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The 2020-21 Budget Agreement

Summary of Provisions Impacting Programs Serving Persons with Disabilities

On May 14, 2020 the Governor presented his May Revision to the budget structured to address a \$54.3 billion deficit caused by the COVID-19 pandemic. The solutions proposed by his May Revision included cancelling program expansions, borrowing and fund transfers, new revenue and program cuts that would be offset by a “trigger” in the event that federal COVID relief materialized. The program reductions would have been devastating to persons with disabilities, the elderly, and persons of color, those most impacted by the pandemic, by eliminating or reducing health and human services programs including IHSS, SSI/SSP, Medi-Cal, and services for individuals at risk of institutional placement.

The Legislature rejected the approach taken by the Governor and sent their own budget to him on June 15, which retained the critical programs and services proposed for elimination by the Governor. Legislative leaders and the Governor continued their negotiations on a budget solution and on June 22 they announced that they had finally reached a budget agreement. The revised budget and the implementing trailer bills were passed by the Legislature on June 26 and were very similar to the earlier legislative version. The budget agreement avoids cuts to K-14 education, rejected most of the painful health and human services program eliminations and reductions, and included a few new expansions.

In the end, the agreed solution will not inflict additional harm on those who are bearing the brunt of the pandemic by eliminating critical programs and

services. We applaud the leaders for arriving at a solution that does not disproportionately impact persons with disabilities and the elderly.

The major provisions of the final budget agreement impacting persons with disabilities and the elderly include:

Access to Justice/Equal Access/Legal Services

- Provides \$31 million to the Judicial Council for distribution through the State Bar to qualified legal services programs for legal assistance in landlord-tenant disputes and other housing issues. 75% of the funds will be distributed pursuant to the Trust Fund formula and 25% through competitive grants.
- Protects, in the event of triggered reduction to the Judicial Branch, any reductions to the following programs administered by the Judicial Council: 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.

Aging

- Rejects the Governor's May Revision proposal that would have cut \$8.5 million General Fund for the Senior Nutrition program, also known as Meals on Wheels, in 2020-21.
- Rejects the Governor's May Revision proposal that would have cut \$2 million General Fund for the State Long-Term Care Ombudsman Program. Approves an increase of \$1 million for the Ombudsman Program.
- Rejects the Governor's May Revision proposal that would have cut \$3 million General Fund for the Aging and Disability Resource Centers.

CalFresh and Emergency Food

- Approves the Governor's May Revision proposal to increase reimbursement authority by \$1.2 million to continue the CalFresh outreach and application assistance to Supplemental Security Income/Supplemental State Payment (SSI/SSP) recipients who are newly-eligible for CalFresh benefits as part of the reversal of the SSI cash-out policy.

- Approves the Governor’s May Revision proposal to provide an additional \$30 million General Fund to support food bank response to COVID-19 in 2020-21.
- Approves several simplifications to the CalFresh program that will help those enrolled to retain benefits and those who are eligible to access the program more readily, and provides \$27.5 million General Fund for the costs of these changes (these costs reduce over time). Simplifications include requiring counties to attempt to make personal contact via telephone or other electronic means prior to terminating benefits, and requiring any discontinuance be rescinded if the necessary information for the semiannual report form is obtained via an acceptable alternative method.
- Requires the Department of Social Services to establish verification policies and procedures for CalFresh applicants and beneficiaries in the event that necessary verification is not provided by the applicant or beneficiary to accompany the application, semiannual report, annual recertification, or any other form or submission that requests verification be provided at the time of submission.

CBAS/MSSP

- Rejects the elimination of the Community Based Adult Services (CBAS) program (also known as Adult Day Health Care or ADHC), and Multipurpose Senior Services Program (MSSP) programs.

Department of State Hospitals

- Approves the January budget proposal, modified at the May Revision, for four positions and General Fund expenditure authority of \$2.4 million in 2020-21 and eight positions and \$3.2 million annually thereafter, to continue planning and procurement of the electronic health record (EHR) component of the “Continuum” patient care system. These resources were requested to support the completion of Stages 3 and 4 of the Project Lifecycle Approval process.
- Approves of the May Estimate for the Conditional Release Program (CONREP) Continuum of Care, which reflects a one-time reduction of \$3.4 million General Fund compared to the January budget for the establishment of a 78-bed step-down program for patients ready for the CONREP program in 18-24 months, as adopted in the 2019 Budget Act.

- Approves of the May Revision estimate for the Incompetent to Stand Trial (IST) Off-Ramp Services, which reflects General Fund costs of \$1 million in 2020-21 and \$2 million annually thereafter for the IST Off-Ramp team in Los Angeles County, which assesses potential IST patients for restoration of competency prior to admission to a DSH program.
- Approves of the May Estimate for the Jail-Based Competency Treatment Program (JBCT), which reflects a reduction of General Fund costs of \$3.7 million in 2019-20 and \$6.9 million in 2020-21 due to delayed activation of existing JBCT programs, which are administered by counties to provide restoration of competency services to IST patients while in county jail facilities and for expansions of new JBCT programs in new counties. Bed capacity is expected to increase in three northern California counties, one central California county and one southern California county.

Earned Income Tax Credit (EITC)

- Expands the CalEITC to undocumented immigrants using an Individual Taxpayer Identification Number (ITIN), (they are still barred from the federal EITC) for tax filers with children under age 6.

Early Childhood

- Rejects the May Revision cuts to all child care programs and reductions to Alternative Payment Programs, General Child Care, and California State Preschool Program for negative growth.
- Provides an additional \$73 million in CARES for one-time essential worker child care vouchers via the Alternative Payment Program.
- Reduces planned California State Preschool Program full-day investments by \$159.4 million, reducing planned preschool expansion by 20,000 service spaces, consistent with the May Revision.
- Eliminates 2019-20 Budget Act child care investments including: \$300 million in unspent full-day Kindergarten facility grants, \$235 million provided for grants to renovate and construct facilities, and \$195 million provided for workforce development.
- Consistent with the May Revision, all child development programs, except the California State Preschool Program, will transition to the Department of Social Services, beginning July 2021.

Education

K-12 and Special Education

- Maintains K-12 spending whole for the time being. However, without federal funds, the budget will defer \$5.8 billion in K-12 Proposition 98 funding.
- Leverages K-12 funding with federal funds, including \$1.5 billion to supplement special education learning loss, and \$45 million for existing Community Schools that bridge educational and behavioral health resources.
- Provides \$645 million for special education services and supports with \$545 million directed to base rate increases and \$100 million for low-incidence pool of special education pupils.
- Provides \$4 million for the California Dyslexia Initiative research and dissemination of resources.

Higher Education

- Absent federal funds, the California Community College system faces payment deferrals of \$791 million, with the CSU facing a \$500 million reduction, and the UC with a possible cut of \$472 million.
- Maintains current funding levels for adult education programs, and provides \$15 million one-time General Fund to support emergency financial aid for undocumented students at UC, CSU and the community colleges.

Homelessness

- Provides \$550 million to cities for homelessness, public health, public safety, and other services to combat COVID-19 pandemic as follows:
 - \$225 million directly to cities with a population greater than 300,000 that did not receive a direct allocation from the Federal CARES Act allocated based on the share of each city's population relative to the total population of the cities covered by the subsection.
 - \$275 million to cities with a population less than 300,000 allocated based on the share of each city's population relative to the total population of the cities covered by the section. No city shall receive less than \$50,000.

- \$50 million will come from the General Fund for Project Roomkey for the acquisition, conversion, and rehabilitation of hotels, motels, and other properties into housing for people experiencing homelessness. These funds can also be used for capitalized operating reserves and must be spent by June 30, 2022.

Housing

- Absent new federal funding, moderate-income housing production funding will be cut by \$45 million, and the infill infrastructure grant program will face a cut of \$203 million.
- Maintains a \$300 million allocation for Round 2 of the Homeless Housing Assistance Prevention program, with \$90 million directed to Continuums of Care, \$130 million to each city of 300,000 or more, and \$80 million to counties.
- Maintains funding to support mixed-income housing developments by providing \$500 million over four years to the California Housing Finance Agency for the production of low- and moderate-income housing, subject to federal funding.
- Allocates \$500 million in new State Low Income Housing Tax Credits.
- Maintains 2019 resources for domestic violence, the Homeless Youth Emergency Services Housing program, and the Infill Infrastructure Grant Program of 2019 which supports the development of new housing.
- Allocates \$300 million from the National Mortgage Settlement to The California Housing Finance Agency (CalHFA) for foreclosure assistance.

In-Home Supportive Services (IHSS)

- Rejects the Governor's May Revision proposal that would have cut IHSS service hours by seven percent effective January 1. This funding continues to be subject to a suspension on December 31, 2021.
- Requires sick day coverage for waiver of personal care services individual providers who also provide in-home supportive services based on the number of monthly hours worked between in-home supportive services and waiver personal care services. Provides for

this entitlement to paid sick days to begin July 1, 2019, consistent with the provision for IHSS workers.

- Specifies that reassessments for IHSS recipients required pursuant to current law on or before December 31, 2020 may be conducted remotely using telehealth, including by video conference or telephone, subject to continuing federal approval.
- Approves the Governor's May Revision proposal to freeze IHSS county administration funding at the 2019-20 level, yielding \$12.2 million General Funding in 2020-21.
- Approves the May Revision proposal for \$15.8 million General Fund to eliminate prorating protective supervision hours for IHSS recipients who are in the same household.
- Approves the May Revision proposal for \$26.9 million General Fund to expand paid sick leave to IHSS providers, establish a provider back-up system for IHSS recipients whose provider is sick, and provide pay differential to back-up providers. The expanded paid sick leave benefit, provider back-up system, and pay differential are effective until January 1, 2021.

Independent Living Centers

- Rejects the Governor's May Revision proposal that would have reduced funding for Independent Living Centers by \$2.1 million General Fund.

Intellectual and Developmental Disabilities

- Rejects the Governor's withdrawal of the supplemental rate increases for Early Start Specialized Therapeutic Services, Infant Development Programs and Independent Living services.
- Rejects the Governor's May Revision proposal that would have, absent a federal funds trigger restoration, proposed to adjust provider rates and review expenditure trends with a total cut target of \$300 million General Fund in 2020-21. Rejects associated trailer bill proposal.
- Rejects the Governor's May Revision proposal that would have established a family cost-sharing program.

- Rejects the Governor’s May Revision proposal that would have, absent a federal funds trigger restoration, implemented the uniform holiday schedule.
- Rejects the Governor’s May Revision proposal that would have reduced the operations budget for Regional Centers, resulting in a cut of \$30 million General Fund in 2020-21.
- Rejects the Governor’s May Revision proposal on creating additional federal reimbursement opportunities for additional individuals with developmental disabilities eligible for and enrolled in Medi-Cal and instead adopts Supplemental Report Language asking the Legislative Analyst’s Office to review the possible impacts and implications of such a proposal, and provide this information to the Legislature by March 1, 2021.
- Approves the Governor’s May Revision proposal to provide \$237 million in additional supports to developmental services to reflect impacts of COVID-19 on the system. These changes reflect increased costs associated with increased utilization in purchase of services specific to residential settings, respite, and personal attendants. These costs also reflect surge development at the developmental centers and in the community.
- Approves trailer bill language for the State Council on Developmental Services (DDS) to provide an update in 2021 on the state of implementation of the Self-Determination Program and observations from families in the developmental services system.
- Approves the Governor’s May Revision proposal related to the Self-Determination Program implementation with a combined \$3.13 million General Fund to address administrative costs and workload related to expanding the Program. Also approves elimination of Provision 3 of Item 4300-001-0001 and Provision 6 of Item 4300-101-0001, as the flexibility is no longer required given the requested augmentation.
- Approves the Governor’s May Revision proposal related to Regional Center caseload and utilization adjustment, with an increase \$415.2 million General Fund for adjustments made in regional center caseload, utilization, and operations.
- Approves the Governor’s January proposal for \$16.4 million and 71.7 positions for Incompetent to Stand Trial (IST) Capacity, with modified trailer bill components related to Porterville Developmental Center

Secured Treatment Area (STA) unit activation, Enhanced Behavioral Support Homes with Secure Perimeters.

- Revises provisions relating to the diversion process for defendants that have been evaluated by a regional center to have a developmental disability, expanding the offenses to which the diversion program would apply and aligning with current law for defendants with mental health disorders.
- Approves trailer bill language requiring regional center planning teams to review the individual program plan no later than 7 days after the request is submitted if necessary for the consumer's health and safety or to maintain the consumer in their home.

Juvenile Justice

- Stops the transfer of the Division of Juvenile Justice to the Health and Human Services Agency and sets aside \$9.6 million in 2020-21, \$24.7 million in 2021-22, \$22.9 million in 2022-23, and \$12.1 million in 2023-24 to support the realignment to counties of the Division of Juvenile Justice.

Medi-Cal/Health

- Delays full scope Medi-Cal coverage for individuals who are 65 years of age or older, and who do not have satisfactory immigration statuses or are unable to establish satisfactory immigration status by one year if the Department of Finance projects a positive ending balance in the Special Fund for Economic Uncertainties, for the upcoming fiscal year and each of the ensuing three fiscal years.
- Restores \$54.3 million General Fund to continue all Medi-Cal optional benefits that were proposed to be eliminated in the May Revision, including: adult dental (partial reduction), optometry, optician/optical lab, audiology, incontinence creams/washes, pharmacist delivered services, speech therapy, podiatry, acupuncture, nurse anesthetists, occupational therapy, physical therapy, and the Diabetes Prevention Program.
- Rejects the May Revision proposal to eliminate \$1.2 billion in Proposition 56-funded supplemental payments to various Medi-Cal providers, but suspends these payments (with the exception of women's health services) on July 1, 2021 unless specified state fiscal conditions exist. These providers include:

- Physician services - \$389 million;
 - Dental services - \$183.8 million;
 - Women’s health services - \$18.7 million;
 - Family planning - \$35.9 million;
 - Developmental screenings - \$20.8 million
 - CBAS/ADHC - \$6.7 million;
 - Non-emergency medical transportation - \$2.7 million
 - Intermediate Care Facilities – Developmental Disabilities (ICF-DD) - \$12.4 million;
 - Hospital-based pediatric physicians - \$2 million;
 - Adverse childhood experiences (ACEs) screening - \$7.6 million;
 - ACEs provider training - \$21 million;
 - Physician and dentist loan repayment program - \$297.8 million; and
 - Value-Based Payment Program - \$147 million.
- Restores the 2019 augmentation for the Caregiver Resource Centers, which provide support to family caregivers of adults needing assistance to allow them to remain in the community, for \$10 million General Fund in 2020-21.
 - Rejects the May Revision proposal to reinstate a pre-2016 Medi-Cal estate recovery policy, which recovered the costs of all health care services from deceased beneficiaries’ estates. Includes \$16.9 million General Fund to continue the current policy which recovers only long-term care costs, consistent with federal requirements.
 - Rejects the May Revision request to restore the “senior penalty” in Medi-Cal, thereby continuing to implement the increase in income eligibility for the Aged and Disabled Program to 138 percent of the federal poverty level approved in the 2019 Budget Act. DHCS estimated this proposal would result in General Fund savings of \$67.7 million in 2020-21.
 - Rejects the May Revision request to eliminate the Medicare Part B disregard to determine eligibility for the Aged and Disabled program, pursuant to AB 1088 (Wood, Chapter 450, Statutes of 2019). DHCS

estimated this proposal would result in General Fund savings of \$478,000.

- Rejects the May Revision proposal to withdraw the January proposal to establish a program that provides hearing aids and related services to children up to 600 percent of the federal poverty level. Implements the program no sooner than July 1, 2021.
- Restores \$34.3 million General Fund to implement the extension of pregnancy-only Medi-Cal coverage for up to 12 months after delivery for patients diagnosed with a maternal mental health condition.
- Adopts trailer bill to give counties temporary flexibilities in the operations of the Mental Health Services Act, in response to the COVID-19 Public Health Emergency.
- Assumes approximately \$8 billion (primarily federal funds) to reflect increased Medi-Cal costs as a result of the COVID-19 pandemic, including: increased caseload, suspension of annual redeterminations, increased federal flexibilities, and the increase in the federal matching percentage.
- Approves \$283,000 (\$142,000 General Fund and \$142,000 federal funds) in 2020-21 and 2021-22 to support reporting, monitoring, and evaluation of the Whole Person Care, Seniors and Persons with Disabilities, and California Children's Services Programs.

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

- Rejects the Governor's May Revision proposal that would have withheld and absorbed the anticipated federal January 2021 cost of living adjustment to the SSI portion of the SSI/SSP grant, which would have resulted in \$33.6 million General Fund in 2020-21.