



Karol Swartzlander, Executive Director  
Gavin Newsom, Governor

June 4, 2025

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

Assembly Speaker  
Assemblymember Robert Rivas  
State Capitol  
Sacramento, CA 95814

Assemblymember Jesse Gabriel  
Chair, Assembly Budget Committee  
State Capitol  
Sacramento, CA 95814

Senate President pro Tempore  
Senator Mike McGuire  
State Capitol  
Sacramento, CA 95814

Senator Scott Wiener  
Chair, Senate Budget Committee  
State Capitol  
Sacramento, CA 95814

**Re: California Commission on Aging's Response to May Revision of Proposed 2025-26 State Budget**

Dear Governor Newsom, Speaker Rivas, Pro Tem McGuire, Chair Gabriel, and Chair Wiener:

The California Commission on Aging (CCoA) is deeply concerned by the lack of funding in the May Revision for affordable housing and the proposed cuts to health care services for older adults and people with disabilities. CCoA urges the Governor and the Legislature to work together to close these funding gaps and restore critical investments in the final June budget.

The Commission calls on you to restore support for programs that directly impact the health, safety, and well-being of Californians — particularly older adults and individuals with disabilities and their families.



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## **Medi-Cal Asset Limit Reinstatement**

The Commission strongly opposes the proposal to reinstate the Medi-Cal asset limit for older adults and people with disabilities. This proposal is punitive and unfairly targets older adults and people with disabilities on Medi-Cal. Of greater concern, this action will likely be a first step in destroying the family structure. For those families whose assets are just above the allowable levels and cannot afford to pay additional charges and premiums, divorce may be the only option to continue receiving medical care at no cost. Moreover, no other group on Medi-Cal has an asset limit. The limit was rightly phased out in legislation passed in 2022 and fully eliminated in 2024, recognizing that it placed vulnerable Californians at risk of financial instability.

A \$2,000 asset limit will force older adults and people with disabilities to live in deep poverty to access essential care and terminate coverage for 112,000 current Medi-Cal members who have been able to accrue minimal resources.

## **Affordable Housing**

California has nearly 45,000 shovel-ready affordable housing units that cannot move forward without state investment. Programs like the Low-Income Housing Tax Credit, the Multifamily Housing Program, and the Joe Serna Jr. Farmworker Housing Grant Program are essential for unlocking billions in private financing. Without funding, these projects will stall, leaving hundreds of thousands of older adults, families, workers, and people with disabilities without housing options.

Additionally, the proposed budget eliminates continued funding for Home Safe, the Housing and Disability Advocacy Program (HDAP), and the Community Care Expansion (CCE)—the state's only targeted homelessness prevention programs for older adults and people with disabilities. Cutting these programs will lead to more homelessness and greater strain on emergency services.

## **Rate Cut to Program for All-Inclusive Care for the Elderly (PACE)**

The May Revision proposes capping PACE rates at the midpoint of the actuarial range starting January 1, 2026 — a move that effectively cuts funding and disregards the real



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costs of delivering high-quality, integrated care to frail, medically complex older adults. This change would cost PACE organizations \$26 million in FY 2025-26 and \$70 million in FY 2026-27.

PACE providers serve older adults who qualify for nursing facility level of care, offering comprehensive services—from medical care to transportation and therapy—to keep them safely at home. Reducing rates will limit providers' ability to serve this vulnerable population.

Adding to the burden, a January California Department of Health Care proposal would authorize an annual fee of up to 1% of capitation payments to fund state staffing—another \$20 million cut, or \$700 per enrollee. These compounded reductions threaten the sustainability of care for California's most at-risk older adults.

The Commission recognizes that California is facing a serious budget shortfall. However, cutting critical health and housing services will only lead to more expensive and difficult problems down the line. California's population is aging rapidly—by 2030, one in four residents will be over the age of 60. Additionally, Adults over 50 are the fastest-growing segment of the homeless population in California. Rather than weakening the safety net that serves older adults and people with disabilities, CCoA urges the Legislature and Administration to continue to advance the vision of the California Master Plan for Aging—a future where all Californians can age with dignity and safety in the setting of their choice.

Sincerely,

Dr. David Lindeman  
Chair  
California Commission on Aging

The Honorable Scott Wiener, Chair, Senate Budget Committee

The Honorable Roger Niello, Vice Chair, Senate Budget Committee



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The Honorable Caroline Menjivar, Senate Budget Subcommittee No. 3 on Health and Human Services

The Honorable Shannon Grove, Senate Budget Subcommittee No. 3 on Health and Human Services

The Honorable Mia Bonta, Assembly Budget Subcommittee No. 1 on Health

The Honorable Joe Patterson, Assembly Budget Subcommittee No. 1 on Health

The Honorable Pilar Schiavo, Assembly Budget Subcommittee No. 1 on Health

The Honorable José Luis Solache, Assembly Budget Subcommittee No. 1 on Health

Scott Ogus, Deputy Staff Director, Senate Budget Committee

Anthony Archie, Consultant, Senate Republican Caucus

Patrick Le, Consultant, Assembly Budget Committee

Eric Dietz, Consultant, Assembly Republican Caucus

Marjorie Swartz, Principal Consultant, Office of Senate President Pro Tem Mike McGuire

Rosielyn Pulmano, Health Policy Consultant, Office of Speaker of the Assembly Robert Rivas

Richard Figueroa, Deputy Cabinet Secretary, Office of Governor Gavin Newsom

Paula Villescáz, Deputy Legislative Affairs Secretary, Office of Governor Gavin Newsom

Kimberly Chen, Assistant Secretary, Health and Human Services Agency

Michelle Baass, Director, Department of Health Care Services

Tyler Sadwith, Interim Chief Deputy Director, Health Care Programs, DHCS

Susan Philip, Deputy Director, Health Care Delivery Systems, DHCS

Joseph Billingsley, Assistant Deputy Director, Health Care Delivery Systems, DHCS

Xiomara Watkins-Brechi, Interim Chief, Integrated Systems of Care Division, DHCS

Elva Alatorre, Branch Chief, PACE, Integrated Systems of Care Division, DHCS

Guadalupe Manriquez, Program Budget Manager, Department of Finance