



**LEGISLATION &
COMMUNICATIONS UNIT**

1831 K Street
Sacramento, CA 95811-4114
Tel: (916) 504-5800
TTY: (800) 719-5798
Toll Free: (800) 776-5746
Fax: (916) 504-5807
www.disabilityrightsca.org

**DRC's Summary of The Governor's Proposed 2021-22
Budget**

***Commending the expansion of investments and services to
support people with disabilities***

Governor Newsom released his 2021-22 proposed budget on January 8, 2021 (<http://www.ebudget.ca.gov/budget/2021-22/#/Home>). This budget proposes \$227 billion in spending. Despite a global pandemic, the Governor's budget is positive overall, due in large part to an improved revenue outlook. Not surprising, the budget reflects the realities of COVID-19 and includes a number of measures to address the urgent needs of Californians who have been impacted by the pandemic.

The Governor's proposed budget builds on important and innovative investments that support persons with disabilities, primarily in the areas of health care expansions and affordability, behavioral health, increased developmental services funding, and housing and homelessness.

Disability Rights California (DRC) applauds the Governor's investments in education, mental health, and alleviating homelessness. Noteworthy investments include, the appointment of a Senior Advisor on Aging, Disability, and Alzheimer's as well as significant investments in housing and homelessness, statewide expansion of the Aging and Disability Resource Connections "no wrong door" system, and the creation of a new Office of Medicare Innovation and Integration to strengthen and expand access to care for low and middle-income Californians.

While we appreciate the governor's ongoing priority to address homelessness, we continue to be concerned about the expanded use of conservatorships to alleviate homelessness. DRC believes fully funding

social services and providing housing is the most effective way to end homelessness and we remain committed to defending the civil rights of the homeless population.

DRC applauds the Governor's urging of the Legislature to extend California's rent moratorium beyond January 31, 2021. These proposals will particularly help COVID-19-vulnerable segments of the population, including persons with disabilities and older Californians of color, who are disproportionately low-income and rent their homes due to historic and ongoing racism.

An unexpected budget surplus and congressional action have mitigated the need to implement spending cuts. Given the improved revenue outlook, the Governor's budget proposes to delay by one-year, a number of suspensions that were assumed in the 2020 Budget Act. While we acknowledge the Governor's efforts to minimize the impact to IHSS and other critical safety-net programs, we are disappointed that the sunset of the IHSS reduction restoration remains.

We look forward to engaging with the Governor and legislature as this proposed budget moves forward in the legislative process.

The following are some of the key items in the budget impacting persons with disabilities and the programs that assist them.

Aging

Building on existing efforts to address aging in California, including the development of a 10-year Masterplan for Aging and the establishment of a Task Force on Alzheimer's Prevention and Preparedness, the Governor proposes a range of initiatives and investments, including, developing new strategies with the federal government to leverage Medicare to provide additional long-term services and supports and appointing a Senior Advisor on Aging, Disability and Alzheimer's to advance cross-Cabinet initiatives and partnerships between government, the private sector, and philanthropy. The Budget includes a \$5 million General Fund placeholder for spring proposals to further implement the Master Plan for Aging.

Proposed investments targeting top priorities identified in the Master Plan for Aging include:

- Establishing an Office of Medicare Innovation and Integration to lead innovative models for dual eligibles and Medicare only individuals.

- \$250 million one-time General Fund for the Department of Social Services to acquire and rehabilitate Adult Residential Facilities (ARF) and Residential Care Facilities for the Elderly (RCFE) with a specific focus on preserving and expanding housing for low-income seniors who are homeless or at risk of becoming homeless. (See also Housing and Homelessness)
- \$7.5 million in 2021-22, half-year funding of \$5 million in 2022-23 to delay the suspension of and expand Aging and Disability Resources Connections (ADRCs), or “No Wrong Door,” networks to serve the entire state.
- \$5.3 million one-time General Fund in 2021-22 to extend the IHSS back-up provider system and back-up provider wage differential to avoid disruptions to caregiving until December 2021.
- \$3 million one-time General Fund for the Office of Statewide Health Planning and Development to grow and diversify the pipeline for the geriatric medicine workforce.

Alzheimer’s

The Governor’s proposal to address Alzheimer’s emphasizes communities of color and women, who are disproportionately susceptible to the disease and the primary providers of caregiving. The budget proposes a number of investments to be administered by the Department of Public Health, including:

- \$5 million one-time General Fund for a public education campaign on brain health;
- \$4 million one-time General Fund for new training and certification for caregivers;
- \$2 million one-time General Fund for expanded training in standards of care for health care providers;
- \$2 million one-time General Fund for grants to communities to become dementia-friendly;
- \$4 million one-time General Fund for research to strengthen California’s leadership on disparities and equity in Alzheimer’s.

CalABLE

The Governor's funding for CalABLE remains fairly consistent and reflects additional funding equivalent to a half of a position on the California ABLE Act Board.

Children's Programs

The proposed budget includes \$700.1 million General Fund in 2021-22 for services to children and families in the Child Welfare Programs.

Significant adjustments include:

- \$61.1 million General Fund in 2021-22 to support services related to quarantine needs for foster youth and caregivers.
- \$61.1 million (\$42.7 million General Fund) to begin implementation of Part IV of the federal Family First Prevention Services Act (FFPSA).
- \$10.1 million (\$5.9 million General Fund) ongoing to establish an additional child welfare social workers regional training academy in northern California.
- \$54.5 million General Fund to extend the temporary augmentation to the Emergency Child Care Bridge Program, foster family agencies, Child Welfare Public Health Nursing Early Intervention Program, and the Family Urgent Response System from December 31, 2021 to December 31, 2022.

Department of Developmental Services (DDS)

The proposed budget includes \$10.5 billion (\$6.5 billion General Fund) for the Department and estimates that approximately 386,753 individuals will receive developmental services by the end of 2021-22.

Significant adjustments include:

- Anticipated costs reflecting the ongoing response to COVID-19 (\$265.1 million TF, \$183.2 million GF).
- Extension of the provider supplemental rates and the Uniform Holiday Schedule suspension through December 31, 2022 (\$510.5 million TF, \$297.0 million GF).
- Ongoing resources for regional center coordination with state and local entities supporting foster youth (\$7.4 million TF, \$4.6 million GF).
- Ongoing resources to support emergency planning and preparation coordination by regional centers (\$2 million TF, \$1.4 million GF).

- Additional resources to support community navigators and improve access to generic and regional center services (\$5.3 million TF, \$3.2 million GF).
- Full-year implementation of the expanded diversion program services (\$4.3 million TF, \$2.9 million GF).

Department of Public Health

The proposed budget includes \$4.2 billion (\$1.1 billion General Fund) in 2021-22 for the Department of Public Health.

Significant adjustments include:

- \$19.1 million for year three of the Los Angeles County contract and \$4.5 million to support increased medical breach and caregiver investigation workload.

Department of State Hospitals (DSH)

Incompetent to Stand Trial

According to the Newsom administration, approximately 1,428 incompetent to stand trial commitments are awaiting admission to the state hospital system.

The proposed budget includes the following IST funding proposals:

- \$233.2 million for the Community Care Demonstration Project to contract with three counties to provide a continuum of services to county-based services, rather than services provided by state hospitals.
- \$4.5 million to expand the current Los Angeles Community Based Restoration program.
- \$46.4 million one-time funds to expand the IST program in current and new counties, with \$1.2 million to administer the program.
- \$5.6 million in 2021, with \$8 million ongoing to replace the outpatient clinic model, and to expand community-based treatment options for ISTs in counties. This is estimated to increase capacity by up to 100 beds in 2021-22.
- \$7.3 million in ongoing funds to transition more stable non-IST patients out of state hospital beds and backfill with IST patients. This is estimated to increase capacity by up to 40 beds in 2021-22.

Diversity in State Employment

The proposed budget includes \$290,000 to establish a Chief Equity Officer within GovOps to implement the work of the California Leads Taskforce, which developed proposals to, among other things, improve the state hiring and retention of people with disabilities.

The Department of Developmental Services and Department of Rehabilitation will continue work to develop a new State Employment Initiative to employ more persons with disabilities in the state workforce. Currently, five departments are part of the pilot program to provide greater employment resources to people with disabilities.

Early Childhood

Department of Early Childhood Development

The Governor's proposed budget provides over \$300 million in new spending for early childhood education and care programs targeting infants, toddlers, and preschoolers.

The proposed budget includes:

- \$3.2 billion (from General Fund and California Department of Education) for DSS to administer existing early learning and child care programs effective July 1, 2021.
- \$43.2 million for COVID-19 relief for foster youth and caregivers to provide support and services related to isolation or quarantine.

Universal Preschool

- \$2 billion to facilitate in-person instruction for the youngest students (TK-2), with greatest funding for low-income, non-English speakers, and foster youth.
- \$250 million one-time to incentivize Early Transitional Kindergarten enrollment at local school districts.
- The budget anticipates \$6.7 billion in federal support for primary schools, with \$1 billion of that going to early childhood or head start programs.

Education

K-12

The proposed budget increases education funding by \$4.6 billion to a record high level, while paying down \$11 billion of the 2020 Budget Act Local Control Funding Formula (LCFF) deferrals. Governor Newsom suggested the Legislature should provide additional funding if budget projections remain strong.

New funding is proposed for the following programs:

- \$2 billion one-time for health and safety supplies and services to support in-person instruction.
- \$265 million one-time for the Community Schools Grant Program.
- \$250 million one-time for professional development to promote educator quality and effectiveness.
- \$50 million one-time to create statewide resources and professional development on social emotional learning and trauma-informed practices.
- \$50 million one-time to support early learning professionals achieve competency-based standards.
- \$12.6 million to support state operations for remaining early learning and child nutrition programs.

Special Education

Special Education funding increased in the form of early education and training school personnel. The Governor's budget proposes the following funding increases:

- \$300 million for the Special Education Early Intervention Preschool Grant.
- \$100 million one-time for the Teacher Residency Grant Program which supports teacher preparation programs focused on retaining special education, bilingual, and science, technology, engineering, and mathematics teachers.

Higher Education

Governor Newsom pledged that tuition would not increase in the University of California, the California State University, or Community Colleges. The Governor anticipates \$2.9 billion in federal support for

higher education institutions, which would be reflected in the May Revision.

University of California

Proposed funding increase of \$225.3 million ongoing to include:

- \$15 million to address student mental health and technology needs.
- \$15 million to support emergency financial assistance grants for students.
- \$5 million to support culturally-competent professional development for faculty.
- \$5 million to address K-12 learning loss through UC Subject Matter Projects.
- \$2 million to support K-12 ethnic studies through UC Subject Matter Projects.
- \$1.5 million for a baseline adjustment providing ongoing support for immigrant legal services.

California State University

The proposed budget provides an increase of \$144.5 million in ongoing funding, including:

- \$111.5 million to support University costs.
- \$15 million to address student mental health and technology needs.

California Community Colleges

- \$111.1 million for a 1.50-percent cost-of-living adjustment.
- \$250 million one-time Proposition 98 General Fund to support emergency student financial assistance grants.
- \$100 million one-time Proposition 98 General Fund available over three years to address student basic needs at community colleges, including housing and food insecurity.
- \$30 million for access to mental health services and access high-speed internet.
- \$20 million one-time to support community college efforts to increase student retention rates and enrollment due to the impacts of COVID-19.

- \$20 million one-time for culturally competent professional development for faculty.
- \$10.6 million for distance learning including access to online tutoring, online counseling, and online student support services such as mental health services.
- \$15 million one-time to develop and implement zero-textbook-cost degrees using open educational resources.
- \$1 million ongoing to support technical assistance for the Adult Education Program.
- \$600,000 to implement systemwide anti-racism initiatives.

Equal Access Fund (EAF)

Projected EAF appropriations are forecasted to decrease substantially in 2021-22 due to the zeroing out of the National Mortgage Special Deposit Fund, and are expected to total \$25.9 million.

Health and Human Services

The proposed budget includes \$195.1 billion (\$64.3 billion General Fund and \$130.8 billion other funds) for all health and human services programs. The budget assumes that the COVID-19 Pandemic emergency response continues through December 2021. This includes the enhanced Federal Medical Assistance Percentage (FMAP) provided to support the state's Medi-Cal program.

In light of the improved revenue outlook, the Governor proposes to delay by one-year, a number of suspensions that were assumed in the 2020 Budget Act, including, but not limited to:

- Proposition 56 supplemental payment increases;
- Reversing the 7-percent reduction in In-Home Supportive Services hours;
- Reversing Developmental Services payment increases.

CalAIM

The budget includes \$1.1 billion (\$531.9 million General Fund) in 2021-22, growing to \$1.5 billion (\$755.5 million General Fund) in 2023-24 to implement the California Advancing and Innovating Medi-Cal (CalAIM) Initiative to make Medi-Cal, including behavioral health benefits, more consistent and seamless.

Other Significant Adjustments include:

- \$249.8 million General Fund in 2020-21 and \$279.1 million General Fund in 2021-22 for retroactive and ongoing dental, pharmacy, and managed care, targeted case management, and behavioral health costs associated with state-only populations.
- \$219.9 million (\$70.2 million General Fund) in 2020-21 and savings of \$612.7 million (\$238.2 million General Fund) in 2021-22 associated with the carve-out of the Medi-Cal pharmacy benefit from managed care to fee-for-service, effective April 1, 2021.
- Annual savings of \$21 million (\$7.8 million General Fund) to reinstate over-the-counter adult acetaminophen and cough/cold products as covered Medi-Cal benefits effective July 1, 2021. Coverage of these products was temporarily reinstated effective March 1, 2020, as part of the state's federally approved COVID-19 waiver flexibilities.
- \$12 million (\$4.2 million General Fund) in 2021-22 and ongoing to add continuous glucose monitors as a covered Medi-Cal benefit for adult individuals with type 1 diabetes, effective January 1, 2022.
- \$94.8 million (\$34 million General Fund) ongoing to expand and make permanent certain telehealth flexibilities authorized during COVID-19 for Medi-Cal providers, and to add remote patient monitoring as a new covered benefit, effective July 1, 2021.
- An ongoing increase of \$65.4 million (\$22.9 million General Fund) in 2021-22 for county eligibility determination activities based on growth in the California Consumer Price Index.

COVID-19

The COVID-19 pandemic has had significant impacts on Medi-Cal. The proposed budget reflects significant fiscal impacts related to COVID-19, including \$7 billion in total funds costs (\$1.1 billion General Fund savings) in FY 2020-21 and \$15.4 billion total funds costs (\$2.4 billion General Fund costs) in FY 2021-22.

Significant adjustments include:

- Increased Caseload –The budget assumes that the average Medi-Cal caseload will be about 14 million in FY 2020-21, with associated cost increases of \$5.4 billion total funds (\$1.7 billion General Fund). In FY 2021-22, the budget assumes that the average Medi-Cal caseload

will increase to about 15.6 million, with associated cost increases of \$13.5 billion total funds (\$4.3 billion General Fund).

- Vaccine Administration Costs – The budget assumes that the federal government will cover the costs of procuring COVID-19 vaccines; however, Medi-Cal will face costs related to reimbursing providers to administer the vaccine for covered populations, which make up a significant share of state residents. The budget includes \$31.7 million total funds (\$10.8 million General Fund) in FY 2020-21 and \$315.7 million total funds (\$107.4 million General Fund) in FY 2021-22 to cover vaccine administration costs.
- Other COVID-19 Response Impacts – The budget reflects a number of other costs and savings related to COVID-19, including savings from reduced utilization in the FFS delivery system and costs related to various flexibilities put in place to respond to the pandemic, such as temporarily increased provider rates. The budget includes a net savings of \$53.7 million total funds (\$77.3 million General Fund savings) in FY 2020-21 and a net cost of \$711.5 million total funds (\$143.0 million General Fund cost) in FY 2021-22.
- Increased Federal Funding – The budget includes \$4.9 billion in increased federal funding, with offsetting General Fund savings in the DHCS budget of \$2.9 billion in FY 2020-21. For FY 2021-22, the budget includes \$3.3 billion in increased federal funding, with offsetting General Fund savings in the DHCS budget of \$2.2 billion.

Health Equity

Health equity continues to be a top priority for the Governor. Recognizing that COVID-19 has exposed long-standing health inequities among people of color, and systemic racism and discrimination, the budget builds on significant efforts to ensure a more culturally and linguistically competent and responsive health and social services system:

The proposed budget provides:

- A proposed investment in the spring to the Department of Managed Health Care to establish, in collaboration with other entities, a priority set of standard quality measures for full service and behavioral health plans, including quality and health equity benchmark standards, and to take enforcement actions against non-compliant health plans.
- A plan by the Administration to include a focus on health disparities and cultural and language competency in the development of health

plan contractual language, as Medi-Cal and Covered California managed care plan contracts come up for renewal.

- An investment of \$1.7 million General Fund in 2021-22 and \$154,000 General Fund in 2022-23 and ongoing for the California Health and Human Services Agency to conduct an analysis of the intersection of COVID-19, health disparities, and health equity to help inform any future response.
- An investment of \$5.3 million (\$3.2 million General Fund) for the Department of Developmental Services to contract with family resource centers to implement a navigator model statewide.
- An investment of \$4.1 million (\$3.7 million General Fund) in 2021-22 and \$2.1 million (\$1.6 million General Fund) ongoing for the Health and Human Services Agency to further reorient the administration of its programs through the use of data and the development of an equity dashboard.

Long-Term Health Care Facility Penalties for Improper Discharges

The Department of Health Care Services is proposing trailer bill language to assess monetary penalties against a long-term health care facility (nursing facility or skilled nursing facility) for noncompliance with a hearing decision issued by DHCS that orders the readmission of a resident after a finding that the facility improperly transferred, discharged, or failed to readmit a resident. The proposed penalty amounts are \$1,000 for each day the facility fails to comply with the hearing decision, beginning on the sixth day after the date of service of the hearing decision, and up to \$100,000 in the aggregate for each hearing decision.

Office of Health Care Affordability

The proposed budget includes \$11.2 million in 2021-22, \$24.5 million in 2022-23, and \$27.3 million in 2023-24 and ongoing from the Health Data and Planning Fund to establish the Office of Health Care Affordability which will work to improve the affordability of health coverage and address underlying cost drivers.

Medi-Cal

The Medi-Cal proposed budget is \$117.9 billion (\$22.5 billion General Fund) in 2020-21 and \$122.2 billion (\$28.4 billion General Fund) in 2021-22. The Budget assumes that caseload will increase approximately 10.1 percent from 2019-20 to 2020-21 and increase approximately 11.7

percent from 2020-21 to 2021-22. Medi-Cal is projected to cover approximately 15.6 million Californians, nearly 40 percent of the state's population, in 2021-22.

Center for Data Insights

- The Budget proposes to consolidate existing resources to establish a Center for Data Insights and Innovation within the Agency. The Center will focus on leveraging data to develop knowledge and insights to improve program delivery and drive system transformation across health and human services.

Prescription Drug Costs

- The budget proposes extending the full implementation of a Medi-Cal pharmacy benefit to April 1, 2021, resulting in projected net savings of \$612 million total funds (\$238.1 million General fund) in FY 2021-22.

Proposition 56 Supplemental Payment Programs

Given the improved revenue outlook in the short term, the Governor proposes a delay in suspension of Proposition 56 programs by 12 months and includes a total of \$3.2 billion (\$275.3 million General Fund, \$717.8 million Proposition 56 Fund, and \$2.2 billion federal funds) for these programs in 2021-22.

- The Budget assumes Proposition 56 suspensions effective July 1, 2022, except for supplemental payments to intermediate care facilities for the developmentally disabled, freestanding pediatric subacute facilities, and Community Based Adult Services, which will be suspended December 31, 2022, due to the managed care calendar rate year.
- The Budget also proposes to exempt supplemental payments for the Behavioral Health Integration program, the AIDS waiver, Home Health, and Pediatric Day Health from suspension because they would not be deemed eligible by the federal government.

Other suspended programs:

- Medi-Cal Post-Partum Eligibility Extension—The Budget delays the suspension of Medi-Cal post-partum extended eligibility by 12 months to December 31, 2022, for a cost of \$27.1 million General Fund in 2021-22.

- Medi-Cal Adult Optional Benefits Extension—The Budget includes \$47 million (\$15.6 million General Fund) in 2021-22 to delay by 12 months the suspension of audiology and speech therapy services, incontinence creams and washes, optician and optical lab services, and podiatric services to December 31, 2022.

Homelessness and Housing

The proposed budget doubles existing funding to \$1.75 billion for the development of new housing, with a great emphasis on the Project Homekey project, but also develops community mental health housing and housing for vulnerable seniors. In addition, Governor Newsom forecasts \$2.6 billion in federal funding to support rent and utility bills, along with an extension of an eviction moratorium.

Housing proposals in the budget provide:

- Additional \$500 million for the Low-Income Housing Tax Credit.
- Additional \$500 million for the Infill Infrastructure Grant Program.
- \$500 million one-time for infill infrastructure grants that will facilitate housing development.
- \$4.3 million for Housing Law Assistance to local governments.
- \$2.7 million for program streamlining and alignment to create a single application and scoring system for various housing grant programs.
- \$2 million to provide education outreach campaigns and enforce housing civil rights laws.

Project Homekey

The proposed budget includes \$750 million one-time to fund additional Homekey projects that can be converted and rehabilitated for housing for homeless populations. Project Homekey has generated over 6,000 supportive housing units in the last year and the state has acquired nearly 100 properties.

In-Home Supportive Services (IHSS)

The Budget includes \$16.5 billion (\$5.3 billion General Fund) for the IHSS program in 2021-22, a 10-percent increase in General Fund costs over the revised 2020-21 level. Average monthly caseload in this program is

estimated to be 593,000 recipients in 2021-22, a 3.9-percent increase from the revised 2020-21 projection.

Significant adjustments include:

- \$449.8 million General Fund in 2021-22 and \$242.6 million General Fund in 2022-23 to reflect a one-year delay in suspending the 7-percent across-the-board reduction to IHSS service hours.
- \$1.2 billion (\$557.6 million General Fund) to support projected minimum wage increases to \$14 per hour on January 1, 2021 and \$15 per hour on January 1, 2022.
- The Budget no longer assumes savings to hold county administration funding at the 2019-20 level, resulting in county administration costs being updated for 2021-22 to include \$17.8 million General Fund to reflect caseload and Consumer Price Index adjustments.
- \$5.3 million one-time General Fund in 2021-22 to extend the back-up provider system and back-up provider wage differential to avoid disruptions to caregiving until December 2021.(included also under aging)
- The budget includes a reduction of federal funding of \$20.7 million in FY 2020-21 and \$21.9 million in FY 2021-22 to reflect penalties for noncompliance with federal timelines for meeting Electronic Visit Verification requirements.

Mental Health

The proposed budget focuses on early intervention and mental health services for youth. Cumulatively, Governor Newsom is proposing \$400 million for school based mental health programs through the collaboration of Medi-Cal and county providers, and includes continued funding for ACES screening, suicide prevention, and early intervention prevention.

The budget provides:

- \$304.5 million to address the incompetent to stand trial waitlist, including a \$233 million demonstration project.
- \$202 million to Residential Mental Health Facilities to repurpose existing state facilities for adult residential facilities.

Mental Health Services Act (Prop 63):

- \$25 million to expand the Mental Health Student Services Act Partnership Grant Program and incentivize inclusion of expenditures for children’s mental health services in county Mental Health Services Act spending plans.

Public Safety

California Department of Corrections and Rehabilitation

The proposed budget includes \$281.3 million one-time to purchase personal protective equipment, structures for physical distancing, testing of inmates and staff, deep cleaning, payments to counties during the suspension of CDCR intake, reentry housing, and community supervision.

Juvenile Justice

The Division of Juvenile Justice (DJJ) will stop intake on June 30, 2021, with limited exceptions, and begin transitioning responsibility for these youth to the counties. DJJ cost savings will be offset by payments to counties.

Office of Youth and Community Restoration

- The proposed budget includes \$3.4 million General Fund in 2021-22 and \$3.1 million ongoing General Fund to develop reports on youth outcomes in the juvenile justice system, staff a Child Welfare Council committee focused on improving outcomes for justice-involved youth, and create an Office Ombudsperson.

Supplemental Security Income/State Supplemental Program

The budget includes \$2.69 billion for the SSI/SSP program, a 0.6 percent decrease from the revised 2020-2021 level. The average monthly caseload is estimated to be 1.18 million recipients in 21-22, a 1.1 percent decrease from the 2020-21 projection.

Effective January 2021, the maximum grant levels are \$955 per month for individuals and \$1,598 for couples. As a result, the maximum monthly grant levels will increase by approximately \$17 and \$26 for individuals and couples, effective January 2021.