



California Collaboration

California Budget Update: Legislature Rejects Major Disability and Aging Program Cuts, But Negotiations Continue

Over the past several weeks, disability advocates, older adults, family members, service providers, and community organizations across California have spoken out against proposed cuts to Medi-Cal, In-Home Support Services (IHSS), and other critical programs.

Your advocacy is making a difference.

The California Legislature has released its 2026-27 updated budget proposals and rejected many of the Governor's most harmful proposals affecting older adults and people with disabilities. Senate and Assembly budget committees are holding hearings on the budget package on June 15, 2026, before entering final negotiations with Governor Newsom.

Medi-Cal Asset Limit and IHSS Cuts

The most significant issue for many people with disabilities and older adults has been the proposed reduction in Medi-Cal asset limits.

An asset limit is a rule that determines how much a person can own and still qualify for Medi-Cal and IHSS. **Assets are things you own that have value, such as money in a bank account, cash on hand, a second vehicle, or any other items that you own (excluding household items like your furniture and clothes).** If a person's assets exceed the limit, they can lose eligibility for Medi-Cal and IHSS regardless of their ongoing health and personal care needs, or disability-related expenses.

The Governor proposed reducing the asset limit from the current \$130,000 for an individual, with \$65,000 added for each additional family member (up to 10 people), to just \$2,000 for an individual and \$3,000 for a couple. Because eligibility for IHSS is generally tied to Medi-Cal eligibility, many people would not only lose their healthcare coverage and access to essential medical supplies and equipment, such as breathing apparatus and colostomy supplies, but also risk losing the in-home services that help them bathe, dress, prepare meals, take medications, and remain safely in their homes and communities.

In the updated proposal released on June 11th, the Legislature rejected the Governor's proposal. Instead, it proposes lowering the asset limit to \$21,000 beginning July 1, 2027. The Legislature rejected all of the Governor's proposed cuts to IHSS. The Legislature's action recognizes the importance of protecting these services and avoiding cuts that could place people at risk of institutionalization. While the Legislature has released its budget proposals, negotiations with Governor Newsom are underway and the final outcome has not yet been determined.

Be Home Soon California Included

The legislative budget agreement includes the Be Home Soon California proposal, which would help older adults and people with disabilities leave hospitals and nursing facilities and return to their homes and communities with the supports they need. The proposal would invest in services and coordination that help people live with family, caregivers, and community-based supports rather than in more restrictive and costly institutional settings.

The proposal is not yet final. Budget negotiations with Governor Newsom are ongoing, and it will ultimately be up to the Governor and Legislature to determine whether Be Home Soon California is included in the final state budget.

Unsatisfactory Immigration Status (UIS) Medi-Cal Proposals

The legislative budget agreement rejects a proposed automatic increase in Medi-Cal premiums for individuals with unsatisfactory immigration status (UIS). Under the Legislature's proposal, any future premium increase would be left to a future Governor to decide rather than being automatically implemented next year.

This proposal is not yet final and remains subject to ongoing budget negotiations with Governor Newsom.

Medi-Cal Dental

The legislative budget agreement would delay proposed Medi-Cal dental cuts for one year, including cuts affecting individuals with unsatisfactory immigration status (UIS). As with all the other proposals, this is still being negotiated and must be approved as part of the final state budget.

What Happens Next?

The Legislature's budget agreement is not the final budget. Following votes in the Assembly and Senate, legislative leaders and Governor Newsom will negotiate a final spending plan before the June 30 constitutional deadline.

While many harmful proposals have been rejected at this stage, they could still reappear during negotiations. Continued advocacy from the disability community remains critically important.

Thank You for Your Advocacy

The progress reflected in the Legislature's budget proposal did not happen by accident. It reflects the work of thousands of advocates, self-advocates, family members, service providers, and community organizations who contacted legislators, attended hearings, submitted letters, and shared their stories.

Thank you for speaking up. Your advocacy is making a difference. The Arc & UCP California Collaboration will continue fighting to protect Medi-Cal, IHSS, and the services and supports that people with disabilities and their families rely on every day.

In solidarity,

Jordan Lindsey



Executive Director
The Arc & UCP California Collaboration