

## **Governor's May Revision Fiscal Year 2023-24**

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

Annually, CCJBH reviews the Governor's Proposed Budget<sup>1</sup> and the May Revision to inform Councilmembers of the potential investments in the public criminal justice, behavioral health, housing, and social services systems to highlight the potential benefits to the behavioral health and justice-involved (BH/JI) population served. The past four years have reflected significant attention to the needs these individuals, and this year those supportive investments are proposed to continue. This document highlights specific excerpts from the California Fiscal Year (FY) 2023-24 May Revision on the California Budget [website](#). Additional materials in support of the Budget, such as the related departmental Budget Change Proposals, may be found on the Department of Finance [website](#). The Governor's May Revision continues his commitment to “emphasizing education, protecting the environment, preparing the state’s workers for the next decade, readying the economy for the next made-in-California innovation, and maintaining tens of billions of dollars of investments in much needed infrastructure.”

Since the release of the Governor's Budget, monthly revenue shortfalls have continued, which have contributed to the May Revision General Fund revenue estimated shortfall of \$8.4 billion. The additional budget shortfall at the May Revision is estimated to be \$9.3 billion. When combined with accounting for adjustments to the \$22.5 billion Governor's Budget shortfall, California is facing a \$31.5 billion shortfall. As such, the May Revision proposes an additional \$1.1 billion reduction in spending across FYs 2021-22 through 2023-24. Combined with the Governor's Budget's \$5.7 billion in reductions and pullbacks and a \$57 million adjustment, the 2023 May Revision includes total solutions in this category of \$6.7 billion.

The [Governor's California Fact Sheet](#) identifies investments proposed to ensure vulnerable people have the necessary help to access shelter and mental and behavioral health treatment, if needed. Governor Newsom's new investments expand on the \$15.3 billion invested in the last two years, creating 2.5 million new housing units by 2030, as well as \$215 million to implement the Community Assistance, Recovery, and Empowerment (CARE) Act to provide services and support to those dealing with untreated and severe mental health conditions. The Governor's revised plan doubles down on the work of the last several years to respond to COVID-19, the climate crisis (including worsening wildfires, drought, extreme heat, and flooding), persistent inequality and homelessness, and community safety.

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<sup>1</sup> For CCJBH’s summary of the Governor’s FY 2023-24 Budget Proposal, please visit the [CCJBH website](#).

## Critical Elements of the Governor's Proposed Budget

The 2023 May Revision reflects \$37.2 billion in total budgetary reserves. These reserves include \$22.3 billion in the Budget Stabilization Account, fulfilling the constitutional requirement for a deposit limit of 10 percent of General Fund tax proceeds. The reserve total also includes the following:

- \$10.7 billion in the Public School System Stabilization Account,
- \$450 million in the Safety Net Reserve, and
- \$3.8 billion in the State's operating reserve—the Special Fund for Economic Uncertainties.

## Sustaining Key Investments with a Balanced Plan

The Administration has made significant and unprecedented investments in the past two FYs, intending to increase the affordability of healthcare, address homelessness, and strengthen services to advance the lives of the most vulnerable Californians. As noted above, sustaining these critical investments required a balanced plan with contingencies to guard against existing economic uncertainties of stock market declines, Federal Reserve Bank interest rates, and continuing effects of inflation. While the 2023 May Revision does not project a recession, it recognizes the increased risk to the Budget since the release of the Governor's Budget in January 2023 – risks that could significantly change the State's fiscal trajectory in the near term. The Governor's commitment to crucial investments is evident throughout the 2023 May Revision. Specific proposed investments to advance priorities with potential impact on the BH/JI population are as follows:

- ❖ **Expanding Healthcare Access and Healthcare Delivery Transformation**— The 2023 May Revision continues funding to expand full-scope Medi-Cal eligibility to all income-eligible Californians, regardless of citizenship status. The Budget maintains over \$8 billion in various behavioral health investments. It implements the California Food Assistance Program expansion for income-eligible individuals aged 55 years or older, regardless of their immigration status.
- ❖ **CARE Act** — The 2023 May Revision includes \$128.9 million General Fund in FY 2023-24, \$234 million General Fund in FY 2024-25, \$290.6 million General Fund in FY 2025-26, and \$290.8 million in FY 2026-27 to the Department of Health Care Services (DHCS) and Judicial Branch to support the implement of the CARE Act.
- ❖ **Greater Assistance for California's Most Vulnerable** — Includes \$3.6 billion General Fund annually to provide increased cash assistance to individuals with disabilities and older adults in the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program and low-income children and families in the CalWORKs program.
- ❖ **Incompetent to Stand Trial Waitlist Solutions** — Compared to the Governor's Budget, the 2023 May Revision reflects a decrease of expenditures totaling \$35.7 million General Funds in FY 2022-23 and \$33.2 million General Funds in FY 2023-24; these totals do not include reappropriations. As a result, caseload and bed adjustments are relatively flat for FY 2022-23 and FY 2023-24 overall, however the waiting list for Incompetent to Stand Trial (IST) beds continues to decline to 992, with 200 of those receiving early stabilization services according to the most recent data.

- ❖ **Home and Community-Based Services Spending Plan** — The 2023 May Revision includes a six-month extension until September 30, 2024, for specified programs such as the In-Home Supportive Services (IHSS) Career Pathways Program and Senior Nutrition Infrastructure Program to fully spend allocated funding based on critical programmatic needs.
- ❖ **Housing and Homelessness** — To address the budget problem, the 2023 May Revision includes \$17.5 million General Fund reductions and \$345 million in deferrals related to housing programs. Even with these reductions, funding for housing remains at approximately 88 percent of the allocations made in FYs 2022-23 and 2023-24 (\$2.85 billion). As proposed in the Governor's Budget in January 2023, if there is sufficient General Funding in January 2024, \$350 million of these reductions will be restored.
- ❖ **Opioid and Fentanyl Response** — Building on the 2022 Budget Act opioid response investments, the 2023 May Revision includes an additional \$141.3 million in the Opioid Settlement Fund over four years beginning in FY 2023-24 to support the Naloxone Distribution Project, for a total of \$220.3 million over four years.
- ❖ **Public Health and Workforce Infrastructure Investments** — \$5.5 billion (\$980.9 million General Fund) is allocated to the Department of Public Health for FY 2023-24. The 2023 May Revision maintains the \$300 million ongoing for local public health infrastructure to address workforce expansion and emerging public health priorities, including the Office of Policy and Planning and the Regional Public Health Office. In addition, the 2023 May Revision restores funding of \$49.8 million to the General Fund over four years for various public health workforce training and development programs. It reduces resources for COVID-19 response by \$50 million in General Fund.
- ❖ **1991 And 2011 Realignment** — 1991 Realignment created a dedicated funding source for certain mental health and social services programs using state sales tax and vehicle license fees, shifting administrative and fiscal responsibility for these programs to counties. In 2011, a subsequent Realignment effort occurred, which shifted to counties the funding certain public safety programs, as well as the remaining mental health and substance use disorder programs. These funding sources are projected to increase by 3.1 percent from FYs 2021-22 to 2022-23 and 1.0 percent from FYs 2022-23 to 2023-24.

### **Looking Forward Through Economic Uncertainty**

As in previous years, Governor Newsom's budget proposal addressed the needs of people with mental health and substance use disorders, justice-involved individuals, and other vulnerable populations while addressing underlying inequities. The 2023 May Revision reflects vital fiscal planning, innovative administrative steps to preserve programs for the most vulnerable populations, and a commitment to maintaining healthy reserves to protect against potential economic uncertainties. The following provides additional funding highlights of the various statewide expenditures in the revised budget, which could impact the BH/JI population.

## Health and Human Services

The California Health and Human Services Agency is responsible for overseeing and reviewing health and social services delivery across the State and, more specifically, to the most vulnerable and at-risk Californians. The 2023 May Revision includes \$245.7 billion (\$73.3 billion General Fund) for all health and human services programs in FY 2023-24. For more information, visit the [Health and Human Services Budget Summary](#) in addition to the individual department 2023 May Revision Summary documents (links are provided where available).

### **Department of Health Care Services**

California's Medicaid program, Medi-Cal, is administered by DHCS. The Medi-Cal Budget includes \$135.4 billion (\$30.9 billion General Fund) in FY 2022-23 and \$151.2 billion (\$37.6 billion General Fund) in FY 2023-24. Medi-Cal is projected to cover approximately 15.3 million Californians in FY 2022-23 and 14.2 million in FY 2023-24—more than one-third of the State's population. For more information, visit the [DHCS Departmental Summary](#).

- ❖ **Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT)** — Formerly known as California Behavioral Health Community-Based Continuum (CalBH-CBC), the proposal continues to include the 1115 demonstration waiver to address the gaps in the behavioral health continuum of care for Medi-Cal members living with serious mental illness (SMI) and serious emotional disturbance (SED). In addition, the 2023 May Revision adds a new Workforce Initiative to the waiver, \$480 million a year for five years (\$2.4 billion total funding), to strengthen the pipeline of behavioral health professionals, including improving short-term recruitment and retention efforts. For more on these funding efforts, see the [DHCS Budget Highlights](#).
- ❖ **Managed Care Organization Tax** — The 2023 May Revision proposes the renewal of the Managed Care Organization (MCO) Tax, effective April 1, 2023, through December 31, 2026, to help maintain Medi-Cal program funding for the Medi-Cal expansion to all income-eligible individuals, thus minimizing the need for reductions to the program. This tax renewal maintains the structure from the prior MCO Tax authorized in Assembly Bill 115 (Chapter 348, Statutes of 2019), as approved by the federal government, with minor modifications and data updates. The Budget includes \$19.4 billion in funding to help maintain the Medi-Cal program and support increased investments while minimizing the need for reductions to the program.
- ❖ **Designated State Health Program and Rate Increases** — The 2023 May Revision reflects \$40.4 million General Fund savings in FY 2022-23 and \$161.6 million General Fund savings in FY 2023-24 through 2026-27, for a total General Fund savings of \$646.4 million from the anticipated federal reauthorization of Designated State Health Program funding to cover the costs of the Providing Access and Transforming Health and California Advancing and Innovating Medi-Cal (CalAIM) Justice Initiative. As a condition of Designated State Health Program funding approval, DHCS must demonstrate compliance with minimum reimbursement levels for specific service categories. Therefore, the 2023 May Revision includes \$237 million (\$98 million General Fund) in FY 2023-24 and \$580 million (\$240 million General Fund) annually for primary care, obstetric care (including doulas), and non-specialty mental health services provider increases. See the [DHCS Budget Highlights](#) for a breakdown of this funding.
- ❖ **Medi-Cal Mobile Crisis Services Benefit** — Mobile crisis services are a community-based intervention provided by a multidisciplinary team of trained behavioral health professionals that will provide de-escalation and relief to individuals experiencing a behavioral health crisis

wherever they are including home, work, school, or in the community. In April 2023, DHCS extended the implementation timeframe for rural counties (e.g., Alpine, Amador, Colusa, Del Norte, Glenn, Inyo, Mariposa, Modoc, Mono, Plumas, Sierra, and Trinity Counties) to June 30, 2024. All other counties continue to be required to implement the service during calendar year 2023.

- ❖ **CARE Act** — The 2023 May Revision includes \$128.9 million General Fund in FY 2023-24, \$234 million General Fund in FY 2024-25, \$290.6 million in FY 2025-26, and annually after that to support estimated county behavioral health department costs for the CARE Act (Chapter 319, Statutes of 2022). Of this amount, \$67.3 million General Fund in FY 2023-24, \$121 million General Fund in 2024-25, and \$151.5 million in 2025-26; annually after that is to support estimated county behavioral health department costs for the CARE Act.
- ❖ **988 Suicide Crisis and Crisis Lifeline (AB 988)** — The 2023 May Revision includes a \$15 million one-time 988 State Suicide and Behavioral Health Crisis Services Fund in FY 2023-24 to support eligible 988 call center behavioral health crisis services, for a total of \$19 million in FY 2023-24, \$12.5 million in FY 2024-25, and ongoing.
- ❖ **CalHOPE** — The 2023 May Revision temporarily maintains funding to support the CalHOPE program. In lieu of the General Fund, the 2023 May Revision includes a \$50.5 million one-time Mental Health Services Fund allocation in FY 2023-24.
- ❖ **Behavioral Health Bridge Housing Program** — The 2023 May Revision includes a \$500 million one-time Mental Health Services Fund allocation in FY 2023-24 in lieu of the General Fund, which eliminates the proposed delay from the Governor's Budget of \$250 million in General Funds in FY 2024-25. The 2023 May Revision shifts the \$817 million General Funds from FY 2022-23 to the following three fiscal years to reflect updated programmatic timelines. It maintains the \$1.5 billion augmentation for the Behavioral Health Bridge Housing Program.
- ❖ **Opioid and Fentanyl Response** — Building on the opioid response investments proposed in the Governor's Budget, the 2023 May Revision includes an additional \$141.3 million in Opioid Settlement Fund over four years for the Department of Health Care Services to support the Naloxone Distribution Project, for a total of \$220.3 million. In addition, a \$30 million one-time Opioid Settlements Fund in FY 2023-24 to support the development of a lower-cost, generic version of a naloxone nasal spray product through the CalRX Naloxone Access Initiative at the Department of Health Care Access and Information.

### **Department of Social Services**

The California Department of Social Services (CDSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence. The Budget includes \$48.1 billion (\$21.1 billion General Fund) for CDSS programs in FY 2023-24. For more information, see the [CDSS Departmental Summary](#).

- ❖ **CalWORKs Grant Increase** — The 2023 May Revision reflects a 3.6 percent increase to CalWORKs Maximum Aid Payment levels, effective October 1, 2023, with an estimated cost of \$111.2 million in FY 2023-24. These increased costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund.

- ❖ **State Supplemental Payment Increase** — Includes \$3.6 billion General Fund in FY 2023-24 for the SSI/SSP program, including Cash Assistance Program for Immigrants (CAPI). The 2023 May Revision reflects a \$146 million General Fund in FY 2023-24 and \$292 million ongoing for an additional SSP increase of approximately 8.6 percent, effective January 1, 2024.
- ❖ **IHSS** — The 2023 May Revision includes \$22.4 billion (\$8.4 billion General Fund) for the IHSS program in FY 2023-24. The average monthly caseload in this program is estimated to be 645,000 recipients in FY 2023-24.
- ❖ **Minor Recipient Provider Eligibility** — The 2023 2023 May Revision includes \$60.7 million (\$27.9 million General Fund) ongoing to increase access to authorized services and better serve the IHSS program's minor recipients and their families.
- ❖ **Children's Programs** — Includes \$908.3 million General Fund in FY 2023-24 for services to children and families in these programs. Federal funding and 1991 and 2011 Realignment funds bring total funding for children's programs to over \$9.5 billion in FY 2023-24.
- ❖ **Housing and Homelessness Programs** — The CDSS provides housing support to assist families experiencing homelessness (or those at risk of being homeless) who are receiving CalWORKs, children and families served by the child welfare system, individuals involved in Adult Protective Services, older adults, and individuals with disabilities. Specific programs include the CalWORKs Housing Support Program (HSP), CalWORKs Homeless Assistance Program, Bringing Families Home (BFH), Housing and Disability Income Assistance Program (HDAP), Home Safe, Project Roomkey, and Community Care Expansion (CCE) Program. The 2023 May Revision includes \$698.4 million in total funding, \$516.6 million which comes from the General Fund in FY 2022-23. To add to this commitment, the 2023 May Revision includes \$121.6 million (\$64.4 million from General Funds) for housing and homelessness programs in FY 2023-24. Programs will realize a net decrease of \$576.8 million in total funding because one-time funding for various initiatives were not extended beyond FY 2022-23. However, all the one-time investments in FY 2021-22 and FY 2022-23 provide multi-year spending authority to ensure longer term support for individuals and families who are enrolled in CDSS programs. For more information regarding these changes visit the [CDSS Executive Summary](#).

### **Department of Developmental Services**

The Department of Developmental Services (DDS) provides individuals with intellectual and developmental disabilities with various service entitlements that allow them to live and work independently or in supported environments. The 2023 May Revision includes \$14.1 billion (\$8.5 billion General Fund) and estimates that approximately 421,000 individuals will receive services in FY 2023-24. For more information, visit the [DDS Departmental Summary](#).

- ❖ **Service Provider Rate Reform: Independent Living Services** — The 2023 May Revision includes \$15 million (\$8.5 million General Fund) beginning January 2024 to adjust Independent Living Services rate assumptions to align the types of services provided with more equivalent occupations, such as teachers, social and human service assistants, and rehabilitation counselors.
- ❖ **Coordinated Family Support Services** — The 2023 May Revision includes \$18 million (\$10.8 million General Fund) to continue funding the Coordinated Family Support pilot program through June 2024, currently funded through the Home and Community-Based Services

Spending Plan. The program intends to assist adults living with their families in coordinating the receipt and delivery of multiple services.

- ❖ **Cost-Sharing and Fee Programs** — The 2023 May Revision continues suspension of the Annual Family Program Fee and the Family Cost Participation Program until December 31, 2023, to allow regional centers to restart assessments.

### **Department of Public Health**

The California Department of Public Health (CDPH) is charged with protecting and promoting the health and well-being of the people of California. The 2023 May Revision includes \$5.5 billion (\$980.9 million General Fund) in FY 2023-24 for the Department. For more information, see the [CDPH Departmental Summary](#).

- ❖ **Public Health Infrastructure Investment** — Maintains a \$300 million ongoing General Fund to modernize state and local public health infrastructure and transition to a resilient public health system.
- ❖ **Public Health Workforce Investments Restoration** — The 2023 May Revision restores \$49.8 million to the General Fund to various public health workforce training and development programs over four years.
- ❖ **FY 2023-24 COVID-19 Response**- The 2023 May Revision reduces resources for COVID-19 response by \$50 million General Fund. The decrease results from a ramp-down of emergency response activities across the State that are consistent with the end of the State of emergency at the federal and State levels.

### **Department of State Hospitals**

The Department of State Hospitals (DSH) cares for patients with serious mental illness, 90 percent of whom come to state hospitals through the California court system, and the pandemic has exacerbated the number of felony IST patients awaiting transfer to DSH. The 2023 May Revision includes \$3.5 billion (\$3.3 billion General Fund) in FY 2023-24 to support the Department. The patient population is expected to reach 9,379 by the end of FY 2023-24, including patients receiving competency treatment in jail-and community-based settings. For more information, see the [DSH Departmental Summary](#).

- ❖ **Budget Update** — The 2023 May Revision reflects a decrease of \$35.7 million General Funds in FY 2022-23 and \$33.2 million General Funds in FY 2022-24. Overall, the caseload and bed adjustments are relatively flat for FY 2022-23 and FY 2023-24. Similarly, the waiting list for IST beds continues to decline to 992, with 200 of those receiving early stabilization services according to the most recent data.
- ❖ **Patient-Operated Expenses and Equipment** — The 2023 May Revision includes a \$26.6 million General Fund allocation for patient-driven support costs.

### **Department of Health Care Access and Information**

The Department of Health Care Access and Information (HCAI) is committed to expanding equitable access to healthcare for all Californians—ensuring every community has the health workforce they need, safe and reliable healthcare facilities, and health information that can help

make care more effective and affordable. The 2023 May Revision includes \$371.6 million (\$189.1 million General Fund) in FY 2023-24 to support the Department. For more information, visit the [HCAI Departmental Summary](#).

- ❖ **Distressed Hospital Loan Program** — The 2023 May Revision includes up to \$150 million one-time General Fund in total over FY 2022-23 and FY 2023-24 for the Distressed Hospital Loan Program to provide interest-free cashflow loans to not-for-profit hospitals and public hospitals in significant financial distress or to governmental entities representing a closed hospital, for purposes of preventing the closure of, or facilitating the reopening of those hospitals.

## Housing and Homelessness

The 2023 May Revision reflects the Administration's commitment to equitably building more affordable housing for Californians and expanding access to housing for vulnerable populations, including individuals with complex behavioral health conditions and people living in unsheltered settings.

Since 2019, the State has invested over \$17 billion to aid local governments in addressing homelessness, such as funding that financed approximately 60,000 units of permanently affordable housing and an additional 24,000 units currently in the construction pipeline. These long-term capital investments have been complemented by flexible homelessness aid that provides services and supports to result in an effective model of housing and services. In addition, the 2023 May Revision continues to include \$3.7 billion in funding for homelessness programs as committed in previous budgets. For more information see the [Housing and Homelessness](#) portion of the FY 2023-24 budget.

- ❖ **Homeless Housing, Assistance, and Prevention Program** — As part of the \$1 billion one-time General Fund expenditure, the Administration proposed statutory language to prioritize funding allocations that reduce unsheltered homelessness, which includes prioritizing spending on supporting permanent housing and activities, such as Homekey operating sustainability and CARE ACT housing supports.
- ❖ **Behavioral Health Bridge Housing Program** — The 2023 May Revision includes a \$500 million one-time Mental Health Services Fund allocation in FY 2023-24 in lieu of the General Fund. The \$500 million allocation eliminates the Governor's Budget proposed delay of \$250 million General Fund expenditures for FY 2024-25. With this proposal, the May Revision maintains \$1.5 billion in funding in the 2022 Budget Act for the Behavioral Health Bridge Housing Program.
- ❖ **Housing and Homelessness Programs** — Additional housing programs through the CDSS are benefiting from additional support as reflected in the 2023 May Revision. The CDSS programs include \$698.4 million in total funding, \$516.6 million which comes from the General Fund in FY 2022-23. To add to this commitment, the 2023 May Revision includes \$121.6 million (\$64.4 million from General Funds) for housing and homelessness programs in FY 2023-24. Although some programs will realize a net decrease of \$576.8 million in total funding from expired funding in FY 2022-23. All the one-time investments in FY 2021-22 and FY 2022-23 provide multi-year spending authority to ensure longer term support for individuals and families who are enrolled in CDSS programs. For more information regarding these changes visit the CDSS Executive Summary



## Judicial Branch

The Judicial Branch consists of the Supreme Court, courts of appeal, trial courts, the Habeas Corpus Resource Center, and the Judicial Council. The Judicial Council is responsible for managing the resources of the Judicial Branch. The trial courts are funded with General Funds, county maintenance-of-effort requirements, fines, fees, and other charges. Other levels of the Judicial Branch receive most of their funding from the General Fund. The 2023 May Revision includes a total allocation of \$5 billion (\$3.1 billion General Fund and \$1.9 billion other funds) in FY 2023-24 for the Judicial Branch, of which \$2.9 billion is to support trial court operations. For more information, see the [Judicial Branch Chapter](#) of the FY 2023-24 budget.

- ❖ **CARE Act** — The 2023 May Revision includes additional investments to support the implementation of the CARE Act. CARE Act funding consists of a \$8.9 million General Fund allocation in FY 2023-24 and \$4.7 million in FY 2024-25 to account for the early implementation of the CARE Act in Los Angeles County. In total, the Budget provides the Judicial Branch \$32.7 million in FY 2023-24, \$55.3 million in FY 2024-25, and \$68.5 million ongoing to support CARE Act implementation. An additional funding of \$16.8 million in FY 2023-24, \$29.8 million in FY 2024-25, and \$32.9 million ongoing is allocated to double the number of hours per participant for legal services from 20 hours to 40 hours. Similarly, the 2023 May Revision provides \$22.9 million in FY 2023-24, \$51.6 million in FY 2024-25, and \$64.4 million ongoing to support public defenders and legal services organizations that will provide legal counsel to CARE participants. For county behavioral health funding, see the [Health and Human Services Chapter](#).
- ❖ **Court Appointed Special Advocate Program** — \$20 million was allocated in FY 2023-24 and FY 2024-25 to restore funding for the Court Appointed Special Advocate Program, which was previously set for reductions in the Governor's Budget.
- ❖ **Federal Byrne State Crisis Intervention Program Grant** — Reimbursement authority totaling \$5.9 million in FY 2023-24 and \$5.7 million in FYs 2024-25 and 2025-26 to support an interagency agreement with the Board of State and Community Corrections to implement federal funds from the Byrne State Crisis Intervention Program. The Judicial Council will implement a statewide project that improves the execution of firearm relinquishment orders and expands and enhances collaborative courts by providing funding, training, and technical assistance.

## Criminal Justice

### California Department of Corrections and Rehabilitation

The California Department of Corrections and Rehabilitation (CDCR) incarcerates people convicted of the most violent felonies, supervises those released to parole, and provides rehabilitation programs to help them reintegrate into the community. CDCR strives to facilitate the successful reintegration of the individuals in its care back to their communities equipped with the tools to be drug-free, healthy, and employable members of society by providing education, treatment, and rehabilitative and restorative justice programs.

The Governor's May Revision provides updates to several proposals included in the 2023-24 January Governor's Budget. The January Budget plan included total funding of \$14.5 billion for 2023-24 and provided approximately \$903 million in new funding to support a variety of issues,

including the new staff misconduct process, the Statewide Correctional Video Surveillance expansion, and to ensure the appropriate level of care and accommodations to the developmentally disabled incarcerated population.

The May Revision includes total funding of \$14.4 billion for CDCR in 2023-24 (\$14 billion General Fund and \$365 million other funds), and of this amount, \$3.9 billion General Fund is for CCHCS. T See the [CDCR Budget Detail](#) or [Criminal Justice Budget Chapter for more information](#).

By current projections, the average daily adult incarcerated population for FY 2022-23 is 95,560, a decrease of 0.6 percent since the spring 2022 projections. Fall projections indicate the adult incarcerated population will trend downward, decreasing by 2,678 individuals between FYs 2022-23 and 2023-24 (from 95,560 to 92,882, respectively). On January 1, 2020, before the COVID-19 Pandemic, the CDCR population was 123,977. The population is projected to be 89,946 in 2025-26, to continue its long-term declining downward trend.

The overall parolee average daily population is projected to be 37,222 in FY 2023-24. The average daily parolee population is projected to be 39,646 in FY 2022-23. The parole population is projected to decline to 36,061 by June 30, 2027.

Below are key budget highlights:

- ❖ **Prison Capacity and Closure** — The adult prison population has steadily declined over many years, which presented opportunities for CDCR to eliminate its reliance on contract prison capacity. As a result, CDCR terminated its final in-state contracted correctional facility in May 2021. In September 2021, CDCR closed the Deuel Vocational Institution in Tracy, achieving savings of \$150.3 million in the General Fund annually, beginning in FY 2022-23. Starting in November 2022, CDCR initiated the closure of a second prison, the California Correctional Center (CCC) in Susanville, which is expected to achieve an estimated \$144.1 million in ongoing annual savings. In December 2022, CDCR announced its plan to terminate the lease of the California City Correctional Facility by March 2024, and it is expected to achieve an estimated \$155.7 million in ongoing annual savings. In addition, CDCR announced the planned closure of Chuckawalla Valley State Prison by March 2025 and the deactivation of specified facilities within six prisons by the end of 2023. CDCR estimates approximately \$170 million in ongoing General Fund savings from these facility deactivations.
- ❖ **San Quentin State Prison** — The 2022 Budget Act included \$500,000, and the Governor's Budget included a \$20 million General Fund, to support initial planning efforts for transforming San Quentin State Prison. In March 2023, the Administration announced the State's plan to transform San Quentin from a maximum-security prison into a one-of-a-kind facility focused on improving public safety through rehabilitation and education. This effort will help build and inform the California Model, which will serve as a nationwide model to advance a more effective justice system that makes safer communities and reduces recidivism. The 2023 May Revision proposes funding for two capital projects consistent with the Administration's vision to support the California Model: a \$360.6 million Public Buildings Construction Fund for the demolition of Building 38 and the construction of a new educational and vocational center, and \$20 million General Fund for various improvement projects.
- ❖ **Board of Parole Hearings Budget Augmentation to Support Core Functions** — \$4.2 million General Fund in FY 2023-24 and \$2.6 million ongoing to support several core Board of Parole Hearings functions. Includes resources to increase the flat rate for state-appointed attorney fees with one-time funding in FY 2023-24 to remain competitive with market rates; adds a

Supervising Administrative Law Judge position; continues an attorney training and monitoring contract; and supports the Board's Information Technology System, which has increased contract costs related to the expansion of the system to meet recent legislative mandates.

- ❖ **Healthcare Services for Incarcerated Individuals** — The 2023 May Revision continues the State's commitment to delivering healthcare services to incarcerated individuals. The 2023 May Revision includes a \$3.9 billion General Fund expenditure in FY 2023-24 for health care programs, which provide access to medical, mental health, and dental care services consistent with the standards and scope of care appropriate with a custodial environment for incarcerated individuals.
- ❖ **Expansion of Tele-Mental Health Services** — In recent years, the CDCR has strategically expanded telehealth services to improve access to primary, specialty care, and psychiatry services for incarcerated individuals. As a result, Telehealth services have proven successful at enhancing the Department's ability to deliver critical medical and mental health care services to patients effectively. Therefore, the 2023 May Revision includes \$11 million from the General Fund and 85 positions in FY 2023-24 and \$17 million and 144 positions beginning in FY 2024-25 to expand the use of tele-mental health within the Statewide Mental Health Program to include psychology and social work disciplines in addition to psychiatry.
- ❖ **Contract Medical Adjustments** — A \$39.7 million ongoing from the General Fund to address a projected deficit in the Budget for Contract Medical services, which supports providing specialty care services for patients in prisons and community settings.
- ❖ **CalAIM Justice-Involved Initiative Medi-Cal Reimbursement System** — The start date for 90-day in-reach pre-release service has shifted to no sooner than April 1, 2024, with an allowance of up to 24 months for state/county implementation. In response, CDCR and The California Correctional Health Care Services (CCHCS) propose to reduce the 81.2 positions received through a FY 2022-23 proposal, along with the associated funding, with the intent to re-assess staffing needs closer to the point-in-time of CalAIM implementation. These positions comprised 39.6 Licensed Vocational Nurses, 39.6 Correctional Officers, and 2.0 Research Data Managers. (81.2 positions). Similarly, CCHCS funding in the amount of \$3.3 million one-time (\$200,000 General Fund and \$3.1 million in reimbursement authority) in FY 2023-24, the \$4.5 million General Fund in FY 2024-25, and \$3.7 million General Fund in FY 2025-26 is allocated to develop an information technology system to support Medi-Cal billing will be implemented in conjunction with CalAIM. Funding For more information, visit the [CalAIM Technical Adjustments BCP](#).

### **Division of Juvenile Justice**

The Division of Juvenile Justice (DJJ) will close on June 30, 2023, pursuant to Chapter 18, Statutes of 2021 (SB 92). DJJ ceased intake of new youth on July 1, 2021, with limited exceptions, consistent with Chapter 337, Statutes of 2020 (SB 823). The DJJ estimates that 150 youth will remain at the time of DJJ's closure. Youth who have not been released from DJJ at the time of closure will be transferred to the county probation department within their county of commitment. Consistent with the Governor's Budget, the 2023 May Revision reflects a decrease of \$92.1 million ongoing (\$89.3 million General Fund and \$2.8 various funds) in FY 2023-24 and \$95.8 million beginning in FY 2025-26 (\$93 million General Fund and \$2.8 various funds) associated with the closure of DJJ.

## Local Public Safety

Specific details of the Budget for the following programs can be found in the [Criminal Justice Budget Summary](#).

- ❖ **Proposition 47 Savings** — The 2023 May Revision includes an additional \$11.9 million General Fund in savings for Proposition 47, for a total savings of \$112.9 million in FY 2023-24. Proposition 47, passed in 2014, requires misdemeanor rather than felony sentencing for specific property and drug crimes and permits incarcerated persons previously sentenced for these reclassified crimes to petition for resentencing. In addition, Proposition 47 established a fund to invest savings from reduced prison utilization in prevention and support community programs. These funds are allocated according to the formula specified in the ballot measure, which requires 65 percent be allocated for grants to public agencies to support various recidivism reduction programs (such as mental health and substance use treatment services), 25 percent for grants to support truancy and dropout prevention programs, and 10 percent for grants for victims' services.
- ❖ **Post Release Community Supervision** — The Post Release Community Supervision Act of 2011 authorized CDCR to release specific incarcerated individuals to county supervision. The State provides funding to those counties. The 2023 May Revision includes an additional \$1.1 million General Fund for county probation departments to supervise the temporary increase of individuals on Post Release Community Supervision due to Proposition 57 credit earning opportunities and includes a total of \$9.3 million General Fund for this purpose in FY 2023-24.

## Local Public Safety

- ❖ **Criminal Records Relief (SB 731)** — An April 1 proposal included a \$1.8 million Special Fund in 2023-24 and \$1.5 million in 2024-25 to make information technology modifications to existing systems to provide criminal record relief for eligible individuals according to Chapter 814, Statutes of 2022 (SB 731). This adjustment also includes statutory changes to provide the Department with sufficient time to implement system modifications.
- ❖ **Sex Offender Registration (SB 384)** — An April 1, proposal included a \$1.7 million ongoing General Fund to process workload and provide system support and maintenance to implement Chapter 541, Statutes of 2017 (SB 384), which established a tiered system for sexual offenders and specifies registration timelines and criteria for each tier.

## General Government and Statewide Issues

The Budget includes funding proposals in various departments that will impact the criminal justice and behavioral health populations. Innovative work to research genetics related to Adverse Childhood Experiences and depression; mental health crisis numbers; funds to build strong communities and address racism; free school meals; and funding to build capacity and infrastructure of the community-based organizations that provide vital services to the most vulnerable communities. For more information see the [General Government and Statewide Issues Budget Summary](#).

- ❖ **Governors' Office of Planning and Research** — The Office of Planning and Research (OPR) has expanded significantly in recent years from \$54 million in 2016-17 to \$1.4 billion, of which approximately \$850 million is a one-time or limited term. In recognition of this growth and the

number of programs within the OPR, the 2023 May Revision proposes transitioning to a more traditional department that relies on state civil service classifications. The 2023 May Revision initiates this transition by modifying proposals included in the Governor's Budget and proposing civil service classifications to support information technology functions. In addition, the 2023 May Revision reduces new proposals contained in the Governor's Budget from \$9.2 million and 26 positions to \$7.2 million and 16 positions, of which will be established as civil service classifications. For more information, see [Executive Order N-16-22](#).

- **Information Technology Unit** — \$5.3 million ongoing General Fund and 15 positions in FY 2023-24 to establish an Information Technology Unit within OPR to support internal department oversight and Administration of information technology needs.