



**LEGISLATION &
COMMUNICATIONS UNIT**

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

**The May Revision to the Governor's Proposed 2020-21 Budget
Impacting Programs Serving Persons with Disabilities**

Governor Newsom released his "May Revision" to the 2020-2021 proposed budget on May 14, 2020 <http://www.ebudget.ca.gov/budget/2020-21MR/#/BudgetSummary>. The revised budget proposal is constructed around the projected revenue and deficits in the current year and the 2020-21 budget year. The Department of Finance (DOF) projected that revenue from person, sales and corporate taxes would be \$41.2 billion below the budget projections in January: \$9.7 billion in 2019-2020 and \$23.2 billion in 2020-21 due to COVID. Additionally, DOF projected that also due to COVID there would be a \$7.1 billion caseload increase in health and human services programs and \$6 billion in COVID response costs. Thus, there is a budget deficit of approximately \$54.3 billion (\$13.4 billion in 2019-2020 and \$40.9 billion in 2020-21).

http://www.dof.ca.gov/Budget/Historical_Budget_Publications/2020-21/documents/DOF_FISCAL_UPDATE-MAY-7TH.pdf

The solution proposed by the Governor to fill the \$54.3 billion deficit gap includes using \$8.8 billion in reserves, \$10.4 billion in borrowing and fund transfers, \$4.4 billion in new revenue, \$8.4 billion in cancelled program expansions and spending increases, \$8.3 billion funding from the federal CARES Act, and \$14 billion in "triggers." The \$14 billion in base program cuts would only be "triggered" in the event that additional federal COVID relief funding does not materialize. The target is premised on the nationwide request of \$1 trillion in flexible federal funds and which has been introduced by Speaker Pelosi in Congress. The actual details of how these triggers would be operationalized in the event there is not additional federal funding or if it is less than projected, remains to be determined.

May Revision Proposes Balanced Solution
(dollars in billions)

Cancelled Expansions & Other Reductions	\$8.4
Reserves	8.8
Borrowing/Transfers/Deferrals	10.4
New Revenues	4.4
Federal Funds	8.3
Triggers	14.0
	\$54.3

Source: CA Dept. of Finance May Revise Budget Summary, page 4

Starting next week, the Assembly and the Senate will begin hearings on the Governor’s revised budget and will begin crafting solutions of their own. Between now and June 15, the deadline when a balanced budget is due to the Governor, the Legislature and the Governor will craft the budget. A complicating factor is that the tax filing deadline has been extended to July 15, and so actual revenues will not be known until the first of August. That would leave the Legislature 30 days before the end of the legislative session to adjust the budget. It is expected that there will additional budget actions late in the summer.

Meanwhile, these are the major budget actions impacting persons with disabilities that the Governor proposes in his revised budget and that will be the subject of legislative hearings. References to items that are withdrawn were included in the Governor’s January budget that the Governor will not be pursuing and the items that include a trigger are cuts that would occur if additional and sufficient funds are not available.

Access to Justice

- Absent additional and sufficient federal funds that would **trigger** this reduction to the courts’ budget by \$15.2 million ongoing General Fund to reflect a 5 percent reduction to the following programs: Dependency Counsel; Court Interpreters; California Collaborative and Drug Court Projects; Court Appointed Special Advocate Program; Model Self-Help Program; Equal Access Fund; Family Law Information Centers; and Civil Case Coordination.

Behavioral Health

- **Eliminates** the 2019 Budget Act expansion of Medi-Cal to post-partum individuals who are receiving health care coverage and who are diagnosed with a maternal mental health condition, for a savings of \$34.3 million General Fund in 2020-21.
- **Withdraws** the January proposal to reform the Mental Health Services Act (Proposition 63) in order to integrate mental health and substance abuse treatment, and to focus on the criminal-justice-involved homeless population and youth
- **Withdraws** the following resources included in the January budget: \$45.1 million General Fund in 2020-21 and \$42 million General Fund in 2021-22 for a Behavioral Health Quality Improvement Program at the Department of Health Care Services, to help county-operated behavioral health programs, including enhanced data sharing for care coordination, value-based payments, performance measurement and reporting.
- **Eliminates** 2019 funding for behavioral health counselors in emergency departments.
- **Includes** \$1.1 million General Fund in 2020-21 and \$2.1 million ongoing to improve behavioral health services at the veterans homes by standardizing mental health support staffing. This reflects a six-month delay in the implementation of this Governor's Budget proposal, resulting in a decrease of \$1.1 million General Fund in 2020-21.

CalFresh

- There are **no changes** to the CalFresh program. The budget retains funding for both the Supplemental Nutrition Benefit and the Transitional Nutrition Benefit program which were created in 2018 to help households that lost federal SNAP benefits when SSI recipients were made eligible for SNAP.

Department of Aging

- Absent additional and sufficient federal funds that would **trigger** this reduction, would eliminate the Community-Based Adult Services (CBAS) and Multipurpose Senior Services Program (MSSP) programs. The effective date for CBAS would be January 1, 2021, for

a savings of \$1.6 million General Fund in 2020-21 and \$2.7 million ongoing. The effective date for MSSP would be July 1, 2020, for a savings of \$22.2 million General Fund in 2020-21 and \$21.8 million ongoing.

Department of Developmental Services

- **Withdraws** the Enhanced Performance Incentive Program that was proposed in the Governor's January Budget, which was proposed to cost \$60 million General Fund in 2020-21, 2021-22 and 2022-23.
- **Withdraws** the Enhanced Caseload Ratios for Young Children that was proposed in the Governor's January Budget, which was proposed to cost \$11.8 million General Fund in 2020-21.
- **Withdraws** the Systemic, Therapeutic, Assessment, Resources and Treatment Training for services to individuals with co-occurring developmental disabilities and mental health needs that was proposed in the Governor's January Budget, which was proposed to cost \$2.6 million General Fund in 2020-21.
- **Withdraws** the supplemental rate increases for Early Start Specialized Therapeutic Services, Infant Development Programs and Independent Living Services that were proposed in the Governor's January Budget, which would have cost \$10.8 million General Fund in 2020-21 and \$21.6 million in 2021-22.
- Absent additional and sufficient federal funds that would **trigger** this reduction, establishes a cost-sharing program that would result in additional \$2 million General Fund in 2020-21 and \$4 million ongoing.
- Absent additional and sufficient federal funds that would **trigger** this reduction, proposes to adjust provider rates and review expenditure trends with a total cut target of \$300 million General Fund in 2020-21.
- Absent additional and sufficient federal funds that would **trigger** this reduction, implements the uniform holiday schedule outlined in Welfare and Institutions Code section 4692, resulting in a cut of approximately \$31.3 million General Fund in 2020-21.
- Absent additional and sufficient federal funds that would **trigger** this reduction, reduces operations budget for Regional Centers, resulting in a cut of \$30 million General Fund in 2020-21 and \$55 million ongoing.

- **Includes** a revenue increase in anticipated federal funds to include additional individuals with developmental disabilities eligible for and enrolled in Medi-Cal and new waiver eligible services, resulting in General Fund savings of \$27 million General Fund in 2020-21 and \$40 million ongoing.

Department of State Hospitals (DSH)

- **Withdraws** the January proposal for \$364.2 million General Fund (\$24.6 million General Fund in 2020-21) over six years to implement a Community Care Collaborative Pilot program in three counties to treat and serve individuals deemed Incompetent to Stand Trial in the community.
- **Reduces** the Governor's January proposal that would have increased treatment team ratios and supported implementation of trauma-informed care and the development of a comprehensive discharge planning program in 2020-21. The proposal continues to provide increased ratios for primary care physicians in the state hospitals. This results in savings of \$22.6 million General Fund in 2020-21.
- **Withdraws** January investments for various operational and administrative activities including quality improvement and internal auditing, regulation promulgation, and an electronic document management system. This proposal results in savings of \$7.7 million General Fund in 2020-21.

Earned Income Tax Credit (EITC)

- **Continues** the expanded levels of the Earned Income Tax Credit as proposed in the January budget.

Early Childhood

Department of Early Childhood Development

- **Withdraws** proposal for new Department of Early Childhood Development to oversee child care programs currently overseen by the Department of Social Services and the Department of Education.

Child Care/ Universal Preschool

- Absent additional and sufficient federal funds that would **trigger** this reduction of funding rates for all child care programs (including State

Preschool) by approximately 10% for a total of \$97.9 million in Proposition 98 and \$294.1 million in non-Proposition 98 funding.

- Absent additional and sufficient federal funds that would **trigger** the elimination of the statutory COLA for the Budget Year.
- Absent additional and sufficient federal funds that would **trigger** the reduction planned California State Preschool Program full-day/full-year investments in 2020 and 2021 by \$159.4 million, reducing preschool expansion by 20K service spaces.
- Absent additional and sufficient federal funds that would **trigger** the reduction of the school-based California State Preschool Program by an additional \$130 million in on-going Proposition 98 funds.
- **Provides** \$53.3 million in new federal Child Care and Development Block Grant (CCDBG) funds in 2020-21 to the Alternative Payment Programs for approximately 5.6K new childcare service spaces.

Education

K-12

- Provides a total Proposition 98 General Fund funding level of \$52.35 billion in 2019-20, a **decrease** of \$3.54 billion under the 2019-20 Budget Act Proposition 98 guarantee estimate, due to the COVID pandemic.
- Provides a total Proposition 98 General Fund funding level of \$44.87 billion in 2020-21, a **decrease** of \$11 billion from the 2019-20 Budget Act for schools and community colleges.
- **Proposes** total K-12 funding from all sources at \$99.7 billion in the Budget Year.
- Absent additional and sufficient federal funds that would **trigger** a reduction of \$6.5 billion in Proposition 98 funding for the Local Control Funding Formula (LCFF), reflecting a 10% percent reduction.
- **Withdraws** \$300 million one-time non-Proposition 98 funds for construction or retrofit of facilities for full-day kindergarten programs, resulting in 10,000 fewer seats.

Special Education

- **Retains** the Governor's January Budget proposal to increase special education base rates, updated at May Revision to \$645 per pupil

(reflecting the suspension of the 2.31 percent cost-of-living adjustment).

- **Includes** \$15 million federal Individuals with Disabilities Education Act (IDEA) funds for the Golden State Teacher Scholarship Program to increase the special education teacher pipeline, and \$7 million federal IDEA funds to assist local educational agencies with developing regional alternative dispute resolution services and statewide mediation services for cases arising from the COVID-19 pandemic special education distance learning service delivery models.
- **Retains** funding for a study of the current special education governance and accountability structure, and two workgroups to study improved accountability for special education service delivery and student outcomes. The \$1.1 million Proposition 98 General Fund used to fund these proposals is replaced with federal IDEA funds. An additional \$600,000 federal IDEA funds are proposed for: 1) a workgroup to study the costs of out-of-home care, and how these services can be funded in a way that better aligns with the existing provision of these services, and 2) the development of an individualized education program addendum for distance learning.
- **Withdraws** \$250 million in Special Education Preschool Grants included in the January budget proposal.
- **Withdraws** \$300 million in Community Schools Grants included in the January budget proposal, which provide integrated county behavioral health and educational resources under one roof.

Higher Education

University of California

- **Rescinds** several January budget proposals, including: \$169.2 million ongoing General Fund to support a 5-percent UC base increase.
- Absent additional and sufficient federal funds that would **trigger** this reduction of \$338 million ongoing General Fund to reflect a 10-percent reduction in support of UC.

California State University

- **Rescinds** several January budget proposals, including: \$199 million ongoing General Fund to support a 5-percent increase in base resources.
- Absent additional and sufficient federal funds that would **trigger** this decrease of \$398 million ongoing General Fund to reflect a 10-percent reduction in support for the CSU.

California Community Colleges

- **Defers** \$330.1 million Proposition 98 General Fund from 2019-20 to 2020-21 and \$662.1 million Proposition 98 General Fund from 2020-21 to 2021-22.
- Absent additional and sufficient federal funds that would **trigger** this decrease of \$167.7 million ongoing Proposition 98 General Fund, of which \$0.6 million is attributable to a revised cost-of-living adjustment at the May Revision, for a 2.31 percent cost-of-living adjustment for apportionments; \$31.9 million ongoing Proposition 98 General Fund for enrollment growth, \$83.2 million Proposition 98 General Fund, of which \$40.4 million was one-time, for support of apprenticeship programs, the California Apprenticeship Initiative, and work-based learning models, decreasing available Student Centered Funding Formula Proposition 98 General Fund by \$593 million Proposition 98 General Fund, or roughly 10 percent when combined with a foregone cost-of-living adjustment.

Emergency Preparedness and Response

- **Adds** 11 positions for the Public Utilities Commission to further improve its Wildfire Mitigation Plan guidelines and performance metrics. Overall, the Governor's Budget and May Revision together contain 106 new positions and \$30 million for the Commission to address issues related to utility-caused wildfires.

Equal Access Fund/Legal Services

- **Proposes** to expend \$331 million in National Mortgage Settlement funds for housing counseling, mortgage assistance and renter legal aid services as follows: the California Housing Financing Agency will administer \$300 million for housing counseling and mortgage

assistance, and the remaining \$31 million to the Judicial Council to provide grants to legal aid services organizations.

Homelessness

- **Proposes** \$750 million federal funds (\$150 million already allocated) to Project RoomKey to use the funds to purchase hotels and motels, to be owned and operated by local governments and non-profits.
- **Provides** \$1.5 million to the Homeless Coordinating and Financing Council Administrative Resources.
- **Allocates** a portion of the state's CARES Act funding to local governments as follows: \$450 million to cities that did not receive a direct allocation, \$1.3 billion to counties to address public health, behavioral health and other need as a result of COVID-19.

Housing

- **Maintains** \$500 million in low-income housing state tax credits.
- **Reverts** \$250 million in mixed-income development funds over the next three years, \$200 million in infill infrastructure grant funds and \$115 million in other housing program funds.
- **Withdraws** the one-time \$750 million proposed in the January budget to create the California Access to Housing and Services Fund.

In-Home Supportive Services (IHSS)

- **Savings** of \$72.6 million General Fund in 2020-21 from conforming the IHSS Residual Program to the timing of Medi-Cal coverage.
- **Savings** of \$9.2 million General Fund in 2020-21 from the Department of Social Services entering into a contract with the state Case Management, Information, and Payroll System vendor to perform IHSS payroll functions.
- Absent additional and sufficient federal funds that would **trigger** this reduction, cuts IHSS service hours by 7- percent effective January 1, 2021 resulting in \$205 million General Fund in 2020-21.
- Absent additional and sufficient federal funds that would **trigger** this reduction, cuts \$12.2 million General Funding 2020-21 by freezing

IHSS county and Public Authority administration funding at the 2019-20 level.

- **Proposes** to remove the proration of protective supervision for IHSS companion cases and provides additional funding of \$35.9 million TF (\$15.8 million GF prior to FMAP enhancement) in FY 2020-21. The additional funding will provide equitable treatment for all IHSS cases.

Independent Living Centers

- **Proposes** to reduce General Fund local assistance in the Department of Rehabilitation budget by \$2,120,000 as part of the Administration's overall General Fund reduction in response to the projected budget deficit caused by COVID-19.

Juvenile Justice

- **Expands** on previous successful efforts to reform the state's juvenile justice system by transferring the responsibility for managing all youthful offenders to local jurisdictions. The May Revision proposes to stop intake of new juvenile offenders effective January 1, 2021 and begin the closure of all three state juvenile facilities and the fire camp through the attrition of the current population.

Medi-Cal/Health

- Absent additional and sufficient federal funds that would **trigger** this reduction, eliminates and reduces Medi-Cal optional benefits. Specifically, reduces adult dental benefits to the partial restoration levels of 2014. Eliminates audiology, incontinence creams and washes, speech therapy, optician/optical lab, podiatry, acupuncture, optometry, nurse anesthetists' services, occupational and physical therapy, pharmacist services, screening, brief intervention and referral to treatments for opioids and other illicit drugs in Medi-Cal, and diabetes prevention program services, for a total General Fund savings of \$54.7 million.
- Absent additional and sufficient federal funds that would **trigger** this reduction shifts \$1.2 billion in Proposition 56 funding from providing supplemental payments for physician, dental, family health services, developmental screenings, and nonemergency medical

transportation, value-based payments, and loan repayments for physicians and dentists to support growth in the Medi-Cal program compared to 2016 Budget Act. Maintains about \$67 million in Proposition 56 funding to continue rate increases for home health providers, pediatric day health care facilities, pediatric sub-acute facilities, AIDS waiver supplemental payments, already awarded physician and dentist loan repayments, and trauma screenings (and associated trainings).

- Absent additional and sufficient federal funds that would **trigger** this reduction, eliminates the Community-Based Adult Services (CBAS) and Multipurpose Senior Services Program (MSSP) programs. The effective date for CBAS would be January 1, 2021 for a General Fund savings of \$106.8 million in 2020-21 and \$255.8 million in 2021-22 (full implementation). The effective date for MSSP would be no sooner than July 1, 2020. Eliminates special carve outs for Federally Qualified Health Centers for a savings of \$100 million (\$50 million General Fund).
- Absent additional and sufficient federal funds that would **trigger** this reduction that reinstates the estate recovery policy in place before the 2016 Budget Act for a General Fund savings of \$16.9 million beginning in 2020-21.
- **Eliminates** the 2019 Budget Act expansion of Medi-Cal to aged, blind, and disabled individuals with incomes between 123 percent and 138 percent of the federal poverty level, for a savings of \$135.5 million (\$67.7 million General Fund). Eliminates implementation of the Aged, Blind, and Disabled Medicare Part B disregard.
- **Eliminates** the January proposal to expand full-scope Medi-Cal to all income eligible persons 65 years and older, regardless of immigration status.
- **Delays** “CalAIM”, an initiative designed to transform the Medi-Cal program in order to: address social determinants of health; make Medi-Cal consistent and seamless, by reducing complexity and increasing flexibility; and improve quality outcomes of beneficiaries.
- **Eliminates** the CalAIM resources included in the January budget: \$695 million (\$348 million General Fund) in 2020-21, and \$1.4 billion (\$695 million General Fund) in 2021-22 and 2022-23, and \$790 million (\$395 million General Fund) thereafter for enhanced care

management and in lieu of services, infrastructure to expand Whole Person Care statewide, and expand existing dental initiatives; and \$40 million (\$20 million General Fund) for state administration of CalAIM.

- **Eliminates** 2019 funding for the Medical Interpreters Pilot Project.
- **Reforms** nursing facility financing by moving away from a cost-based methodology to a payment system that incentivizes value and quality. Maintains the nursing facility reform framework proposed in the Governor's Budget, and assumes a 10- percent rate increase for SNFs for four months during the COVID-19 pandemic, at a General Fund cost of \$72.4 million in 2019-20 and \$41.6 million in 2020-21.
- **Assumes** that Medi-Cal caseload will peak at 14.5 million in July 2020, or about 2.0 million above what caseload would have been absent the COVID-19 pandemic.

Supplemental Security Income/State Supplementary Payment (SSI/SSP)

- Absent additional and sufficient federal funds that would **trigger** this reduction, withholds and absorbs the anticipated federal January 2021 cost of living adjustment to the SSI portion of the SSI/SSP grant, resulting in \$33.6 million General Fund in 2020-21.

COVID Response

- **Includes** \$386.7 million in General Fund costs in 2019-2020 and \$284.5 million in 2020-2021 for COVID-19 related changes, including:
 - The COVID-19 presumptive eligibility program for the uninsured and underinsured who are ineligible for Medi-Cal.
 - Hospital Presumptive Eligibility Expansion (HPE) for people over age 65 and for additional time periods.
 - Waiving Shares of Cost for COVID-19 testing and treatment.
 - Emergency Paid Sick Leave for IHSS and other providers.
 - Testing, Diagnosis, and Treatment of COVID-19 for people who are Medi-Cal eligible and incarcerated.
 - A number of provider rate increases.