

## Governor's Proposed State Budget 2021-22 Snapshot

### Areas of Interest in the Intersection of Criminal Justice & Behavioral Health Systems

*Below are excerpts from the Governor's proposed budget. To review the full proposed budget summary and related information for 2020-21 visit: <http://www.ebudget.ca.gov/>.*

Since the 2020 Budget was enacted, the economic outlook and revenue forecast have improved. However, risks to the forecast remain higher than usual. Economic inequality has intensified since the pandemic began, and the pandemic exacerbated California's already existing housing crisis. Although the budget projects a surplus in Fiscal Year 2021-22, shortfalls are projected for 2022-23, 2023-24, and 2024-25, making fiscal resiliency critical to protect programs in the future.

### Key Elements of the \$227.2 Billion Proposed Budget:

- ❖ Advances investments to improve access to health care, quality education, child care, and economic security
- ❖ Reflects a \$34 billion budget reserve and surplus that includes:
  - \$15.6 billion in the "rainy day" fund for fiscal emergencies
  - \$450 million in the Safety Net Reserve
  - \$3 billion in the Public School System Stabilization Account
  - \$2.9 billion in the State's operating reserve
- ❖ Proposes multiple investments in economic recovery:
  - \$2.4 billion Golden State Stimulus Package – a \$600 payment to low income workers who received the Earned Income Tax Credit in 2019
  - \$1 billion in support for small businesses - \$500 million for a COVID-19 Relief Grant Program, \$550 million for impacted small businesses and non-profits and \$25 million for the smallest impacted cultural institutions
  - \$8 billion in housing resources and \$2 billion in homelessness resources - \$500 million one-time for infill infrastructure, \$500 million in low-income tax credits and \$1.7 billion one-time funding to purchase additional motels, develop short-term community mental health facilities and purchase or preserve housing dedicated to seniors
  - \$1.2 billion (\$557.6 million General Fund) in support for increases to the Minimum Wage, to \$14 per hour on January 1, 2021 and \$15 per hour on January 1, 2022
  - Extension of Eviction Protections in AB 3088 and allocating an estimated \$2.6 billion in federal relief funds to low-income tenants
  - \$2 billion immediate funding to support California schools to safely bring students back to the classroom and increase educational opportunities, including \$4.6 billion to extend learning time through summer school

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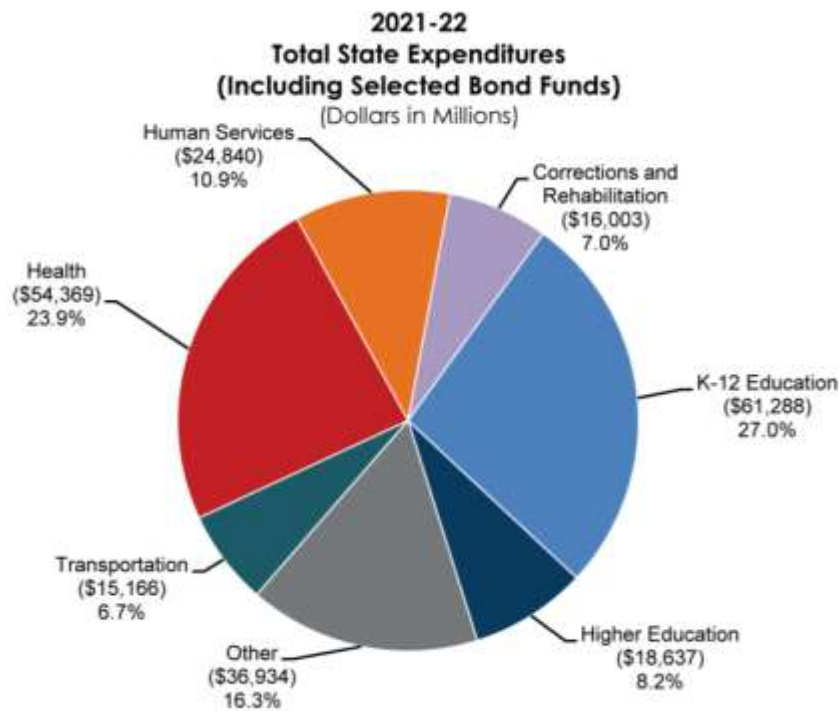


programs and other learning strategies and additional educational investments for transitional kindergarten and for California colleges (Community Colleges, UCs and CSUs)

- \$777.5 million for a California Jobs Initiative to provide incentives that focus on job creation and retention, regional development, small businesses, and climate innovation
- Climate Change, including advancing zero-emission vehicle goals
- Preventing and Fighting Wildfires

- ❖ Although the federal COVID-19 Relief will provide much-needed support in the beginning of 2021, more federal relief is needed to mitigate the continued impact of the pandemic.

**The 2021-22 State Budget Proposes Investments to Address the Impacts of the Pandemic with a Focus on Continuing and Strengthening Housing/Homelessness, Education and Health Care Investments**



## **Proposed Spending by Agency/ Departments of Interest to CCJBH:**

### **I. Health and Human Services**

The budget includes \$195.1 billion (\$64.3 billion general funds and \$130.8 billion other funds) for all health and human services programs (does not include all pandemic response costs). New and significant proposals include:

- **Addressing Behavioral Health**

- Student Mental Health
  - \$400 million in one-time funding to implement an incentive plan through Medi-Cal managed care plans, in partnership with county behavioral health departments, to increase the number of students receiving preventative and early intervention behavioral health services by schools.
  - \$25 million one-time Mental Health Services Fund, available over five years, for the Mental Health Services Oversight and Accountability Commission to augment the Mental Health Services Act Partnership Grants between county behavioral health departments and school districts.
- Strengthening County Behavioral Health
  - Mental Health Services Act:
    - ✓ One-year extension on the flexibility to allow counties to spend down their Prudent Reserves without requesting authority from the State.
    - ✓ Authorizes counties to spend funds within the Community Services and Supports program component regardless of category restrictions.
    - ✓ Allows continuation of existing, approved Three-Year Program and Expenditure Plans if a new plan is delayed due to the PHE.
  - Expanding the Behavioral Health Continuum of Care by providing \$750 million one-time General Fund to be administered by DHCS through competitive grants to counties to acquire and rehabilitate real estate assets. See Department of Health Care Services section below for more details.
- 1991 and 2011 Realignment revenues, which are funded by sales tax and vehicle license fees, are projected to increase by 5.6 percent from 2019-2021 and decrease by 1.9 percent from 2020-21 to 2021-22.

- **Additional key budget areas for California Health and Human Services Agency (CHSA or Agency) include:**

- Making Health Care More Affordable
- Establish an Office of Health Care Affordability
- Utilizing Health Information Exchange
- Improving Health Equity
- Addressing Aging in California

**a. Department of Health Care Services**

- The Medi-Cal budget is \$122.2 billion (\$28.4 billion General Fund) in 2021-22. The Budget assumes that caseload will increase approximately 11.7 percent from 2020-21 to 2021-22. Medi-Cal is projected to cover approximately 15.6 million Californians, nearly 40 percent of the state's population, in 2021-22.
- \$1.1 billion in 2021-22, to grow to \$1.5 billion in 2023-24, to fund California Advancing and Innovating Medi-Cal (CalAIM), which was first introduced in late 2019, but was delayed by one year due to the COVID-19 public health emergency. The proposed budget offers several promising proposals:
  - Funding for enhanced care management and in lieu of services, which are services that would reach and serve individuals in the intersection of behavioral health, criminal justice and homelessness.
  - Phased-out funding to support necessary infrastructure so successful models like Whole Person Care can be implemented on a statewide basis.
- \$750 million in county Behavioral Health Continuum of Care infrastructure build-out competitive grants, funded in part through a reallocation of county jail bonds in order to purchase or modify community mental health facilities.
  - DHCS will provide competitive grants to counties for the acquisition and rehabilitation of real estate assets to expand the community continuum of behavioral health treatment resources.
  - Improves the comprehensive continuum of services by providing short-term crisis stabilization, acute needs, peer respite, and other clinical enriched longer-term treatment and

rehabilitation opportunities for persons with behavioral health disorders in the least-restrictive and least-costly setting.

- The Administration estimates that this proposal will result in the addition of at least 5,000 beds, units or rooms.
  - These community resources are needed to address individuals experiencing a crisis and are a critical component of an overarching framework to solve and not just mitigate homelessness.
  - Broadens the range of Medi-Cal services provided through CalAIM and the Serious Mental Illness / Serious Emotional Disturbance Waiver in order to reduce homelessness, incarceration, unnecessary hospitalizations, and inpatient stays by appropriately utilizing community-based models of care.
  - Infrastructure is critical to make outpatient treatment options more widely available and to help counties treat individuals in less restrictive, community-based, residential settings of care.
  - The Administration is also exploring repurposing relinquished jail financing to add to this effort (there is currently \$202 million available for allocation).
- \$94.8 million to make permanent certain PHE telehealth flexibilities, and to add remote patient monitoring as a covered benefit, effective July 1, 2021.

***b. Department of Social Services***

- The Budget includes \$36.2 billion (\$14.4 billion General Fund) for DSS programs in 2021-22.
- \$61.1 million to support implementation of Part IV of the Families First Prevention Services Act, which establishes new criteria for non-foster home placement settings eligible for Title IV-E Foster Care maintenance payments.
- Delay/suspend programs addressing various children's issues, including the Family Urgent Response System, for which the implementation date will be moved from December 31, 2021, to December 31, 2022. The delays/ suspensions will be lifted if the Administration determines through the 2022 Budget Act process that there is sufficient General Fund revenue to support all suspended programs.

- \$5.2 million one-time funding allocated in December 2020 by the Administration and Legislature to support youth transitioning back to California from out of state placements, which supports county capacity building to deliver supportive services upon their return, COVID-related costs, and technical assistance costs to support counties with placements.
- \$250 million one-time General Fund to counties for the acquisition or rehabilitation of Adult Residential Facilities and Residential Care Facilities for the Elderly with a specific focus on preserving and expanding housing for low-income seniors who are homeless or at risk of becoming homeless.

***c. Department of State Hospitals***

- The Budget includes \$2.5 billion (\$2.3 billion General fund) in 2021-22. The patient population is expected to reach 6,361 by the end of 2021-22, including patients receiving competency treatment in jail-based settings.
- The Department of State Hospitals (DSH) will implement a Community Care Demonstration Project for felony Incompetent to Stand Trial (IST) individuals, which includes \$233.2 million General Fund in 2021-22 and \$136.4 million in 2022-23 and ongoing for three counties to provide a continuum of services to felony ISTs in the county as opposed to state hospitals. This proposal seeks to demonstrate the effectiveness of streamlining services to drive improved outcomes for individuals with serious mental illness. This proposal is projected to serve up to 1,252 ISTs in the county continuum of care settings in 2021-22.
- Expansion of Community Based Restoration (CBR) – The budget includes \$9.8 million General Fund in 2020-21, \$4.5 million General Fund in 2021-22 and \$5 million General Fund in 2022-23 and ongoing to expand the current Los Angeles County CBR program beginning in 2020-21 and establish new CBR programs in additional counties in 2021-22. This proposal is projected to increase capacity by up to 250 beds in 2021-22.
- Reappropriation and Expansion of the IST Diversion Program - \$46.4 million one-time General Fund, available over three years, to expand the current IST Diversion program in both current and new counties. Additionally, the Budget includes five-year limited-term funding of \$1.2 million General Fund annually to support research

and administration for the program. Further, the Budget authorizes the reappropriation of existing program funds set to expire in 2020-21.

- Expansion of the Jail-Based Competency Treatment Program - \$785,000 General Fund in 2020-21 and \$6.3 million General Fund in 2021-22 and ongoing to expand the Jail-Based Competency Treatment program to seven additional counties. This expansion is estimated to increase capacity by up to 31 beds in 2021-22.
- Forensic Conditional Release Program (CONREP) Mobile Forensic Assertive Community Treatment (FACT) Team – The Budget includes \$5.6 million General Fund in 2021-22, \$8 million General Fund in 2022-23 an 2023-24, and \$8.2 million General Fund in 2024-25 and ongoing to implement a FACT team model within CONREP, in lieu of the typical centralized outpatient clinic model, to expand community-based treatment options for both ISTs and non-ISTs in counties and backfill State Hospital beds with IST patients. This expansion is estimated to increase capacity by up to 100 beds in 2021-22.
- CONREP Continuum of Care Expansion – The Budget includes \$3.2 million General Fund in 2020-21 and \$7.3 million General Fund in 2021-22 and ongoing to increase the step-down capacity in the community in order to transition more stable non-IST patients out of state hospital beds and backfill state hospital beds with IST patients. This expansion is estimated to increase capacity by up to 40 beds in 2021-22.

***d. Other Health and Human Services Adjustments***

- ***Office of Youth and Community Restoration*** \$3.4 million General Fund in 2021-22 and \$3.1 million ongoing General Fund to develop reports on youth outcomes in the juvenile justice system, staff a Child Welfare Council committee focused on improving outcomes for justice-involved youth, and create an Office Ombudsperson. The Division of Juvenile Justice is expected to close on June 30, 2023.
- ***Center for Data Insights and Innovation and Equity Dashboard*** – The Budget proposes to consolidate existing resources to establish a Center for Data Insights and Innovation within the Agency. The Center will focus on leveraging data to develop knowledge and insights to improve program delivery and drive system transformation across health and human services. The Budget also includes \$4.1 million (\$3.7 million General Fund) in 2021-22 and \$2.1 million

(\$1.6 million General Fund) ongoing for the Agency to further reorient the administration of its programs through the use of data and the development of an equity dashboard.

## **II. Public Safety**

### ***e. Department of Corrections and Rehabilitation***

- \$13.1 billion in total funding (\$12.7 billion General Fund) for the department with an overall adult inmate average daily population of 122,536 projected in the 2020 Budget Act, and projected in the current Budget to be 97,950.
- \$3.4 billion ongoing General Fund for health care services programs, which provide access to mental health, medical, and dental care that is consistent with the standards and scope of services appropriate within a custodial environment.
- The state will invest \$546.9 million general funds for continued investments in rehabilitative programming that were established in the 2020 Budget Act and the necessary COVID-19 adaptations, including:
  - Reducing reception center processing timelines to allow inmates to begin participating in academic and rehabilitative programming sooner;
  - Changes to good conduct credits to provide greater incentives for inmates to engage in good conduct, such as participating in work and program assignments; and
  - Continuing the Youth Offender Rehabilitative Community at Valley State Prison to create an environment conducive to positive behavioral programming and targeted educational programs.
- \$23.2 million General Fund in 2021-22 and \$18 million ongoing General Fund for information technology to enhance access to rehabilitative programming, including the purchase of approximately 38,000 laptop computers for use by academic program participants, as well as the expansion of virtualization infrastructure, network bandwidth and the creation of a secure online academic portal that will allow students to complete curriculum outside of the classroom.
- \$21.2 million General Fund in 2021-22, decreasing to \$16.1 million ongoing General Fund in 2024-25, to enhance staff development and support for creating safe, secure and rehabilitative prison environments. These efforts will involve repurposing the former



Northern California Women's Facility into a new hands-on training facility and will focus on effective and realistic training.

- \$4 million General Fund in 2021-22, increasing to \$11.6 million ongoing General Fund in 2023-24, to enhance quality management and patient safety by providing staff to evaluate risks and implement best practices to improve the health care delivery system.
- \$33.6 million General Fund over two years for roof replacement projects, \$6.8 million one-time General Fund for health care facility updates and \$50 million one-time General Fund to address specific deferred maintenance projects at the adult institutions that represent critical infrastructure deficiencies.
- \$95.8 million and 665.5 position reduction in 2021-22, and a reduction of \$126.9 million and 877.6 positions in 2022-23 and ongoing, to reflect the closure of Deuel Vocational Institution, which is anticipated to close by end of September 2021.
- As mentioned above, the Division of Juvenile Justice will stop the intake of wards on June 30, 2021, with limited exceptions. The 2021-22 estimated population is expected to be 729, a reduction of 126 compared to the spring projects, reducing costs by \$10.1 million General Fund in 2021-22. *Note: Pursuant to SB 823, the Board of State and Community Corrections will distribute \$9.6 million one-time General Fund for 2020-21 for the Regional Youth Programs and Facilities Grant Program. In addition, SB 823 included ongoing funding for the Juvenile Justice Realignment Block Grant for county probation departments to take over responsibility for youth who will no longer go to the DJJ, as follows: \$46.5 million General Fund in 2021-22, \$122.9 million in 2022-23, \$195.9 million in 2023-24 and \$212.7 million ongoing beginning in 2024-25.*

**f. Judicial Branch**

- \$8.1 million general funds in 2020-21 and \$15.5 million general funds ongoing to add court navigators at trial courts to assist unrepresented individuals with navigating the complexities of the court system.
- \$12.3 million in 2020-21, increasing to \$58.4 million ongoing General Fund to expand the pilot program that reduces fines and fees for eligible participants by at least 50 percent, allows them to make payments over a period of time statewide, and incorporate both traffic and non-traffic infractions.

- \$20 million ongoing general funds from 2019 Budget Act to increase total dependency counsel state funding to \$156.7 million to continue to invest and implement Federal Families First Prevention Services Act, which allows court-appointed dependency counsel costs to be a reimbursable activity under the federal Title IV-E funding stream. The Budget estimates \$57 million in federal reimbursements, bringing the total amount available for dependency counsel in 2020-21 to \$213.7 million.

***g. Probation***

- \$50 million one-time General Fund in 2020-21 for county probation departments to support previous transitions, including juvenile and adult realignment, the SB 678 California Community Corrections Performance Incentive Act of 2009, and AB 1950 (for probation to provide enhanced services earlier in a the probation term to increase success), requesting that the Legislature take action on this funding in early 2021.
- \$122.9 million ongoing General Fund for county adult probation to reduce or maintain low revocation rates due to the impacts of the COVID-19 Pandemic and AB 1950, which caps probation terms at one or two years, thus impacting revocation rates.
- \$19.5 million one-time General Fund in 2021-22 for county probation to supervise the temporary increase in the average daily population of offenders on Post-Release Community Supervision as a result of Proposition 57.

***h. Other***

- \$114.8 million in Proposition 47 savings to be allocated according to a formula outlined in the initiative, which also requires 65 percent to be allocated for grants to public agencies to support various recidivism reduction programs such as mental health and substance use services, 25 percent for grants to support truancy and dropout prevention programs and 10 percent for grants for victims' services.
- \$25 million ongoing Proposition 98 General Fund to fund innovative partnerships with county behavioral health departments to support student mental health services. This funding would be provided to local education agencies as a match to funding in county Mental Health Services Act spending plans dedicated to the mental health needs of students.