



OFFICE OF THE GOVERNOR

OCT 07 2023

To the Members of the California State Assembly:

I am returning Assembly Bill 1085 without my signature.

This bill would require the Department of Health Care Services (DHCS) to establish a Medi-Cal benefit to cover housing support services for individuals experiencing or at risk of homelessness, subject to an appropriation and federal approval.

My Administration has made significant investments to combat homelessness and provide housing supports. While I appreciate and share the author's goal to support those who are experiencing homelessness, new Medi-Cal benefits must be considered as part of the annual budget process. For example, the 2023 Budget Act establishes coverage for CalAIM transitional rent, beginning in 2024-25, allowing for up to six months of rent or temporary housing for vulnerable Californians, including those who are or are at risk of becoming homeless.

DHCS estimates additional annual costs to the Medi-Cal program in the range \$18.3 million to \$40.4 million General Fund to implement this bill. These costs must be considered alongside other budgetary priorities.

In partnership with the Legislature, we enacted a budget that closed a shortfall of more than \$30 billion through balanced solutions that avoided deep program cuts and protected education, health care, climate, public safety, and social service programs that are relied on by millions of Californians. This year, however, the Legislature sent me bills outside of this budget process that, if all enacted, would add nearly \$19 billion of unaccounted costs in the budget, of which \$11 billion would be ongoing.

With our state facing continuing economic risk and revenue uncertainty, it is important to remain disciplined when considering bills with significant fiscal implications, such as this measure.

For this reason, I cannot sign this bill.

Sincerely,

A handwritten signature in black ink, appearing to be "Gavin Newsom", written over a horizontal line. The signature is stylized with a large initial "G" and a long horizontal stroke at the end.

Gavin Newsom