

HEALTH AND HUMAN SERVICES

The Health and Human Services Agency oversees departments and other state entities that provide health and social services to California's vulnerable and at-risk residents. The Budget includes \$158.6 billion (\$40.3 billion General Fund and \$118.3 billion other funds) for all health and human services programs. Figure HHS-01 displays expenditures for each major program area and Figure HHS-02 displays program caseload.

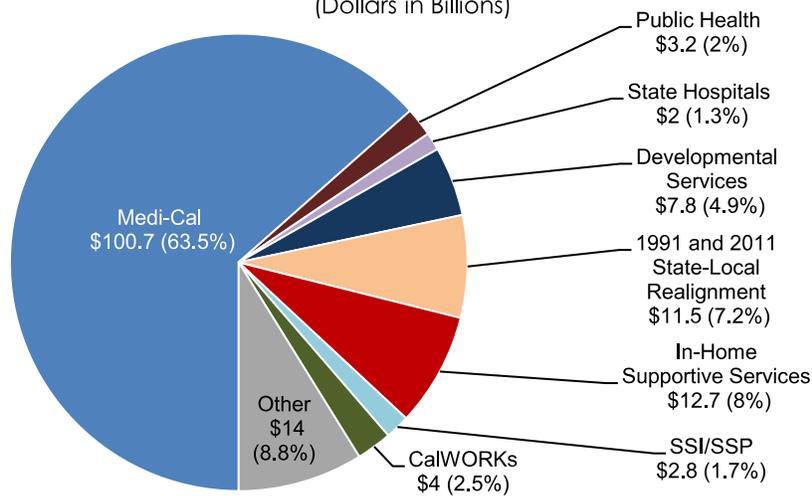
MAKING HEALTH CARE MORE AFFORDABLE AND CONTINUING PROGRESS TO ACHIEVE UNIVERSAL COVERAGE

The Budget proposes a series of changes and investments to make health care more affordable and to continue making progress in achieving universal health care. Specifically, it proposes to leverage the state's purchasing power to maintain access to critical prescription drugs at a lower cost to taxpayers, employers, and consumers; increases subsidies and expands coverage to reduce the number of uninsured; and makes investments to increase prevention efforts, improve access, and reduce costs.

ADDRESSING THE RISING COSTS OF PRESCRIPTION DRUGS

The rising cost of prescription drugs is a national and state problem. All patients are impacted by the high cost of prescription drugs. Some pharmaceutical manufacturers are increasing the prices of necessary drugs, making access increasingly difficult.

Figure HHS-01
Health and Human Services Proposed 2019-20 Funding^{1/}
All Funds
 (Dollars in Billions)



^{1/} Totals \$158.6 billion for support, local assistance, and capital outlay. This figure includes reimbursements of \$14 billion and excludes \$2.5 million in Proposition 98 funding in the Department of Developmental Services budget and county funds that do not flow through the state budget.
 Note: Numbers may not add due to rounding.

Figure HHS-02
Major Health and Human Services Program Caseloads

	2018-19 Revised	2019-20 Estimate	Change
Medi-Cal	13,168,300	13,220,100	51,800
California Children's Services (CCS) ^{1/}	15,131	15,131	0
CalWORKs	391,161	371,316	-19,845
CalFresh	1,694,645	1,874,680	180,035
SSI/SSP (support for aged, blind, and disabled)	1,232,984	1,218,328	-14,656
Child Welfare Services ^{2/}	113,363	111,903	-1,460
Foster Care	41,530	41,530	0
Adoption Assistance	87,073	87,709	636
In-Home Supportive Services	540,078	564,330	24,252
Regional Centers	333,094	349,606	16,512
State Hospitals ^{3/}	6,508	6,722	214
Developmental Centers ^{4/}	323	292	-31
Vocational Rehabilitation	26,600	26,600	0

^{1/} Represents unduplicated quarterly caseload in the CCS Program. Does not include Medi-Cal CCS beneficiaries.

^{2/} Represents Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement service areas on a monthly basis. Due to transfers between each service area, cases may be reflected in more than one service area.

^{3/} Represents the year-end population at State Hospitals, county Jail-Based Competency Treatment programs, and Kern Admission, Evaluation and Stabilization center.

^{4/} Represents the year-end population.

The Budget proposes steps to use the state's purchasing power to achieve a single-payer system for prescription drugs in California. Absent federal action to address these rising costs, the state must do what is in its power to get better prices from pharmaceutical manufacturers for taxpayers, employers, and consumers.

The Budget proposes to transition all pharmacy services for Medi-Cal managed care to a fee-for-service benefit. A fee-for-service pharmacy program will increase drug rebate savings and help the state secure better prices by allowing California to negotiate with pharmaceutical manufacturers on behalf of a much larger population of Medi-Cal beneficiaries. Such a standardized drug benefit will reduce confusion among beneficiaries without sacrificing quality or outcomes. This proposal is estimated to result in hundreds of millions of dollars in annual savings starting in fiscal year 2021-22.

In addition, to leverage its purchasing power and achieve lower prices for taxpayers, employers, and consumers across the state, the Administration will strengthen the existing California Pharmaceutical Collaborative to obtain lower prices for drugs purchased directly or indirectly by the state, excluding the Medi-Cal program. The Administration will also seek legislative changes to create a bulk purchasing prescription drug program to be accessed by public and private payers alike. Together, these efforts will make the state a single purchaser for prescription drugs and allow Californians to obtain necessary drugs at a much lower cost.

INVESTING IN PREVENTION TO IMPROVE HEALTH OUTCOMES AND REDUCE COSTS

A large share of Medi-Cal spending occurs in the first year or last year of life, or among enrollees with serious mental illness, hypertension, and diabetes. To better meet the needs of Medi-Cal enrollees and reduce costs, the Budget includes investments to increase prevention, better address the social determinants of health, and improve the availability of care.

- To strengthen preventive services and better address the social determinants of health, the Budget includes \$60 million (\$30 million Proposition 56 funds) to provide early developmental screenings for children and \$45 million (\$22.5 million Proposition 56 funds) for adverse childhood experiences (ACEs) screenings for children and adults in the Medi-Cal program. The Budget also includes funding for home visiting programs and for other services to meet the needs of children and their parents. In addition, the Budget increases CalWORKs grants for the state's lowest income families so parents can better meet their children's needs

for safe housing, food and other basic needs. See the Early Childhood chapter for more information.

- To increase the availability of care, including mental health, primary care, family planning services, and dental care, the Budget extends the supplemental payments to Medi-Cal providers and the increased funding for the family PACT program. The Budget also includes an additional \$50 million in Proposition 56 funds for family planning services in the Medi-Cal program.
- According to a 2015 analysis by the Department of Health Care Services, 5 percent of Medi-Cal beneficiaries account for 51 percent of costs, and the top 1 percent account for 27 percent of costs. To reduce costs and better manage the care of these high cost Medi-Cal enrollees, the Budget invests \$360 million (\$180 million in Proposition 56 funds) for a program that encourages Medi-Cal managed care providers to meet goals in critical areas, such as management of chronic disease and behavioral health integration. It also provides \$100 million for supportive housing and other supports through the Whole Person Care Pilot Program.

INCREASING SUBSIDIES AND EXPANDING COVERAGE

California has been a national leader in the implementation of the Affordable Care Act (ACA). As a result, California's uninsured rate for non-elderly Californians dropped from 17.6 percent in 2012 to 10.4 percent in 2016 (a 40-percent reduction). To continue making progress in achieving universal coverage, the Budget proposes the following changes:

- Increase subsidies through Covered California for individuals with incomes between 250 and 400 percent of the federal poverty level, and expand subsidies to individuals with incomes between 400 and 600 percent of the federal poverty level to increase coverage and promote affordability. The increased subsidies will be funded by revenues generated by establishing a state individual mandate, modeled on the federal requirement enacted as part of the ACA, to obtain comprehensive health care coverage or pay a penalty. A recent study conducted by UC Berkeley and UCLA estimates that without state action, the uninsured rate will rise to 12.9 percent by 2023—a 24-percent increase from 2016. The proposed subsidies and state mandate will promote health care affordability, coverage, and use of preventative care, as well as decrease uncompensated care and county indigent health care costs. The Franchise Tax Board will implement the penalty and Covered California will administer the subsidies.

- Building upon the children's Medi-Cal expansion under Chapter 18, Statutes of 2015 (SB 75), the Budget includes \$260 million (\$196.5 million General Fund) to expand full-scope Medi-Cal coverage to eligible young adults aged 19 through 25 regardless of immigration status, starting no sooner than July 1, 2019. About 75 percent of these adults are currently in the Medi-Cal system, and are either receiving restricted-scope benefits or services under SB 75. This expansion will provide full-scope coverage to approximately 138,000 undocumented adults in the first year.

MENTAL HEALTH

The state's mental health system includes services provided by both the state and counties—with services primarily provided in the community through county-run systems that have significant state and federal funding participation. Emerging challenges to this system include the state's growing homeless population (which has a high prevalence of mental illness); a growing need for mental health practitioners; and the need to continue to seek new, innovative approaches to intervene as early as possible when mental illness is detected, especially in young people.

In response to these issues, the Budget proposes additional funding across a number of program areas that will help address some of the state's most pressing mental health needs.

MENTAL HEALTH WORKFORCE INVESTMENT

To help address the increasing need for public mental health practitioners, the Budget includes \$50 million General Fund to increase training opportunities for workforce programs. This additional funding for mental health workforce programs, administered by the Office of Statewide Health Planning and Development, will increase the number of providers focused on quality mental health care. To increase the effectiveness of this one-time funding, it is appropriate for universities, health clinics, and philanthropic organizations to contribute to this effort. Working together, this shared investment can provide a meaningful benefit to the entire public mental health system.

EARLY PSYCHOSIS RESEARCH AND TREATMENT

Given the link between early treatment of psychosis and more successful outcomes, the Budget includes \$25 million General Fund to better detect and intervene when young people have had, or are at high risk of experiencing, psychosis. Specifically, these

one-time grant funds will be used for projects that demonstrate innovative approaches to detect and intervene when a young person has experienced a first episode of psychosis.

WHOLE PERSON CARE PILOT PROGRAMS

In conjunction with its focus on homelessness, the Budget invests \$100 million General Fund for Whole Person Care Pilot Programs. These programs focus on coordinating health, behavioral health (mental health and substance use disorders), and social services, and this funding is expected to help provide additional supportive housing for people with mental illness. See the Homelessness chapter for more information.

EXPEDITE THE ALLOCATION OF NO PLACE LIKE HOME BOND FUNDING

Voters approved the No Place Like Home \$2 billion bond program (to be repaid with Mental Health Services Act revenues) in the November 2018 election. These bonds will help provide supportive multifamily housing for individuals experiencing mental illness who are either homeless or at risk of homelessness. The Administration will accelerate No Place Like Home program awards and, combined with the additional tax credits and state investments included in the Budget (see the Housing and Local Government chapter), provide needed gap financing for developers to increase the production of affordable housing units.

CHANGES TO 1991 REALIGNMENT FUNDING FOR COUNTY MENTAL HEALTH

As discussed in the Department of Social Services section below, the changes proposed to the counties' share of In-Home Supportive Services program costs result in additional 1991 Realignment funding for county mental health programs. The increase in revenues for county mental health programs in 2019-20 is estimated to be approximately \$70 million, for a total of \$84 million in growth funding for these programs.

DEPARTMENT OF HEALTH CARE SERVICES

Medi-Cal, California's Medicaid program, is administered by the Department of Health Care Services. Medi-Cal is a public health care coverage program that provides comprehensive health care services at no or low cost for low-income individuals. The federal government mandates basic services be included in the program, including: physician services; family nurse practitioner services; nursing facility services; hospital inpatient and outpatient services; laboratory and radiology services; family planning; and early and periodic screening, diagnosis, and treatment services for

children. In addition to these mandatory services, the state provides optional benefits such as outpatient drugs, dental, home and community-based services, and medical equipment. The Department also operates the California Children's Services and the Primary and Rural Health programs, and oversees county-operated community mental health and substance use disorder programs.

The Medi-Cal Budget is \$98.5 billion (\$20.7 billion General Fund) in 2018-19 and \$100.7 billion (\$22.9 billion General Fund) in 2019-20. The Budget assumes that caseload will decrease approximately 1.19 percent from 2017-18 to 2018-19 and increase 0.39 percent from 2018-19 to 2019-20. Medi-Cal is projected to cover approximately 13.2 million Californians in 2019-20, including 3.8 million in the optional expansion population.

In 2019-20, the Budget reflects an 8.5-percent state share of cost for the optional expansion population. The Budget includes \$19.9 billion (\$2.2 billion General Fund) in 2019-20 for this population.

PROPOSITION 56

Continuing efforts established in the 2018 Budget Act, the Budget includes \$3.2 billion (\$1.05 billion Proposition 56 funds) for supplemental payments and rate increases for physicians, dentists, family planning services, Intermediate Care Facilities for the Developmentally Disabled, HIV/AIDS waiver services, Home Health, pediatric day health services, and new investments. In addition to the new investments in value-based payments and developmental and ACEs screenings described in the Investing in Prevention to Improve Health Outcomes and Reduce Costs section above, the Budget includes an additional \$50 million Proposition 56 funds for family planning services in the Medi-Cal program. Given that certain family planning services are eligible for enhanced federal funding, this additional funding could result in up to \$500 million in additional payments for family planning.

Figure HHS-03 displays proposed Proposition 56 expenditures for 2019-20.

Figure HHS-03
Proposition 56 Expenditures
(Dollars in Millions)

Investment Category	Department	Program	2019-20 Governor's Budget
Enforcement	Department of Justice	Local Law Enforcement Grants	\$26.0
	Department of Justice	Distribution and Retail Sale Enforcement	\$6.9
	Department of Tax & Fee Administration	Distribution and Retail Sales Tax Enforcement	\$4.5
	Department of Public Health	Law Enforcement	\$5.3
Education, Prevention, and Research	University of California	Cigarette and Tobacco Products Surtax Medical Research Program	\$58.6
	University of California	Graduate Medical Education	\$36.5
	Department of Public Health	State Dental Program	\$28.8
	Department of Public Health	Tobacco Prevention and Control	\$137.0
	State Department of Education	School Programs	\$24.2
Health Care	Department of Health Care Services	Health Care Treatment	\$1,053.5
Administration and Oversight	State Auditor	Financial Audits	\$0.4
	Department of Tax & Fee Administration	Sales and Use Tax	\$1.0
Revenue Backfills	Proposition 99, Breast Cancer Research Fund, Proposition 10, and General Fund		\$69.7
Total			\$1,452.5

Other Significant Adjustments:

- Current Year—The Budget assumes decreased expenditures in the Medi-Cal program of approximately \$2.3 billion General Fund compared to the 2018 Budget Act. Unlike most programs, Medi-Cal operates on a cash, rather than an accrual, basis of accounting. This means that the timing of transactions can significantly disrupt fiscal year budgetary estimates. Approximately 30 percent of the current year decrease results from the Hospital Quality Assurance Fee and drug rebate timing. Another one-third of the estimated decrease is attributable to one-time

reconciliations for activity in several prior fiscal years—specifically, lower payments for deferred claims to the federal government and higher withhold payments to skilled nursing facilities. Over half of the remaining variance is due to updated data, including lower-than-expected managed care costs and ACA optional expansion caseload, as well as higher-than-expected drug rebate savings.

- **Medi-Cal Estimate Improvement**—To address estimating challenges presented by cash-basis accounting and other Medi-Cal financing complexities, the Budget includes \$3.8 million (\$1.8 million General Fund) to strengthen fiscal forecasting of the Medi-Cal and Family Health estimates and to improve the oversight and monitoring of Medi-Cal program expenditures. Additionally, the Budget proposes the creation of the Medi-Cal Drug Rebate Fund as a fiscal management tool that will help alleviate the General Fund volatility resulting from pharmacy rebates.
- **Full-Scope Medi-Cal Expansion for Undocumented Adults**—The Budget expands full-scope Medi-Cal coverage to undocumented adults aged 19 through 25 in 2019-20. As the state takes on responsibility for providing care to these newly eligible individuals, county costs and responsibilities are expected to decrease. To reflect this shift, starting in 2019-20, the Budget assumes changes to the AB 85 redirection amounts for the County Medical Service Program Board's and certain other counties' indigent care realignment revenue. These adjustments will result in the availability of additional realignment funds to offset General Fund costs in CalWORKs. Net costs after accounting for the associated In-Home Supportive Services benefits and the revised AB 85 redirection amount are approximately \$133.5 million General Fund. See the Increasing Subsidies and Expanding Coverage section for more information.
- **Medi-Cal County Administration**—The Budget includes \$2.1 billion (\$723.6 million General Fund) in 2019-20 for county eligibility determination activities, an increase of \$53 million over the 2018-19 level of funding based on growth in the California Consumer Price Index (2.63 percent).

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence. The Department's major programs include CalWORKs, CalFresh, In-Home Supportive Services (IHSS), Supplemental Security Income/State Supplementary Payment (SSI/SSP), Child Welfare

Services, Community Care Licensing, and Disability Determination. The Budget includes \$26.2 billion (\$9.5 billion General Fund) for DSS in 2019-20.

IN-HOME SUPPORTIVE SERVICES

The IHSS program provides domestic and related services such as housework, transportation, and personal care services to eligible low-income aged, blind, and disabled persons. These services are provided to help individuals remain safely in their homes and prevent more costly institutionalization. The Budget includes \$12.7 billion (\$4.3 billion General Fund) for the IHSS program in 2019-20, a 15.2-percent increase in General Fund costs over the revised 2018-19 level. Average monthly caseload in this program is estimated to be 564,000 recipients in 2019-20, a 4.5-percent increase compared to the revised 2018-19 projection.

Significant Adjustments:

- **Restoration of the 7-Percent Across-the-Board Service Hours Reduction**—Due to enactment of the managed care organization tax, the 7-percent across-the-board reduction in IHSS service hours was restored for the duration of the managed care organization tax. Under current law, the managed care organization tax will expire on July 1, 2019. While the Budget does not assume an extension of the tax, it does propose to restore the 7-percent reduction effective July 1, 2019. The cost to restore the 7-percent reduction is estimated to be \$342.3 million General Fund in 2019-20. This will protect services for vulnerable individuals served by IHSS.
- **Revised County IHSS Maintenance-of-Effort**—A new Maintenance-of-Effort (MOE) was negotiated in 2017, which reset the base for counties' share of program costs and applies an annual inflation factor to the MOE beginning in 2018-19 under specified conditions. The MOE provides fiscal relief to counties for IHSS program costs through a combination of General Fund offsets and temporary redirection of 1991 Realignment growth funds from county indigent health and mental health services to fund a portion of county IHSS costs. The Budget proposes to adjust the IHSS MOE inflation factor, redirect 1991 Realignment back to county indigent health and mental health services, and reduce counties' IHSS MOE to \$1.56 billion, thereby increasing General Fund costs by \$241.7 million in 2019-20. A 4-percent annual inflation factor will be applied to the MOE beginning in 2020-21. This action reflects a

recognition that the state and federal government have taken actions that increase IHSS costs beyond available 1991 Realignment revenues for this program.

- **IHSS County Administration**—The Budget includes an ongoing increase of \$15.4 million General Fund for IHSS county administration to reflect revised benefit rate assumptions, for a total of \$326 million General Fund for IHSS county administration.
- **Electronic Visit Verification**—Federal law requires states to implement an electronic visit verification system for personal care services by January 1, 2020, and for home health care services by January 1, 2023. Failure to comply with the electronic visit verification requirement would result in an escalating fiscal penalty in the form of a percentage point reduction in federal matching funds. To comply with federal law, the Budget includes \$34.9 million (\$5.3 million General Fund) to implement an electronic visit verification solution and enhancements to the Case Management, Information and Payrolling System for personal care services.
- **Full-Scope Medi-Cal Expansion for Undocumented Adults**—The Budget proposes to expand full-scope Medi-Cal coverage to undocumented adults aged 19 through 25, resulting in costs of \$2.2 million General Fund to the IHSS program in 2019-20. For more information, see the Increasing Subsidies and Expanding Coverage section above.

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

The CalWORKs program, California's version of the federal Temporary Assistance for Needy Families (TANF) program, provides temporary cash assistance to low-income families with children to meet basic needs. It also provides welfare-to-work services so that families may become self-sufficient. Eligibility requirements and benefit levels are established by the state. Counties have flexibility in program design, services, and funding to meet local needs.

Total TANF expenditures are \$8 billion (State, Local, and Federal Funds) in 2019-20. The amount budgeted includes \$5.5 billion for CalWORKs program expenditures and \$2.5 billion in other programs. These programs include expenditures for Cal Grants, Department of Education child care, Child Welfare Services, Foster Care, Department of Developmental Services programs, the Statewide Automated Welfare System, the Work Incentive Nutritional Supplement system, California Community Colleges Child Care and Education services, and the Department of Child Support Services. The monthly average CalWORKs caseload is estimated to be approximately 371,000

families in 2019-20, an 8.9-percent decrease from the 2018 Budget Act projection. Due largely to an improving economy, caseload has decreased every year from a recent peak of 587,000 in 2010-11.

Significant Adjustments:

- **CalWORKs Grant Increase**—The Budget includes \$347.6 million General Fund in 2019-20 to raise grant levels to 50 percent of the projected 2019 federal poverty level, effective October 1, 2019. Full-year costs of the proposed grant increase are estimated to be \$455.4 million. As a result, the maximum grant level for an assistance unit of three will increase from \$785 to \$888 per month. See the Early Childhood chapter for additional information.
- **Home Visiting Services**—The Budget includes \$78.9 million to provide home visiting services to an anticipated 16,000 eligible CalWORKs families in 2019-20. Approximately 15,000 cases are estimated to be served on an annual basis beginning in 2020-21. See the Early Childhood chapter for additional information.
- **Single Allocation Methodology**—The Budget includes a one-time augmentation of \$93.6 million for the county single allocation. The Administration will continue to work with representatives of counties and county welfare directors to develop recommendations for revising the single allocation budgeting methodology for the Employment Services component as part of the May Revision.
- **County Indigent Health Savings**—The Budget reflects \$617.7 million in projected county indigent health savings in 2019-20 to offset General Fund costs in the CalWORKs program, a decrease of \$155.5 million from 2018-19. This decrease is more than offset by additional indigent health savings (based on the latest reconciliation) of \$315 million available from 2016-17.
- **Safety Net Reserve Increase**—The Budget increases the Safety Net Reserve Fund by \$700 million, bringing the total amount in the fund to \$900 million. These funds will be available for CalWORKs and Medi-Cal services and benefits during an economic downturn.

SUPPLEMENTAL SECURITY INCOME (SSI)/STATE SUPPLEMENTARY PAYMENT (SSP)

The federal SSI program provides a monthly cash benefit to aged, blind, and disabled persons who meet the program's income and resource requirements. In California, the SSI payment is augmented with an SSP grant. These cash grants assist recipients with basic needs and living expenses. The federal Social Security Administration administers the SSI/SSP program, making eligibility determinations, computing grants, and issuing

combined monthly checks to recipients. The state-only Cash Assistance Program for Immigrants (CAPI) provides monthly cash benefits to aged, blind, and disabled legal noncitizens who are ineligible for SSI/SSP due solely to their immigration status.

The Budget includes \$2.75 billion General Fund for the SSI/SSP program. This represents a 0.5-percent decrease from the revised 2018-19 budget. The average monthly caseload in this program is estimated to be 1.22 million recipients in 2019-20, a 1.2-percent decrease from the 2018-19 projection. The SSI/SSP caseload consists of 70 percent disabled persons, 28.8 percent aged, and 1.2 percent blind.

Effective January 2019, the maximum SSI/SSP grant levels are \$931 per month for individuals and \$1,564 per month for couples. The federal cost of living adjustments based on the current Consumer Price Index growth factors are 2.8 percent for 2019 and a projected 2.5 percent for 2020. As a result, the maximum SSI/SSP monthly grant levels will increase by approximately \$19 and \$29 for individuals and couples, respectively, effective January 2020. CAPI benefits are equivalent to SSI/SSP benefits, less \$10 per month for individuals and \$20 per month for couples. Beginning June 1, 2019, due to the SSI Cash-Out Reversal, CAPI benefits will be equivalent to SSI/SSP payment standards.

Significant Adjustments:

- **Elimination of SSI Cash-Out Policy**—Last year's budget made SSI recipients eligible for federal CalFresh benefits and provided one-time funding to offset any reduction in benefits due to this policy change. The Budget includes \$86.7 million General Fund in 2019-20 and makes permanent the offset of the loss of food benefits for households that would otherwise experience a reduction resulting from the elimination of the SSI Cash-Out policy.
- **SSI Advocacy**—The Budget proposes an annual appropriation of \$25 million General Fund beginning in 2019-20 for the Housing and Disability Advocacy Program. For more information on SSI Advocacy, refer to the Homelessness chapter.

CHILDREN'S PROGRAMS

Child Welfare Services include family support and maltreatment prevention services, child protective services, foster care services, and adoptions. California's child welfare system provides a continuum of services to children who are either at risk of or have suffered abuse and neglect. Program success is measured in terms of improving the safety, permanence, and well-being of children and families served. The Budget includes \$463.8 million General Fund in 2019-20 for services to children and families

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under these programs, an increase of \$25.2 million General Fund, or 5.7 percent, over the 2018 Budget Act. When federal and 1991 and 2011 Realignment funds are included, total funding for children's programs amounts to \$5.6 billion in 2019-20.

In 2017, California began implementation of the Continuum of Care Reform (CCR), as enacted in Chapter 773, Statutes of 2015 (AB 403). The reforms emphasize home-based family care; improve children's access to services without having to change out-of-home placements to get those services; and increase the role of children, youth and families in assessment and case planning. The reforms also provide for greater coordination of child welfare and mental health services.

Significant Adjustment:

- Continuum of Care Reform—The Budget includes \$416.9 million (\$301.7 million General Fund) to continue implementation of CCR. This funding reflects ongoing support for child and family teams, approval of resource families, and continued emphasis of home-based, family care placements with supportive services rather than group home care placements for children in foster care. Although significant progress has been made with the transition of youth in foster care from group homes to Short-Term Residential Therapeutic Programs beginning January 1, 2017, assumptions on caseload movement were revised to more accurately reflect the pace of implementation.

IMMIGRATION SERVICES

The Department of Social Services funds qualified nonprofit organizations to provide legal services to immigrants who reside in California via the Unaccompanied Undocumented Minors and Immigration Services Funding programs. The Budget includes \$75 million in 2019-20 and annually thereafter for immigration-related services, which maintains the funding levels included in the 2018 Budget Act, with the exception of the University of California funding, which will receive \$1.3 million General Fund ongoing beginning in 2022-23. The University of California's one-time funding in the 2018 Budget Act is sufficient to support the University's legal services program through the 2021-22 fiscal year.

Approximately 2,500 unaccompanied undocumented minors have been assisted since 2015 when the Department began administering the program, and more than 90 organizations have received resources to provide immigration-related services. Services include assisting applicants seeking Deferred Action for Childhood Arrivals; assisting applicants seeking naturalization; assisting applicants seeking other immigration

remedies; legal training and technical assistance services; education and outreach activities; and assisting individuals with removal defense.

Additionally, the Budget includes \$20 million General Fund to establish an Immigration Rapid Response Program. These funds will be available over a three-year period to assist qualified community-based organizations and nonprofit entities in providing services during immigration or human trafficking emergency situations when federal funding is not available. These funds will also be available to support the redirection of state-level staff who directly assist in response efforts. The Budget also includes one-time funding of \$5 million General Fund to address immigration-related emergencies that occur during the 2018-19 fiscal year.

OTHER SIGNIFICANT ADJUSTMENTS

- **California Statewide Automated Welfare System (CalSAWS)**—As a condition of federal financial participation, the federal government requires the state to create a single SAWS by 2023. The current SAWS consists of three separate county-administered systems: the Consortium-IV system, the Los Angeles County LEADER Replacement System, and the CalWORKs Information Network system. The state will integrate all three into one system, known as CalSAWS. The Budget includes \$148.2 million (\$31.2 million General Fund) in 2019-20 to design, develop, and implement CalSAWS.
- **The CalFood Program and Food Bank Capacity Improvements**—The Budget continues to provide \$8 million General Fund for the CalFood program. In addition, the Budget includes one-time \$20 million General Fund in 2019-20 to support infrastructure needs of California food banks' emergency food delivery system, including capital investments needed to support food collection, storage, and distribution.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services provides individuals with developmental disabilities a variety of services that allow them to live and work independently or in supported environments. California is the only state that provides services to individuals with developmental disabilities as an entitlement. The Budget includes \$7.8 billion (\$4.8 billion General Fund) and estimates that approximately 350,000 individuals will receive developmental services by the end of 2019-20.

STATE-OPERATED FACILITIES

In 2015, the state announced the planned closure of the three remaining developmental centers: Sonoma, Fairview, and the general treatment area of Porterville. As residents transition out of the developmental centers and into the community, the Department estimates the developmental center population will reach 323 residents by July 1, 2019, and will decrease to 292 residents by June 30, 2020. After these closures, the Department will continue operating the secure treatment program at Porterville, the Canyon Springs community facility, and state-operated acute crisis facilities in Northern and Southern California. In recognition of the closure of developmental centers and the increased need for acute crisis and mobile crisis services in the community, the Budget includes \$5.3 million (\$4.8 million General Fund) to expand these crisis services to the Central Valley.

COMMUNITY SERVICES

The developmental center closures require the Department to strengthen its focus on community services. In support of this effort, the Budget includes \$8.1 million (\$6.5 million General Fund) for a reorganization of departmental headquarters, which will lead to increased oversight of regional centers and provider operations as well as enhanced program compliance.

An additional focus on community services and associated reforms is expected given a statutorily required developmental services rate study that is due in March 2019. Discussions regarding rates must be done in conjunction with transparency and accountability reforms.

Other Significant Adjustments:

- Specialized Caseload Ratios—The Budget includes \$5.4 million (\$3.7 million General Fund) to establish a reduced regional center caseworker caseload ratio for consumers with specialized medical and behavioral needs.
- Development of Community Crisis Homes for Children—The Budget includes \$4.5 million General Fund one-time to expand the development of community crisis housing specifically for children.
- Specialized Home Monitoring—The Budget includes \$3.8 million (\$2.6 million General Fund) for the increased monitoring of Enhanced Behavioral Support Homes and Community Crisis Homes. This will result in reduced caseload ratios for regional centers for these particular models.

- **Best Buddies**—The Budget includes \$1.5 million General Fund to support social inclusion, integrated employment, and leadership program services for children and adults with developmental disabilities, which will include a report of the number of persons served annually with these funds. The Administration notes that additional integrated employment opportunities for persons with developmental disabilities should be provided within state government, including constitutional officers and the Legislature.

DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals administers the state mental health hospital system, the Forensic Conditional Release Program, the Sex Offender Commitment Program, and the evaluation and treatment of judicially and civilly committed patients. The Budget includes \$2 billion (\$1.8 billion General Fund) in 2019-20 for support of the Department. The patient population is expected to reach 6,722 by the end of 2019-20.

INCOMPETENT TO STAND TRIAL ADMISSIONS (IST)

The Department continues to experience a significant number of IST commitments—who are referred from local courts—awaiting admission to the state hospital system. Although the rate of increase the Department has experienced in recent years has slowed, the number of ISTs pending placement into the state hospital system remains high, and was above 800 individuals in December 2018.

To help address this need, the Budget includes \$18.6 million General Fund and 119.3 positions for the second phase of the Metropolitan State Hospital's secured treatment area expansion. When completed in 2019, it will provide a total of 236 additional secured forensic beds for the treatment of ISTs at the Metropolitan State Hospital. Furthermore, the Budget includes \$12.3 million General Fund to allow the Department to contract for up to 74 additional jail-based competency restoration treatment beds through the county jail treatment programs. These efforts are intended to reduce the pending placement time for ISTs and the waitlist.

MISSION-BASED REVIEW: CLINICAL STAFFING STUDY

In 2013, the Department initiated a Clinical Staffing Study to develop a data-centered approach to standardize staffing at the five state hospitals in four high-priority areas: Hospital Forensic Departments, 24-Hour Care Nursing Services, Protective Services, and Treatment Planning and Delivery.

The study was driven by significant changes in the patient population in recent decades. In 1995, patients committed through the criminal court system comprised approximately 65 percent of the 4,000 State Hospital patients. Today, these forensically committed patients represent over 90 percent of the population. As part of the Mission-Based Review process, the Department of Finance and the Department of State Hospitals have completed a comprehensive evaluation of two of these staffing studies, Hospital Forensic Departments and 24-Hour Care Nursing Services. Based on that evaluation, the Budget includes \$24.9 million and 168.3 positions for the following:

- **Direct Care Nursing**—The Budget includes \$15 million General Fund and 117.3 positions for the first year of a three-year phase-in to staff 128 medication rooms and to provide nighttime nursing supervisors in units across the five state hospitals. This will increase the number of direct-care nursing staffing in these units in an effort to reduce patient violence, staff injuries, and staff turnover and absenteeism.
- **Court Evaluations and Reports**—The Budget includes \$8.1 million General Fund and 43 positions for the first year of a three-year phase-in of additional staff dedicated to forensic evaluations, court reports, court testimony, court report coordination, neuropsychological assessments, and treatment. The forensic workload has grown to over 11,000 evaluations and reports annually. The Budget proposes dedicated staffing and a standardized approach to this specialized forensic workload at all five hospitals. Utilizing specialists, evaluations and court reports will be more consistent statewide, and will provide separation between a patient's treating clinician and the individual testifying on behalf of the state hospital in court. In addition, the additional staff will reduce the amount of time that treating clinicians spend in court, allowing them to focus on patient treatment.
- **Workforce Development**—The Budget includes \$1.8 million and 8 positions to both expand partnerships with community colleges to increase capacity in existing Psychiatric Technician training programs and to establish a Forensic Psychiatry Residency program at Napa State Hospital. Individuals participating in the residency program will provide treatment, reducing the need for contract services. Historically, many participants in similar programs are retained after the program is completed.

Significant Adjustment:

- **Patient-Driven Operating Expenses**—The Budget includes \$10.5 million General Fund for increased patient-driven operating expenses and equipment costs, such as pharmaceuticals, outside medical costs, and food. In addition, the Budget includes

a standardized estimate methodology for determining State Hospital patient operating expenses and equipment needs, to be applied beginning in 2019-20.

DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health is charged with protecting and promoting the health and well-being of the people of California. The Budget includes \$3.2 billion (\$183.7 million General Fund) in 2019-20 for the Department.

LICENSING

Among its many programs, the Department regulates many types of health care facilities and entities in the state. Currently, the Department contracts with the Los Angeles County Department of Public Health to regulate certain health care entities located in Los Angeles County. In an effort to better reflect this licensing workload, the Budget includes an additional \$17.2 million Licensing and Certification Fund to begin implementation of a new, expanded contract with Los Angeles County. This brings the full 2019-20 cost of the contract with Los Angeles to \$65.5 million. The new contract will reflect a focus on quantity, quality, and customer service and a shift toward Los Angeles County conducting all regulatory work within the county. To reflect the higher cost of doing business in Los Angeles County, the Department began assessing and applying a supplemental fee to its regulated health care entities located in Los Angeles County beginning in 2018-19.

Other Significant Adjustments:

- Alzheimer's Disease Program Grant Awards and Governor's Task Force on Brain Health—The Budget includes an additional \$3 million General Fund on an ongoing basis for the Alzheimer's Disease Program to support research grants. Given that Alzheimer's occurs in higher rates for women and communities of color, the new grants will focus on research to understand the greater prevalence of Alzheimer's among these groups. The funding will also support the creation and implementation of the Governor's Task Force on Brain Health
- Sexually Transmitted Diseases Prevention—The Budget includes \$2 million General Fund for additional funding to local health jurisdictions for the prevention of sexually transmitted diseases.

- Home Visiting and Black Infant Health—The Budget includes \$30.5 million General Fund to expand the California Home Visiting and Black Infant Health programs as referenced in the Early Childhood chapter.

2011 REALIGNMENT FUNDING

To provide services more efficiently and effectively, 2011 Realignment shifted responsibility and dedicated funding for public safety services to local governments. In addition, community mental health programs previously funded in 1991 Realignment are now funded primarily by revenue dedicated for 2011 Realignment.

Figure HHS-04 identifies the programs and funding for 2011 Realignment, which are funded through two sources: a state special fund sales tax rate of 1.0625 percent totaling \$7.7 billion, and \$731.3 million in Vehicle License Fees. These funds are deposited into the Local Revenue Fund 2011 for allocation to the counties and are constitutionally guaranteed for the purposes of 2011 Realignment.

Figure HHS-04
2011 Realignment Estimate at 2019-20 Governor's Budget
(Dollars in Millions)

	2017-18	2017-18 Growth	2018-19	2018-19 Growth	2019-20	2019-20 Growth
Law Enforcement Services	\$2,467.2		\$2,560.8		\$2,697.1	
Trial Court Security Subaccount	550.3	\$9.4	559.7	\$13.6	573.3	\$12.5
Enhancing Law Enforcement Activities Subaccount ^{1/}	489.9	192.8	489.9	228.1	489.9	241.4
Community Corrections Subaccount	1,241.1	70.1	1,311.2	102.3	1,413.5	93.6
District Attorney and Public Defender Subaccount	33.2	4.7	37.9	6.8	44.7	6.2
Juvenile Justice Subaccount	152.7	9.4	162.1	13.6	175.7	12.5
<i>Youthful Offender Block Grant Special Account</i>	(144.3)	(8.9)	(153.1)	(12.8)	(166.0)	(11.8)
<i>Juvenile Reentry Grant Special Account</i>	(8.4)	(0.5)	(8.9)	(0.8)	(9.7)	(0.7)
Growth, Law Enforcement Services		286.4		364.4		366.2
Mental Health^{2/}	1,120.6	8.7	1,120.6	12.7	1,120.6	11.6
Support Services	3,591.7		3,756.7		3,997.5	
Protective Services Subaccount	2,258.0	78.1	2,336.2	114.0	2,450.2	104.3
Behavioral Health Subaccount	1,333.7	86.8	1,420.5	126.7	1,547.3	115.9
<i>Women and Children's Residential Treatment Services</i>	(5.1)	-	(5.1)	-	(5.1)	-
Growth, Support Services		173.6		253.4		231.8
Account Total and Growth	\$7,639.5		\$8,055.9		\$8,413.2	
Revenue						
1.0625% Sales Tax	6,956.8		7,337.9		7,681.9	
Motor Vehicle License Fee	682.7		718.0		731.3	
Revenue Total	\$7,639.5		\$8,055.9		\$8,413.2	

This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

^{1/} Base Allocation is capped at \$489.9 million. Growth does not add to the base.

^{2/} Base Allocation is capped at \$1,120.6 million. Growth does not add to the base.

OTHER HEALTH AND HUMAN SERVICES

The Budget also includes the following significant adjustments:

- **Health Care Workforce Investment**—The 2017 Budget Act included \$100 million over three years to support health care workforce initiatives at the Office of Statewide Health Planning and Development. The funding encourages universities and primary care health professionals to provide health care in medically underserved areas by providing financial support to a variety of medical education programs throughout California. As of December 2018, the allocations have supported 557 first-year

residents in existing residency programs and 72 first-year residents in new residency programs created as a result of this funding. The Budget builds on this initial investment through continued support of these programs with \$33 million General Fund ongoing beginning in 2020-21. The Budget also includes funding for an increased focus on the mental health workforce, as described earlier in the Mental Health section.

- **Mission-Based Review: Vocational Rehabilitation Program**—The Budget includes an increase of \$5 million General Fund in 2019-20 for the Vocational Rehabilitation program at the Department of Rehabilitation. Additional resources are needed to raise uniform fee-for-service rates for community rehabilitation program providers by 10 percent and adjust rates with a wage component to account for state minimum wage increases. These increases will prevent further reductions in service providers for consumers of the Vocational Rehabilitation program. Up to \$1.5 million will support information technology upgrades for the Department's offices and counselors throughout the state to achieve efficiencies and improve consumer support.
- **Traumatic Brain Injury Program**—The Budget includes \$1.2 million General Fund in 2019-20 for the Department of Rehabilitation's Traumatic Brain Injury program, which provides specialized services and supports through local entities to individuals who have suffered a traumatic brain injury. This program has been extended through 2023-24 pursuant to Chapter 402, Statutes of 2018 (SB 398). The program has historically been funded by the State Penalty Fund, which has experienced a significant decline in revenues in the past decade. As a result, the Traumatic Brain Injury program received only \$800,000 in State Penalty Fund revenues in 2018-19. The Budget restores funding to historical levels and provides a dedicated and sustainable funding source through 2023-24.