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**Summary of The Governor's Proposed 2020-21 Budget
Impacting Persons with Disabilities**

Governor Newsom released his 2020-21 proposed budget on January 10, 2020 (<http://ebudget.ca.gov/budget/2020-21/#/BudgetSummary>). This budget proposes \$222.2 billion in spending. The Governor notes that the budget was developed in an ongoing strong economy and a projected \$5.6 billion surplus. Thus, the budget increases state reserves and the rainy day fund, pays down some of the unfunded pension liabilities, and addresses two major issues facing the state: climate change impacts and homelessness. Additionally, it continues to focus on the Governor's priorities started in the 2019 budget including: early childhood, K-12 and special education, criminal justice reform, health care affordability and expansion and behavioral health.

Overall the proposed budget includes important and innovative solutions for disability services, primarily in the areas of health care expansions and affordability, behavioral health, increased developmental services funding, and housing and homelessness. There are, however, some disappointments. The Governor did not propose to restore the past Supplemental Security Income/State Supplemental Program reduction and COLA. The sunset of the IHSS reduction restoration remains although the sunset date was extended to July 2023, and the proposed budget does not include funding for mental health peer support specialists. 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 item in the budget impacting persons with disabilities and the programs that assist them.

Alzheimer's Disease

The proposed budget includes \$3.6 million one-time General Fund (GF) to establish a coordination and training initiative through the Alzheimer's Disease Centers to develop a "train the trainer" program that will help family caregivers navigate the complexities of the disease. The new initiative will support caregivers by bridging the gap between the medical system and social services in order to treat the multiple and complicated dimensions of Alzheimer's.

CalABLE

The proposed budget includes a GF loan of \$500,000 and an appropriation of \$1,190,000 to provide for administrative costs and continued implementation of the CalABLE program to fund staff, external consultants, overhead costs and support marketing and post-launch program outreach to increase awareness and participation.

Department of Developmental Services (DDS)

The Department's proposed budget includes \$9.2 billion (\$5.7 billion GF) and estimates that approximately 369,000 individuals will receive developmental services by the end of 2020-21. The proposed budget includes:

Developmental Service Performance Incentive Program

\$78 million (\$60 million GF) to establish a Performance Incentive Program for Developmental Services. The incentives for the program will be based on each Regional Center's performance contract. The goals of the program are: (1) focusing on a quality system that values personal outcome goals for people, such as an improved life or meaningful activities; (2) developing service options to better meet the needs of individuals and families in a person-centered way; (3) promoting the most integrated community settings; and (4) increasing the number of individuals who are competitively employed.

Financing of Developmental Services Reform

The proposed budget notes that DDS, in collaboration with the Developmental Services Task Force and other stakeholders, will make recommendations on how to reform the financing and streamlining of the developmental services delivery system to improve the quality of services delivered. This requires establishing a system that prioritizes outcomes, innovation, and value; which is

driven by a funding structure that provides transparency, oversight, and accountability.

State-Operated Facilities

- \$11.9 million and 54.0 positions to extend the warm-shutdown period at Fairview Developmental Center through June 30, 2021 while the Department of General Services completes a site assessment to inform the disposition of the property.
- \$8.9 million GF, 72.3 positions, and trailer bill language temporarily increasing the WIC §7502.5 statutory capacity for the Secured Treatment Program (STP) at Porterville by 20 beds from 211 to 231 beds. The Department seeks to temporarily expand the STP by one Intermediate Care Facility (ICF) Unit of 20-beds. The 20-bed expansion is proposed through June 30, 2024; the STP bed capacity would return to 211 by July 1, 2024. The number of residents in the STP participating in the Incompetent to Stand Trial program combined with residents committed under WIC §6500 has resulted in maximum capacity at the STP resulting in jail wait times for individuals charged with a felony. The temporary expansion of the STP will reduce the number of individuals with developmental disabilities found incompetent to stand trial and awaiting placement in the Porterville STP.

Community Services

Additional Safety Net Services

- \$7.5 million GF to develop five Enhanced Behavioral Support Homes (ESBH) with secure perimeters which would become operational in 2022-23 and \$5.4 million GF beginning in 2022-23 to operate the homes. Current law limits the number of EBSHs that can be developed with delayed egress and secured perimeters (EBSH) to six homes during the EBSH pilot phase which ends January 1, 2021, and limits the Department's authority to certify these homes to one per year. Additionally, the Department is proposing trailer bill language to amend existing statute to raise the cap from six to 11 homes and remove the restriction for the number of homes that can be certified per year.
- \$4.5 million (\$2.6 million GF) one-time to provide START services to 4 additional regional centers. START services will help maintain individuals in their current residential arrangement and prevent admissions into the more restrictive settings, such as

CCHs, IMDs, and out-of-state services through the provision of 24-hour crisis services and planning, and by providing training to families, direct support staff and partners.

- \$4.5 million one-time GF augmentation for the development of three new community crisis homes for children for time-limited short-term crisis stabilization. Regulations regarding the implementation of the homes will be done with stakeholder input.

Additional Supplemental Rate Increases

- \$18 million (\$10.8 million GF) in 2020-21 and \$35.9 million (\$21.6 million GF) in 2021-22 to provide up to an 8.2 percent supplemental rate increases for Early Start Specialized Therapeutic Services, Infant Development and Independent Living services, consistent with the supplemental rate increases included in the 2019 Budget Act. Funding for the 2019 Budget Act rate increases and the proposed 2020-21 provider supplemental rate increases will sunset on June 30, 2023.

Caseload Adjustments

- \$16.5 million (\$11.2 million GF) to establish a reduced regional center service coordinator caseload ratio of 1:45 for consumers who are under the age of five years.
- \$3.8 million in time-limited funding continues from the 2019 budget for specialized caseload ratios of 1:25 for individuals with the most complex needs who live in or at risk of placement in restrictive living arrangements.

Other Community Services Enhancements

- Current law requires monthly monitoring of individuals living in Adult Residential Facilities for Persons with Specialized Healthcare Needs, Enhanced Behavioral Supports Homes and Community Crisis Homes. Currently funds for this monitoring is part of the Community Placement Plan funds. Given the number of specialized homes, the proposed budget will fund the required monitoring in the regional centers operations budget. This will ensure that CPP/CRDP funds can be used to develop new living arrangements.

Department of State Hospitals (DSH)

The Department's proposed budget is \$2.3 billion for 2020-21, an increase of \$231.8 million (+11%) from the 2019 Budget Act. It includes 169.7 proposed new positions in the budget year. The proposed budget also includes:

- \$64.2 million GF and 250.2 positions, phased in across a five-year period, to support the workload of providing psychiatric and medical care treatment to patients committed to DSH. This phase-in includes 80.9 permanent full-time positions and \$32.0 million in fiscal year (FY) 2020-21; an additional 69.0 permanent full-time positions and \$37.7 million in FY 2021-22; 48.7 permanent full-time positions and \$49.7 million in FY 2022-23; 30.0 permanent full-time positions and \$57.5 million in FY 2023-24 and the remaining 21.6 permanent full-time positions and \$64.2 million in FY 2024-25.
- \$6.3 million GF and 6.0 positions, of which \$4.1 million are one-time costs to build and implement a Statewide Integrated Health Care Provider Network, \$1.41 million are ongoing per-claim costs for processing claims, maintaining the provider network and the prior authorization tool and \$800,000 are ongoing costs for staffing.
- \$7.9 million GF and 46.3 positions in fiscal year (FY) 2020-21, an additional \$13.4 million GF in FY 2021-22 and 47.8 permanent full-time positions and on-going \$12.0 million GF in FY 2022-23 to implement the first phase of a staffing standard to support protective services functions at DSH.

Diversity in State Employment

The proposed budget summary notes that in September 2019, the Governor convened Secretaries, Undersecretaries, Directors and Chief Deputy Directors for a forum to reflect and learn about ways to create a more inclusive, respectful, and equitable workplace. The state will use these recommendations to shape a bold vision to make the state workforce more inclusive and diverse. This will entail core reforms to how the state recruits, onboards, develops, manages, and retains talent. A more diverse and inclusive workforce will make the state an "employer of choice." One of the task forces includes improving the employment of people with disabilities in state civil service.

Early Childhood

Department of Early Childhood Development

The proposed budget includes establishing the Department of Early Childhood Development under the California Health and Human Services Agency effective July 1, 2021, to improve program integration for programs serving young children. The new department will partner with the Department of Education, which will continue to administer the State Preschool Program.

Child Care

- \$8.5 million GF to establish a transition team at CHHS and will support staffing at the Department of Human Resources, CHHS, and the Department of Social Services to carry out child care collective bargaining activities pursuant to Chapter 385, Statutes of 2019 (AB 378).
- \$53.8 million to support over 3,000 new CalWORKs child care slots.
- \$50 million ongoing funding from the Cannabis Fund to support over 3,000 general child care slots previously funded with GF, and an additional \$10.3 million Cannabis Fund for an increase of 621 slots.

Universal Preschool

\$31.9 million in 2020-21 and \$127 million ongoing non-Proposition 98 GF to support an additional 10,000 State Preschool slots at non-local educational agencies beginning April 1, 2021.

Paid Family Leave

The proposed budget extends the duration of paid family leave from six weeks to eight weeks effective July 1, 2020.

Reducing Childhood Poverty

\$18 million, effective January 1, 2022, to increase the current \$50 pass through of child support payments to CalWORKs families to \$100-\$200, depending on family size. This change is anticipated to result in an additional \$34 million annually passed through to approximately 160,000 CalWORKs families.

Education

Pre-K

- \$75 million for expansion grants to facilities to construct or modify preschool facilities to serve students with exceptional needs or severe disabilities.

K-12

- \$3 billion increase in Proposition 98 funding.
- \$300 million in one-time funds allocated for grants to LEAs supporting community school models. Community schools provide coordinated student wrap-around services including mental health screening and early intervention efforts, increased enrollment of pupils on Medi-Cal, professional development training focused on behavioral health, trauma-informed care and social-emotional learning.
- \$300 million allocated to the lowest performing districts for opportunity learning grants.

Special Education

The budget proposes a three-phase, multi-year process to improve special education finance, services and student outcomes that include:

- A new special education base formula that uses a three-year rolling average of local educational agency ADA (but still allocated to SELPAs) and includes a 15 percent increase in the Proposition 98 GF contribution to the base formula funding over the amount provided in the 2019 Budget Act. Most local educational agencies will see an increase in base funding.
- \$250 million ongoing Proposition 98 GF based on the number of children ages 3 to 5 years with exceptional needs served.
- \$500,000 one-time Proposition 98 GF for a study of the current SELPA governance and accountability structure, and \$600,000 one-time Proposition 98 GF for two workgroups to study improved accountability for special education service delivery and student outcomes.
- \$4 million one-time Proposition 98 GF for dyslexia research, training, and a statewide conference. Nearly 800,000 California students are diagnosed with a learning disability that qualifies

them for special education services, with the majority of these students diagnosed with either speech and language delays or specific learning disabilities, including dyslexia.

- Future phases will include finalizing the funding formula, implementing reforms and improving specialized services.

Higher Education

University of California

\$217.7 million to support a five percent GF increase in base resources for UC campuses.

California State University

\$6 million one-time funds to expand degree and certificate completion programs via the Extended and Continuing Education programs, with a focus on online programs.

California Community Colleges

- \$11.4 million to establish and support food pantries on CCC campuses.
- \$10 million one-time funds allocated to implement the zero-cost degree program using open educational resources.

Services for Blind Students

\$500,000 ongoing GF to support services provided by the Braille Institute of America in Los Angeles.

Emergency Preparedness and Response

- The proposed budget notes the Administration is proposing a \$4.75 billion climate resilience bond for the November 2020 ballot to support investments over the next five years to reduce specific climate risks across California through long-term investment in natural and built infrastructure, especially in the state's most climate-vulnerable communities. The bond is structured based on climate risks, and approximately 80 percent of the funds are allocated to address immediate, near-term risks (floods, drought and wildfires), while the remaining funds lay the groundwork for addressing long-term climate risk (sea level rise and extreme heat). If approved by the voters in November 2020, will provide \$4.75 billion for resilience

investments that reduce climate risks in the following areas: water, fire, extreme heat and sea level rise. It also invests in local resilience centers to provide capacity and technical assistance at the community level.

- The proposed budget includes \$50 million one-time GF to support additional preparedness measures that bolster community resiliency. Building on the state's power-resiliency investments, these measures will support critical services still vulnerable to power outage events, including schools, county election offices and food storage reserves. This proposal will support a matching grant program to help local governments prepare for, respond to, and mitigate the impacts of power outages.

Electronic Visit Verification

The proposed budget includes \$5.1 million GF in the Department of Developmental Services' budget for federal penalties in anticipation of not meeting the January 1, 2021 federal deadline on Home Health Care Services implementation of Electronic Visit Verification (EVV) system. EVV is a telephone and computer-based system that electronically verifies in home service visits.

Equal Access Fund

There is no increase in the proposed budget for the Equal Access Fund, which provides funding for legal aid programs, including Disability Rights California. It also does not include an extension of the one-time \$20 million for eviction defense and other purposes relating to homelessness that was included in the 2019-20 budget. However, it does note that the administration will be seeking input from stakeholders to provide ongoing legal assistance to California renters and homeowners in housing related matters.

Food Banks

The Budget includes \$20 million one-time GF for existing Emergency Food Assistance Program providers and food banks to support increased food purchases to partially mitigate the loss of CalFresh benefits due to federal rule changes.

Homelessness and Housing

The proposed budget includes:

- \$750 million one-time GF to create the California Access to Housing and Services Fund that will be administered by the Department of Social Services with the goal of reducing street-based homelessness and increasing the number of stable housing units. The Fund will flow through performance-based contracts between the state and regional administrators and will be subject to a 10 percent administrative cap. Regional administrators will provide short and long-term rental subsidies, make small and medium-sized contributions to encourage development of new units in exchange for a rental credit, and stabilize board and care facilities by funding capital projects and/or operating subsidies.
- Continues the efforts in the 2019 budget focusing on the previously allocated \$1.75 billion to increase housing production and the announced \$4.5 billion of private dollars, primarily from large technology corporations to support new affordable housing.
- See the mental health section below for the behavioral health proposals.

Incompetent to Stand Trial

The proposed budget includes:

- \$24.6 million for 2020-21 for a Community Care Collaborative Pilot Program which will establish a six-year pilot program in three counties that provides incentives to treat and serve individuals determined to be IST in the community rather than in state institutions. The total costs of the pilot program over six years is estimated to be \$364.2 million GF. This pilot program will primarily target development of community-based treatment options for individuals deemed IST and increase local investments in strategies to reduce the rate of arrests, rearrests and cycling in and out of institutions for this population.
- \$8.9 million GF in 2020-21 and \$11.2 million GF annually thereafter to expand the Jail-Based Competency Treatment program to eight additional counties intended to reduce the pending placement time and the waitlist for ISTs referred to DSH treatment programs. This expansion is estimated to increase capacity by up to 63 beds in 2020-21.

- \$2.0 million in FY 2020-21 and ongoing to support a total of 8.0 contracted positions to implement four IST-off ramp programs, like the existing program in Los Angeles County, in the following four regions: Bay Area, Northern California, Central California and Southern California. These programs would deploy 2 forensically trained psychologists in contracted positions to each region to monitor felony IST defendants for restoration of competency while incarcerated in a jail pending placement to a DSH IST treatment program.

In-Home Supportive Services (IHSS)

The proposed budget includes \$14.9 billion (\$5.2 billion GF) for the IHSS program in 2020-21, a 16 percent increase in GF costs over the revised 2019-20 level. Additional proposals include:

- \$1.1 billion (\$523.8 million GF) to support planned minimum wage increases of \$13 per hour on January 1, 2020 and \$14 per hour on January 1, 2021.
- \$5.9 million GF in 2020-21, growing to \$119.5 million GF in 2021-22, to support increased IHSS costs associated with the proposed expansion of full scope Medi-Cal coverage for undocumented persons 65 years of age or older, beginning January 1, 2021.
- \$3.7 million (\$1.9 million GF) in 2020-21 and \$240,000 (\$120,000 GF) ongoing to support additional training for county social workers and managers in conducting needs assessments for IHSS recipients to promote consistency across all counties with respect to program requirements.
- Delaying the suspension of the 7-percent reduction in In-Home Supportive Service hours by 18 months until July 1, 2023.

Medi-Cal/Health

The Governor's proposed budget builds on significant investments in 2019 to expand coverage and increase affordability. Health remains a key priority for the Governor in the 2020-21 budget.

Medi-Cal

The proposed Medi-Cal Budget is \$107.4 billion (\$26.4 billion GF). Medi-Cal enrollment is estimated at 12.9 million Californians, approximately one-third of the state's population, in 2021-22. Proposed expansions include:

- *Medi-Cal Healthier California for All: \$695 million (\$348 million GF) to implement the Medi-Cal Healthier California for All, effective January 2021 (formerly known as CalAim). This investment will provide for enhanced care management and in lieu of services, necessary infrastructure to expand whole person care approaches statewide, and build upon existing dental initiatives. The Budget includes a placeholder of \$40 million (\$20 million GF) for the state operations component of implementing the new Medi-Cal Healthier California for All Initiative.*
- *Full-scope Medi-Cal benefits to all persons aged 65 years and older, regardless of immigration status: \$80.5 million (\$64.2 million GF) to expand eligibility for full-scope Medi-Cal benefits to all persons aged 65 years and older, regardless of immigration status, effective January 1, 2021. The expansion is also included in the In-Home Supportive Services costs.*

Hearing Aid Coverage for Children

\$10 million GF to create a new non-Medi-Cal program to cover hearing aids and related services for children under 18 years of age who are at or below 600% of the federal poverty level and who do not have other health insurance coverage for these services, effective no sooner than July 1, 2021.

Office of Health Care Affordability

The proposed budget includes establishing the Office of Health Care Affordability in spring 2020. The Office will be charged with increasing price and quality transparency, developing specific strategies and cost targets for the different sectors of the health care industry, and financial consequences for entities that fail to meet these targets.

Prescription Drug Costs

The proposed budget includes savings of \$178.3 million (\$69.5 million GF) following the transition of the Medi-Cal pharmacy benefit to the FFS delivery system effective January 1, 2021.

Other pharmaceutical proposals include:

- Expanding the Department's authority to consider the best prices offered by manufacturers internationally when conducting negotiations for state supplemental rebates and leveraging the purchasing power of the Medi-Cal program to negotiate

supplemental rebates on behalf of targeted populations outside the Medi-Cal program.

- Establishing a single market for drug pricing within the state, enabling all purchasers-Medi-Cal, California Public Employees' Retirement System, Covered California, private insurers, self-insured employers and others-to combine their purchasing power.
- Negotiating partnerships to establish the state's own generic drug label, resulting in greater competition in the generic market and lower generic drug prices for all purchasers.

Mental Health

The proposed budget continues to prioritize mental health, and particularly for homeless persons or those at risk of homelessness. These proposals include:

- *The California Access to Housing and Services Fund*: \$750 million one-time GF to establish the fund with the goal of reducing street-based homelessness and increasing the number of stable housing units. See Homelessness section above for additional information.
- *Mental Health Services Act (Prop 63)*: Changes to the Act to be presented in the spring to "update" and better focus on people with mental illness who are also experiencing homelessness, who are involved in the criminal justice system, and early intervention for youth.
- *Lanterman-Petris-Short Act (LPS)*: Although the proposed budget does not include a proposal on LPS changes, the Governor mentioned in his budget release press conference that he is working on the details for proposals for changing LPS.
- *Establishing the Behavioral Health Task Force*: Creates the Task Force in the Health and Human Services Agency to bring together relevant state departments, counties, consumers, health plans, providers, and other stakeholders to review existing policies and programs to improve the quality of care, and coordinate system transformation efforts to better prevent and respond to the impacts of mental illness and substance use disorders in California's communities.
- *Mental Health Parity*: The proposed budget does not include any new proposed legislation to strengthen parity in delivering mental health services. The proposed budget does state, however, that

the administration intends to improve outcomes for the state's behavioral health system through a number of initiatives that improve the integration and parity of behavioral health treatment with physical health including strengthening the enforcement of existing laws and health plan requirements such as timely access to treatment, network adequacy, benefit design and plan policies. He will propose additional details in the spring.

- *Peer Support Certification Program*: The budget does not include any funding for the creation of a peer support certification program. The Governor vetoed SB 10 (Beall) last year which would have created a certification program. He noted in his vetoed message that the proposal should be considered in the budget process.
- *Behavioral Health Quality Improvement Program*: Proposes \$45.1 million GF in 2020-21 and \$42 million GF in 2021-22 for the Department of Health Care Services to implement the program through the Medi-Cal Healthier California for All initiative. This will provide funding to county-operated community mental health and substance use disorder systems to incentivize system changes and process improvements that will help counties prepare for opportunities. Improvements include enhanced data-sharing capability for care coordination and establishing the foundational elements of value-based payment such as data collection, performance measurement and reporting.
- *Medi-Cal Healthier California for All*: See the additional description in the Health section above.

Public Safety

Local Public Safety

The proposed budget includes:

- Strengthening the state's oversight of county jails by designating the Board of State and Community Corrections to more actively engage counties regarding deficiencies identified as part of its jail inspection process and more frequent inspections. The budget proposal does not contain funding for the enhanced role or specify details.
- \$60 million GF annually for three years and \$30 million GF in 2023-24, to supervise and provide probation services for

misdemeanants, with the aim of improving public safety by reducing recidivism of these individuals.

California Department of Corrections and Rehabilitation

The proposed budget includes:

- \$6.2 million GF in 2020-21, and \$10.1 million ongoing, to establish Youth Offender Rehabilitative Communities. These are programs that house offenders under the age of 26 together at select adult institutions in campus-style environments conducive to positive behavioral programming.
- \$26.9 million GF in 2020-21, eventually declining to \$18 million ongoing to provide increased access to modern technology for inmates participating in academic and vocational training to address this gap and better prepare inmates for reentry.
- \$4.6 million ongoing GF to add an additional visitation day at nine institutions.
- \$3.8 million one-time GF to retrofit 64 intake suicide prevention cells across the state to provide a safer environment for inmates entering segregated housing.
- \$5.9 million GF in 2020-21, increasing to \$8.4 million ongoing GF by 2024-25, to support expansion of tele psychiatry, which uses secure videoconferencing to increase inmate access to mental health care services.
- \$97.5 million to construct a licensed 50-Bed Mental Health Crisis Facility (MHCF) to provide housing, treatment, and office space to allow for inmate-patients in a crisis mental health state, or requiring other levels of licensed mental health care to be treated at the California Institution for Men (CIM).
- \$6.2 million GF and 19.5 positions in 2020-21, and \$10.1 million and 23.5 positions in 2021-22 and ongoing to develop and operationalize focused Youth Offender Program (YOP) rehabilitative communities to cluster youth offenders together at select adult institutions in campus style environments conducive to positive behavioral programming. These communities will identify and connect youth offenders to rehabilitative and educational resources targeted to their specific needs, including trauma-informed treatment and peer mentoring.

- \$4.6 million GF beginning in 2020-21 to expand to an additional day of visiting for nine institutions: six adult male institutions and three adult female institutions.

Juvenile Justice

The 2019 Budget Act included resources to begin the transition of the Division of Juvenile Justice from CDCR to the new Department of Youth and Community Restoration, within the California Health and Human Services Agency, effective July 1, 2020. The Budget transfers \$264.3 million (including \$258.9 million GF) and 1,303.9 positions from CDCR to reflect the transition of the Division of Juvenile Justice to the Department of Youth and Community Restoration (see the Health and Human Services chapter for additional information). This transition is intended to align with the rehabilitative mission and core values of the Agency by providing trauma-informed and developmentally appropriate services to youth in California's state juvenile justice system.

Supplemental Security Income/State Supplemental Program

The proposed budget does not include any increase in the State Supplemental Program for SSI recipients either for a restoration of a COLA in the budget year or a restoration of the reductions made in 2009. The budget does recognize that there is a projected growth in the Consumer Price Index of 1.7 percent for 2021 which will result in an increase in the SSI grant of \$13 and \$20 for individuals and couples, respectively.