



Building bridges between
criminal justice & behavioral health
to prevent incarceration



Snapshot of the May Revision, 2020-21 State Budget

This memo pulls relevant content from the Governor's May Revision of 2020-21 proposed budget and summarizes it in areas of interest to CCJBH members and partners. To access the full Budget summary visit: <http://www.ebudget.ca.gov/FullBudgetSummary.pdf>

The Governor expresses in a memo, May 14, 2020 to the people of California that this is no ordinary May Revision. In the wake of the global health crisis, just as most states, California is facing a financial crisis. In January when the Governor proposed the 2020-21 state budget, California had a surplus of \$5.6 billion projected for 2020-21 fiscal year, the largest rainy day fund in history, job creation and over 118 months of consecutive growth. Now the state is faced with a \$54.3 billion dollar shortfall and millions of California's out of work. Also all state government employees may face up to a 10% pay reduction and nonessential state contracts, purchases and travel have been suspended. Funding proposed for initiatives introduced in January will be reallocated and existing programs will face cuts.

The Governor stressed the importance of federal relief, as currently proposed in the HEROES Act, which if passed in current form would eliminate California's need for some of the most drastic cuts reflected in the proposal. In addition, the proposed revised budget recognizes the disproportional impact of COVID-19 on the most vulnerable, and seeks to as much as possible during this budget crisis, insulate these populations by maintaining the minimum wage increase, expanding subsidies for Covered California, and sustaining grant levels for CalWORKs participants and SSI/SSP recipients.

Finally, the Governor's proposed budget acknowledges a significant strain to local governments through the loss of revenue to fill Realignment subaccounts vital to providing local services such as public safety, behavioral health and social services. 1991 and 2011 Realignment are funded through two sources: state sales tax and Vehicle License Fees. These funding sources are projected to decline by 13 percent from 2018-19 to 2019-20 and grow slightly in 2020-21. This decline is significant and it is the first time since 2011 Realignment, that there has been a significant decline in realigned revenues to fund realigned entitlement programs. (See CSAC's factsheet on 2011 Public Safety Realignment Revenues Decreasing for further understanding. [CSAC recently distributed a Fact Sheet/FAQ to help answer county questions.](#))

California Legislators will now debate Governor Newsom's budget proposal, with a June 15 deadline to adopt a plan.

COVID-19 Impact on State Budget

General Fund revenues are projected to decline over \$41 billion. This revenue drop, combined with increased costs in health and human services programs and the added costs of COVID-19, leads to a projected budget deficit of approximately \$54 billion before the changes proposed in the May Revision.

The Governor's Approach to Closing the Budget Gap

- Cancel \$6.1 billion in program expansions and spending increases, including canceling or reducing a number of one-time expenditures included in the 2019 Budget Act.
- Redirect \$2.4 billion in extraordinary payments to California Public Employees' Retirement System (CalPERS) to temporarily offset the state's obligations to CalPERS in 2020-21 and 2021-22.
- Draw down \$16.2 billion in the Budget Stabilization Account (Rainy Day Fund) over three years.
- Allocate the Safety Net Reserve to offset increased costs in health and human services programs over the next two years.
- Withdraw \$8.3 billion, including \$7.8 billion from the Rainy Day Fund and \$450 million from the Safety Net Reserve in 2020-21.
- Borrow and transfer \$4.1 billion from special funds.
- Temporarily suspend net operating losses and temporarily limit to \$5 million the amount of credits a taxpayer can use in any given tax year.
- Reflect the Administration's nationwide request of \$1 trillion in flexible federal funds to support all 50 states and local governments. [What's in the HEROES Act 2020](#), [HEROES Act 2020 Bill](#)
- Identify reductions to base programs and employee compensation, if sufficient federal funding does not materialize.

Using CARES Act Funds

The governor proposes to use federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to support schools, strengthen local public health preparedness and response, and support health and human services at the local level in response to the COVID-19 pandemic.

- \$4.4 billion for schools to run summer programs and other programs that address equity gaps that were widened during the school closures.
\$3.8 billion to protect public health and public safety
- \$1.3 billion to counties for public health, behavioral health and other health and human services programs
- \$450 million to cities for public safety and to support homeless individuals.

Proposals Related to the Intersection of Criminal Justice and Behavioral Health

Health and Human Services

Department of Health Care Services

The Medi-Cal budget is \$99.5 billion (\$22.7 billion General Fund) in 2019-20 and \$112.1 billion (\$23.2 billion General Fund) in 2020-21. The May Revision assumes that caseload will increase significantly due to economic conditions associated with the COVID-19 Recession. Specifically, the May Revision assumes that 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. The state is not in a fiscal position to increase rates or expand programs given the drastic budget impacts of the COVID-19 Recession.

The following proposals are withdrawn from the Governor's Budget:

- California Advancing and Innovating Medi-Cal (CalAIM)— delay implementation. Resulting in a decrease of \$695 million (\$347.5 million General Fund) in 2020-21. (An extension for the 1115 Waiver is still being pursued)

- Behavioral Health Quality Improvement Program—funding cut of \$45.1 million General Fund in 2020-21 and \$42 million General Fund in 2021-22.
- Revert and reduce funding from various augmentations that were included in the 2019 Budget Act, including reverting funding for behavioral health counselors in emergency departments, Medi-Cal enrollment navigators, and the Medical Interpreters Pilot Project.

Department of Social Services

The May Revision includes \$32.1 billion (\$13 billion General Fund) for DSS programs in 2020-21.

- Maintains CalWORKs program eligibility, in order to support the state’s low-income residents respond during the COVID-19 pandemic. In addition, the May Revision includes an increase of \$82.3 million General Fund/TANF Block Grant for CalWORKs county administration to facilitate enrollment in the program and services to beneficiaries.
- Includes \$2.7 billion General Fund in 2020-21 for the SSI/SSP program. This represents a 0.4-percent increase from the Governor’s Budget. The average monthly caseload in this program is estimated to be 1.2 million recipients in 2020-21, a 0.7-percent increase from the Governor’s Budget. Funding for the expansion of CalFresh eligibility to SSI recipients is preserved. Absent additional federal funds, not cost saving for the state can be achieved.

Department of Developmental Services

The May Revision includes \$9.2 billion (\$5.5 billion General Fund) and estimates that approximately 366,353 individuals will receive developmental services in 2020-21.

The following proposal is withdrawn from the Governor’s Budget:

- Systemic, Therapeutic, Assessment, Resources and Treatment Training—Provide training and supportive services for individuals with co-occurring developmental disabilities and mental health needs.

Department of State Hospitals

The patient population is expected to reach 6,791 by the end of 2020-21, including patients receiving competency treatment in jail-based settings. The May Revision includes:

- \$2.1 billion (\$1.9 billion General Fund) in 2020-21 for the support of the Department’s programs.
- Investments in the Conditional Release Program community program directors, pharmacy modernization, statewide roof repairs and replacement, statewide ligature risk mitigation special repair funding (suicide prevention retrofitting), protective services staffing, and the post-incident debriefing and support (violent incident response peer-support network).

The following proposals are reduced or withdrawn from the Governor’s Budget:

- Treatment Planning and Delivery—The May revision reduces the Governor’s Budget 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.

- State Hospital System Operations and Administration—The May Revision withdraws 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.
- Community Care Collaborative Pilot Program—The May Revision withdraws the proposal that would have established a six-year pilot program in three counties to provide funding and incentives to treat and serve individuals deemed incompetent to stand trial in the community and increase local investments in strategies to reduce the rate of arrests, rearrests, and cycling in and out of institutions for this population.

Other Policy Proposals and Major Workload Adjustments

The following proposals are withdrawn from the Governor’s Budget:

- California Cognitive Care Coordination Initiative—\$3.6 million General Fund one-time to reflect the withdrawal of this proposal.
- Mental Health Services Act Reform—The May Revision defers this proposal.
- Office of Health Care Affordability—The May Revision defers this proposal.

Homelessness

Over two years the Budget has included over \$1.15 billion General Fund in direct homelessness funding to local governments and Continuums of Care, including \$500 million for the Homeless Emergency Aid Program (HEAP) and \$650 million for the Homeless Housing, Assistance and Prevention Program (HHAP). The Governor’s Budget proposed another substantial infusion of funding for homelessness, including \$750 million General Fund to establish the California Access to Housing Fund.

While the COVID-19 recession no longer makes the additional investments proposed in the January budget possible, the Administration’s broad goals to reduce homelessness have not changed; moving individuals and families experiencing homelessness into stable housing and providing support to help stabilize and prevent homelessness. Given the state’s current fiscal constraints, the strategy to achieve those goals has needed to evolve.

Early in the COVID-19 pandemic, \$100 million was allocated to local governments and Continuums of Care to help reduce the spread of COVID-19 among Californians experiencing homelessness using the existing HHAP allocation formulas. This funding was provided to implement social distancing and increased sanitation at shelters and to support Project Roomkey. In addition, \$50 million was provided to the Department of Social Services to secure hotel and motel rooms and acquire trailers to safely house homeless populations most at risk due to COVID-19.

- Project Roomkey is a multi-agency state effort to provide safe isolation motel rooms for vulnerable individuals experiencing homelessness. This program is currently supported by the Federal Emergency Management Agency (FEMA) through May 31, 2020. The state will request 30-day extensions as necessary.

- Instead of General Fund, the May Revision proposes \$750 million in federal funding and directs the use of these funds to purchase hotels and motels secured through Project Roomkey, to be owned and operated by local governments or non-profit providers.
- Provide \$1.5 million General Fund ongoing and 10 permanent Homeless Coordinating and Financing Council positions to effectively carry out statutory mandates and strengthen strategic coordination of the state's efforts to address homelessness.

Local Governments

The CARES Act provides a direct allocation of \$9.5 billion to California and \$5.8 billion to cities and counties with populations over 500,000 (includes 15 counties, 5 cities, and the city and county of San Francisco). CARES Act funding provides relief to states and local governments for expenditures incurred between March 1 and December 30, 2020, in response to the COVID-19 pandemic. This funding must be used for expenditures incurred for COVID-19 related activities before December 30, 2020, and cannot be used to backfill lost revenues.

- The May Revision allocates a portion of the state's CARES Act funding to local governments—\$450 million to cities and \$1.3 billion to counties—to be used toward homelessness, public health, public safety, and other services to combat the COVID-19 pandemic.

Public Safety

Department of Corrections and Rehabilitation

The May Revision proposes total funding of \$13.4 billion (\$13.1 billion General Fund and \$311 million other funds) for the Department in 2020-21. The adult prison population has steadily declined over the years resulting in terminating out of state facility and private in state facility contracts in 2019.

The May Revision:

- Continues the Administration's plan to close all private in-state facilities for male inmates in 2020-21
- Phase out two of the remaining three male, public in-state contract correctional facilities by 2021, and the third by July 2022.
- Sustains academic, vocational and rehabilitative program investments made in recent years to continue the progress made to support inmates in preparing for release.
- Sustains the following General Fund proposals submitted in the Governor's Budget:
 - Mental Health Psychiatry Registry—\$13.3 million (\$1.4 million included in the Governor's Budget)
 - Intake Cell Retrofits for Suicide Prevention—\$3.8 million one-time
 - Medical Guarding and Transportation—\$14.8 million
 - Expansion of Statewide Telepsychiatry Program—\$5.9 million
 - Legionella Remediation at California Health Care Facility—\$9.7 million in 2019-20 and \$4.3 million ongoing
 - Information Technology Security Staffing and Tools—\$2.9 million

- Existing Capital Outlay Projects—\$40.8 million to support several existing CDCR projects actively in the construction phase, as well as several projects that are necessary to comply with legal requirements and public health and safety needs.

The May Revision also removes \$20.6 million from CDCR's baseline budget to eliminate the Tattoo Removal Program (\$2.1 million) and to reduce ongoing prison maintenance funding (\$18.5 million).

The following proposals are withdrawn from the Governor's Budget:

- Academic Information Technology Modernization—\$26.9 million to provide laptops to inmates participating in academic and vocational training to better prepare inmates for reentry.
- Expanding Higher Education Opportunities—\$1.8 million for tuition, books, materials, training, and equipment for inmate-students.
- Expanded Inmate Visitation—\$4.6 million for an additional visitation day at nine institutions.
- Staff Development and Support—\$21.4 million to enhance staff development through new training for correctional officers and counselors.
- Video Surveillance—\$21.6 million General Fund in 2020-21 and \$2.1 million ongoing to expand video surveillance capabilities at three facilities.
- Quality Management and Patient Safety—\$9.9 million General Fund in 2020-21 and \$11.8 million ongoing General Fund to evaluate risks and implement best practices to improve the health care delivery system.
- Health Care Facility Updates at the California Rehabilitation Center—\$5.9 million one-time funding for various maintenance projects.
- Various Capital Outlay Projects—\$70.8 million associated with the withdrawal of various projects proposed in the Governor's Budget. The May Revision also reduces the overall out year costs for CDCR projects by approximately 67 percent.

Juvenile Justice

The Governor's Budget proposed to transfer the Division of Juvenile Justice to a newly created independent department within the Health and Human Services Agency to align the rehabilitative mission of the state's juvenile justice system with trauma-informed and developmentally appropriate services supported by programs overseen by the state's Health and Human Services Agency. The May Revision proposes transferring the responsibility for managing all youthful offenders to local jurisdictions, 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. Offenders over the age of 18 that will eventually be transferred to an adult institution will be prioritized for placement in the Youth Offender Rehabilitative Community established at Valley State Prison.

- \$2.4 million General Fund in 2020-21, increasing to \$9.6 million ongoing, to be awarded as competitive grants by the Board of State and Community Corrections to be awarded to county probation departments that will serve as hubs to meet the specific treatment needs of youth throughout the juvenile justice system.

Other Significant adjustments relating to public safety

- Consolidate Fire Camps— The May Revision assumes the closure of eight camps that will be selected in coordination with the California Department of Forestry and Fire Protection (CAL FIRE).
- Draw Down Federal Funds for Health Care for Community Reentry Programs—Under federal policy, individuals who are considered prison inmates are ineligible for Medicaid benefits. *However, this exclusion does not apply to individuals residing in supervised residential treatment facilities, such as reentry facilities designed to transition individuals from prison to the community.
- Eliminate the Integrated Services for Mentally Ill Parolee Program—This program provides wraparound services, including some transitional housing for approximately 1,500 of 18,000 mentally ill parolees. The Department will adjust policies to connect these individuals with community resources, which ultimately provides better continuity of care long-term.
- Eliminate Parole Outpatient Clinics—The Department employs mental health clinicians that provide treatment to parolees out of parole offices across the state called Parole Outpatient Clinics. With the passage of the Affordable Care Act, most parolees now have access to mental health services through Medi-Cal or other insurance. The May Revision proposes to no longer fund Parole Outpatient Clinics to eliminate redundancy in services and utilize services where the state receives financial participation from the federal government through Medi-Cal.
- Remote Court Appearance—CDCR will pursue efforts to increase video capabilities to enable remote court appearances by inmates and staff. This will result in efficiencies associated with transportation of inmates from their assigned prison to a prison closer to the court, and daily transportation of inmates to court. This will also reduce inmate absences from rehabilitation and work assignments.

Parole Terms

The May Revision proposes to cap supervision for most parolees at 24 months, establish earned discharge for non-Penal Code section 290 registrants at 12 months, and establish earned discharge at 18 months for certain Penal Code section 290 registrants.

Local Public Safety

Post Release Community Supervision—The May Revision includes \$12.9 million General Fund for county probation departments to supervise the temporary increase in the average daily population of offenders on Post Release Community Supervision (PRCS) as a result of the implementation of Proposition 57.

Adult Probation Reform

In efforts to improve public safety and reduce recidivism, the Governor's Budget included \$60 million General Fund annually for three years and \$30 million General Fund in 2023-24, to supervise and provide probation services for misdemeanants and reduce felony and misdemeanor probation terms to two years. While the Administration is still supportive of the policy objectives included in these reforms, given the state's current fiscal situation, the May Revision withdraws the probation reform proposed in the Governor's Budget. The May Revision maintains the existing SB 678 calculation, which will provide county probation departments \$112.7 million General Fund in 2020-21.

Board of State and Community Corrections

In the Governor's proposed Budget, the Board of State and Community Corrections would provide oversight of the county jails and conduct frequent follow up inspections. Also, as part of the Title 15 jail standards review, the Board will make sure the standards are consistent with national best practices. In the May Revision the following reduction have been made:

- The Adult Reentry Grant—\$37 million to provide competitive awards to community-based organizations to support offenders formerly incarcerated in state prison. This reduction will be triggered off if the federal government provides sufficient funding to restore it.

Commission on Peace Officer Standards and Training

The Commission on Peace Officer Standards and Training (POST) will leverage existing funding provided in the 2018 Budget Act to provide for the strategic development and implementation of a framework to support distance learning opportunities for all California law enforcement agencies.

- The May Revision proposes to use \$10 million General Fund previously appropriated to: (1) create a Distance Learning Grant Program, (2) increase the functionality of POST's Learning Portal, and (3) upgrade previously produced and developed distance learning courses and videos.
- The May Revision proposes the establishment of a Distance Learning Grant Program to allocate \$5 million to governmental entities and non-profit law enforcement educational institutions to develop and deliver training through innovative, distance learning modalities with a focus on use of force and de-escalation, implicit bias and racial profiling, community policing, cultural diversity, and organizational wellness.

The May Revision also proposes to revert \$16.5 million in unspent funding appropriated in prior budgets.

Victims Services

Maintains the following Governor's Budget proposals:

- Restitution Fund Backfill—\$23.5 million one-time General Fund to backfill declining fine and fee revenues in the Restitution Fund, allowing the Victim Compensation Board to continue operating at its current resource level.
- California Violence Intervention and Prevention (CalVIP) Grant Program—\$9 million General Fund ongoing for the Board of State and Community Corrections to continue funding the CalVIP program, which provides competitive grants to cities and community-based organizations to support services such as community education, diversion programs, outreach to at-risk transitional age youth, and violence reduction models.

Judicial Branch

The Judicial Branch consists of the Supreme Court, courts of appeal, trial courts, and the Judicial Council. \$4.3 billion (\$2.2 billion General Fund and \$2.1 billion other funds) in 2020-21 for the Judicial Branch, of which \$1 billion General Fund is provided to support

trial court operations. The Judicial Council is responsible for managing the resources of the Judicial Branch.

Absent additional federal funds, the COVID-19 Recession makes the following reductions necessary to balance the state budget. These reductions will be triggered off if the federal government provides sufficient funding to restore them:

- Trial Courts—A base reduction of \$178.1 million General Fund in 2020-21 and ongoing and an additional decrease of \$28.1 million General Fund beginning in 2021-22 associated with a 5 percent reduction in operating expenses, which will be achieved through efficiencies.
- State Level Judiciary—A decrease of \$23.2 million General Fund in 2020-21 and ongoing and an additional decrease of \$10.6 million in 2021-22 associated with a 5 percent reduction in operating expenses, which will be achieved through efficiencies.
- Other Judicial Branch Programs—A decrease of \$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.

The May Revision maintains funding included in the Governor’s Budget to expand the ability to pay program statewide. This program is even more critical with the onset of the COVID-19 Recession as it will enable low-income individuals to apply online to have fines and fees from infractions reduced in accordance with their ability to pay. Eligible participants will have their penalties reduced by 50 percent or more and can make payments over a period of time.