



## **CCUIH 2025–26 MAY REVISION BUDGET POLICY ANALYSIS**

### **Impacts on Urban Indian Organizations and AI/AN Communities**

**BUDGET LANDSCAPE** The May Revision to the Governor's 2025–26 Budget reflects a projected \$12 billion shortfall, with significant reliance on deferrals, program delays, and spending reductions. While General Fund spending in Health and Human Services increases on paper, this section begins the detailed analysis of each budget area. It provides the foundation of the document by addressing the most direct and significant implications for Urban Indian Organizations (UIOs), particularly in Medi-Cal and public health policy. While the total Health and Human Services budget increases on paper, this growth is driven by rising Medi-Cal caseloads and federally mandated costs. For Urban Indian Organizations (UIOs), the budget presents serious structural risks, including care disruptions, uncompensated care burdens, and defunding of culturally grounded care models. The May Revision offers few, if any, targeted protections for American Indian and Alaska Native (AI/AN) communities in urban areas.

#### **KEY POTENTIAL HARMS**

- Increased uncompensated care for UIOs serving undocumented and redetermined patients
- Elimination of PPS wraparound payments for undocumented services
- Paused equity investments in public health, workforce, and preparedness infrastructure
- Over \$500M in Prop 56 cuts impacting family planning, dental, and women's health
- No new targeted investments for urban AI/AN housing, youth, education, or workforce
- Lack of dedicated support for AI/AN homelessness and housing navigation services
- Structural exclusion of UIOs from justice, diversion, and reentry programs
- Over \$500M in community college deferrals impacting AI/AN student supports
- Continued omission of AI/AN youth from expanded learning program eligibility thresholds
- Withdrawal of workforce funding that could have supported AI/AN provider pipelines
- Economic uncertainty and budget deferrals increasing operational instability for UIOs
- Elimination of the California Reducing Disparities Project (CRDP)
- Medi-Cal enrollment freeze for undocumented adults; \$100 monthly premiums imposed

This analysis highlights key budget proposals by area and outlines the potential impacts on UIO operations and the broader health and wellness network serving urban AI/AN communities.

#### **HEALTH AND HUMAN SERVICES**

##### **TK–12 EDUCATION**

##### **HIGHER EDUCATION**

##### **HOUSING AND HOMELESSNESS**

##### **CRIMINAL JUSTICE AND JUDICIAL BRANCH**

##### **LABOR AND WORKFORCE DEVELOPMENT**

##### **ECONOMIC OUTLOOK**

##### **CROSS-CUTTING CONCERNS AND RECOMMENDATIONS**



**HEALTH AND HUMAN SERVICES** The May Revision proposes \$130.97 billion General Fund for Health and Human Services, a \$3.6 billion increase over January. However, that topline masks deep cuts, enrollment freezes, and equity reversals.

**Major Proposals:**

- Freeze Medi-Cal enrollment for undocumented adults (2026) and introduce \$100 monthly premiums (2027)
- Eliminate PPS wraparound payments to FQHCs and RHCs serving undocumented patients
- End full-scope dental and long-term care coverage for undocumented adults
- Eliminate all remaining funding for the California Reducing Disparities Project (CRDP)
- Reinstate Medi-Cal asset limits for seniors and disabled adults
- Eliminate acupuncture as an optional Medi-Cal benefit
- Cut \$500M+ in Prop 56 payments for family planning, dental, and women's health
- Delay equity infrastructure, public health workforce, and preparedness grants

**Potential Impact on UIOs:**

- The freeze on Medi-Cal enrollment for undocumented adults and \$100 monthly premiums will lead many current and potential patients to go without coverage. This will significantly increase uncompensated care at UIOs, which already serve undocumented individuals as part of their community-based safety-net role.
- Although currently a small proportion, any continued cap on uninsured care or Medi-Cal access will grow in impact over time, putting pressure on limited UIO resources.
- The elimination of adult dental benefits will have a substantial effect across UIOs, where dental access is often cited as one of the highest unmet needs among AI/AN adults.
- Coverage loss due to Medi-Cal redeterminations and policy changes will increase uncompensated care and disrupt continuity for UIO patients.
- Elimination of PPS payments and undocumented coverage cuts will undermine UIO's sustainability.
- CRDP elimination removes culturally grounded behavioral health support tailored to American Indian communities.
- Delays in public health and workforce investments limit UIO capacity to meet rising demand.

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**TK-12 EDUCATION** The May Revision allocates \$137.8 billion to TK-12 education, including continued implementation of Universal Transitional Kindergarten and expanded learning programs. However, the budget includes a \$2.7 billion reduction in Proposition 98 and a \$1.8 billion deferral in Local Control Funding Formula (LCFF) payments.

**Potential Impact on UIOs:**

- School-based services (e.g., nutrition, attendance, behavioral health) may be delayed or reduced, straining upstream supports that UIOs rely on for youth wellness.
  - Districts that don't meet the 55% "unduplicated pupils" threshold may exclude schools with significant but numerically small AI/AN student populations from enrichment funding.
  - Education cuts risk widening gaps in culturally responsive engagement, making youth more vulnerable to disconnection from care.
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**HIGHER EDUCATION** Total proposed funding for higher education is \$45.7 billion. While cuts to UC and CSU are softened, California Community Colleges (CCCs) face over \$500 million in deferrals and reductions to systemwide investments in student services and technology.

**Potential Impact on UIOs:**

- CCCs are primary access points for urban Indian students. Deferrals may reduce basic needs supports, academic advising, and transfer success.
- Underinvestment limits the pipeline for AI/AN health workers and delays data systems needed to track AI/AN student outcomes.
- Without targeted support, AI/AN students remain underserved in equity initiatives, and UIOs are disconnected from campus care coordination.

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**HOUSING AND HOMELESSNESS** While the May Revision introduces a new California Housing and Homelessness Agency, few new General Fund investments are proposed beyond targeted behavioral health housing efforts.

**Potential Impact on UIOs:**

- Urban AI/AN people remain overrepresented in homelessness data yet are not prioritized in state housing funding streams.
- Without dedicated support for AI/AN homelessness initiatives or culturally aligned wraparound housing programs, housing insecurity continues to undermine wellness.

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**CRIMINAL JUSTICE AND JUDICIAL BRANCH** The May Revision includes \$21.5 million for the CalAIM Justice-Involved initiative, which will extend Medi-Cal coverage up to 90 days pre-release for incarcerated individuals. Other reentry and behavioral health diversion supports remain underfunded.

**Potential Impact on UIOs:**

- UIOs working with justice-involved urban Indian clients are excluded from most state diversion and reentry funding.
- Gaps in culturally responsive reentry and behavioral health coordination persist.

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**LABOR AND WORKFORCE DEVELOPMENT** The May Revision reduces or eliminates major investments in health care workforce development and public health career pathways.

**Potential Impact on UIOs:**

- UIOs face ongoing workforce shortages but are excluded from most workforce pipeline investments.
- The state's disinvestment in culturally grounded provider development hinders the sustainability of AI/AN-led care delivery.

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**ECONOMIC OUTLOOK** The Governor's May Revision assumes a slow-growth economy with inflation expected to rise. This economic forecast drives the state's cautious approach to new investments and its reliance on deferrals and one-time savings.

**Potential Impact on UIOs:**

- UIOs operating under unstable contracts and delayed funding face deeper financial volatility.



- Long-term investments in urban Indian health infrastructure remain uncertain amid recession planning.

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## CROSS-CUTTING CONCERNS AND RECOMMENDATIONS

### Key Concerns:

- UIOs will face increased uncompensated care, patient churn, and operational instability under the May Revision.
- Urban AI/AN communities continue to be structurally invisible in program design, funding formulas, and equity planning.
- Elimination of CRDP and deferral of workforce and public health investments represent a retreat from culturally grounded care.

### CCUIH Recommendations to Budget Committee Leadership

- **Restore key Medi-Cal and public health equity investments** that directly support Urban Indian Organizations (UIOs) and the care delivery infrastructure serving American Indian and Alaska Native (AI/AN) communities in urban areas.
- **Reinstate funding for the California Reducing Disparities Project (CRDP)** to preserve community-defined behavioral health practices that address longstanding inequities and prevent service disruption across AI/AN communities.
- **Ensure UIO eligibility and inclusion** in all state-administered workforce, reentry, and public health funding opportunities — including grant programs, capacity-building initiatives, and pipeline investments.
- **Require disaggregated tracking and public reporting** of AI/AN participation in safety net, equity, and innovation programs to strengthen accountability and ensure communities are not overlooked.
- **Stabilize UIO operations** by providing flexible, recurring state support that reflects their essential role in California's health safety net, especially for populations excluded from other systems.

*We encourage stakeholders and community partners to stay informed, share these concerns, and engage in ongoing budget discussions that impact urban AI/AN health.*

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