their counties, and to educate members of potential Medi-Cal termination if requested information is not submitted.
- **Additional AB 97 Provider Payment Reductions Elimination:** In addition to elimination of AB 97 payment reductions in the January proposal, the May Revision proposes to include doula services, community health worker services, asthma prevention services, health care services delivered via remote patient monitoring, dyadic services, Medication Therapy Management, and continuous glucose monitoring system, supplies and accessories.

Other Health Proposals

- **Covered California:** The May Revision proposes \$304 million to extend California's premium subsidy program for middle income Californians with incomes between 400 and 600% FPL. This represents a fraction of potential loss if federal relief is not extended.

- **Children and Youth Behavioral Health Initiative Grants:** The May Revision includes \$85 million General Fund for Children and Youth Behavioral Health Initiative (CYBHI) grants to schools, cities, counties, tribes, and/or community-based organizations. This includes grants to wellness and mindfulness programs as well as parent support and training programs.
 - **Reproductive Health:** The May Revision includes \$57 million one-time General Fund to support safe and accessible reproductive health care, for a total of \$125 million including investments in the January budget. Specifically, \$40 million to DHCS for uncompensated reproductive health care, \$15 million for the California Reproductive Justice and Freedom Fund at the Department of Public Health (DPH); \$1 million to DPH for the Comprehensive Reproductive Rights Website, and \$1 million to DPH for research on unmet needs for reproductive health care.
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