

# STATEWIDE ISSUES AND VARIOUS DEPARTMENTS

This Chapter describes items in the Budget that are statewide issues or related to various departments.

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## TRANSFORMING STATE GOVERNMENT

The COVID-19 pandemic has disrupted state government operations, forcing the state to find creative ways to adapt and deliver core functions. It has also created an opportunity to rethink the way the state delivers services to its nearly 40 million residents. Investments in technology have already advanced the ability of government to deliver services during the current pandemic, and the state is committed to building on this progress to make California an example of what government should look like in the 21st century.

Transforming state government will include lessons learned from the state's real-time experiment with a statewide telework program. The state's response has shown that teleworking on a large scale is possible, and the ability to optimize a telework approach can reduce the state's carbon footprint and leased office space, while increasing the state's digital presence for the benefit of both California's employees and the people they serve.

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## GOVERNMENT EFFICIENCY

Led by the Government Operations Agency, the Administration will work with agencies and departments to examine their workforce to determine classifications and/or positions that can telework without disruption to serving the citizens of California. Increased telework can reduce statewide absenteeism, increase employee retention, promote inclusion, and move the state toward being an “employer of choice.” Telework is also environmentally favorable, as it reduces vehicle miles traveled and improves air quality.

The COVID-19 pandemic has challenged the state to reexamine in-person processes to protect state employees and the public. For example, the Department of Motor Vehicles (DMV) temporarily closed its field offices, but encouraged the public to use its alternative service channels such as online, mail, kiosks, and a new Service Advisor on DMV’s website. Additionally, DMV launched its Virtual Field Office to create new digital options for transactions with DMV staff that previously required an in-person office visit. As a result, a substantial majority of all DMV transactions can now be processed without a field office visit. The state will build on DMV’s successful pilot program and look to implement similar digital-based services in other agencies or departments that provide a direct service to the public.

In an effort to transform the way the state conducts business and serves Californians, the Administration will use the Office of Digital Innovation to assist agencies and departments to rethink how to meet the public’s needs, including by delivering more government services online. The state will build on the lessons learned through establishing the— <https://COVID-19.ca.gov> —website to build a new CA.gov website. The new site will be user-centered to allow Californians simple, easily understood transactions and to access all state information at a single portal.

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## WORKSPACE INNOVATIONS

With an increased remote workforce, the Administration, led by the Department of General Services (DGS), will evaluate the state’s real estate portfolio to determine which agencies and departments may be able to reduce lease space. Agencies and departments may be able to reconfigure their workspace to include additional meeting rooms and hoteling space, thereby reducing their lease footprint. Reducing space will decrease not only lease costs, but also energy costs. Additionally, DGS will look for possible restacking opportunities in state-owned buildings.

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## ADDITIONAL EFFICIENCY AND COST SAVINGS MEASURES

In addition to the efficiencies described above, the Budget includes a 5-percent reduction to nearly all state department budgets beginning in 2021-22.

- **Reduce Travel**

- Reduce statewide travel costs by using video conferencing for meetings or trainings, where possible.
- Reduce state fuel and insurance costs by assessing use of telematics (a mini GPS device that tracks distance, time, location, and speed) in state vehicles.

- **Improve State Processes**

- Improve processes and quality of services from the customer's point of view by encouraging agencies and departments to attend the Department of Human Resources' Lean Academy.
- Establish performance-based oversight of regulatory programs to better measure, track, and allocate limited resources based on predetermined program performance measures.

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## EMPLOYEE COMPENSATION

As a result of the COVID-19 Recession, and absent the receipt of additional federal funds, reductions in state employee compensation costs are necessary to balance the Budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for purposes identified below, funds will be appropriated for the 2020-21 fiscal year.

The Budget includes a provision providing flexibility for the state and bargaining units to negotiate savings totaling roughly \$2.8 billion (\$1.4 billion General Fund), which is an approximate 10-percent reduction in employee compensation. As of June 26, 2020, the State has reached agreements with 16 of the 21 bargaining units, including the State Employees' International Union, Local 1000; California Association of Highway Patrolmen; California Correctional Peace Officers' Association; California Statewide Law Enforcement Association; Professional Engineers in California Government; California Association of Professional Scientists; International Union of Operating Engineers (bargaining unit 12); and American Federation of State, County, and Municipal Employees. The Administration continues to negotiate with the remaining

bargaining units. To achieve the necessary employee compensation savings, bargaining units that do not have ratified agreements prior to July 1, 2020, will be subject to furloughs.

The Budget authorizes the suspension of various employee compensation increases scheduled for Fiscal Year 2020-21; however, priority is given to targeted salary increases for the state's lowest paid workers. The Budget also authorizes funding for increases in health care premiums and enrollment for active state employees, and retiree health care prefunding for active employees.

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## STATE RETIREMENT CONTRIBUTIONS

The state makes all required pension payments for 2020-21. The Budget reflects the following actions:

- **California Public Employee's Retirement System (CalPERS) State Annual Pension Contribution Payment Offset**—Chapter 33, Statutes of 2019 (SB 90) authorized a \$3 billion General Fund supplemental pension payment toward the CalPERS state plans' unfunded liabilities with the goal of maximizing the state's savings over the next three decades. Of the \$3 billion, \$2.5 billion was paid to CalPERS in 2019. CalPERS applied approximately \$100 million of the \$2.5 billion to produce savings in the 2019-20 employer contributions. The Budget redirects the remaining \$2.4 billion over the next two years to pay the state's obligations that will produce more immediate savings to the state and results in a reduction in the state's retirement contribution in fiscal years 2020-21 and 2021-22.
- **Elimination of \$500 Million General Fund Supplemental Pension Payment to CalPERS**—The Budget eliminates the remaining \$500 million General Fund supplemental pension payment towards the CalPERS state plans' unfunded liabilities as authorized under SB 90. SB 90 was subsequently amended by Chapter 859, Statutes of 2019 (AB 118) to specify that of the \$500 million payment to CalPERS, \$243 million will be applied to the California Highway Patrol (CHP) retirement plan. The Budget instead authorizes the use of Proposition 2 debt repayment funding to make the \$243 million payment to the CHP retirement plan.
- **Suspension of the 2020-21 California State Teachers' Retirement Systems (CalSTRS) Defined Benefit Annual Rate Increase**—The Budget suspends the annual rate increases authorized by the Teachers' Retirement Board at the 2019-20 level in 2020-21.

### Other Significant Adjustments

- **Surplus Money Investment Fund Loan**—The Budget includes \$221 million within the 2020-21 Proposition 2 debt payment requirement to pay down the General Fund's share of the internal cash loan authorized by Chapter 50, Statutes of 2017 (SB 84) to make a \$6 billion supplemental pension payment to the CalPERS state plans in 2017.
- **State Employees' Retirement Contributions**—The Budget includes \$7.0 billion (\$4.0 billion General Fund) for state contributions to CalPERS for state pension costs. This includes \$733 million General Fund for California State University pension costs.
- **Teachers' Retirement Contributions**—The Budget includes \$3.4 billion General Fund for state contributions to CalSTRS. The Budget also makes a \$297 million supplemental payment from the Proposition 2 required debt repayment funds.

The State Retirement and Health Care Contributions figure provides an historical overview of contributions to CalPERS, CalSTRS, the Judges' Retirement System (JRS), JRS II, and the Legislators' Retirement System for pension and health care benefits.

State Retirement and Health Care Contributions <sup>1/ 2/ 4/</sup>

(Dollars in Millions)

	CalPERS <sup>4/</sup>	CSU CalPERS	CalSTRS	JRS	JRS II	LRS <sup>5/</sup>	Active Health & Dental <sup>6/</sup>	Retiree Health & Dental	CSU Retiree Health	Employer OPEB Prefunding <sup>7/</sup>
2011-12	\$3,174		\$1,259	\$195	\$58		\$2,439	\$1,505		0
2012-13	2,948 <sup>8/</sup>	\$449 <sup>8/</sup>	1,303	160	51		2,567	1,365 <sup>8/</sup>	\$222 <sup>8/</sup>	0
2013-14	3,269	474	1,360	188	52	\$1	2,697	1,383	225	22
2014-15	4,042	543	1,486	179	63	1	2,797	1,462	256	38
2015-16	4,338	585	1,935	190	67	1	2,968	1,556	263	63
2016-17	4,754	621	2,473	202	68	1	3,104	1,623	272	342 <sup>10/</sup>
2017-18	5,188	661	2,790	199	80	1	3,192	1,695	285	189
2018-19	5,506	683	3,082	194	84	1	3,255	1,759	313	394
2019-20	5,946	716	3,323	263	87	1	3,443	1,892	331	562
2020-21 <sup>3/ 9/</sup>	6,259	733	3,428	225	85	1	3,713	2,068	362	703

<sup>1/</sup> The chart does not include contributions for University of California pension or retiree health care costs.

<sup>2/</sup> The chart does not reflect the \$6 billion supplemental pension payment to CalPERS in 2017-18 authorized by Chapter 50, Statutes of 2017 (SB 84), Chapter 33, Statutes of 2019 (SB 90), and Chapter 859, Statutes of 2019 (AB 118), authorized multiple one-time supplemental pension payments to CalPERS and CalSTRS, which are also not reflected in the chart. The impact of the adjustments to the SB 90 and AB 118 supplemental pension payments, as authorized as part of the 2020 Budget, are also not reflected in the chart.

<sup>3/</sup> The Budget suspends the Teachers' Retirement Board's statutory authority to adjust the state contribution rate for fiscal year 2020-21. The amount shown excludes the additional \$297 million in supplemental pension payment from Proposition 2 debt payment funding authorized in the Budget.

<sup>4/</sup> In addition to the Executive Branch, this includes Judicial and Legislative Branch employees. Contributions for judges and elected officials are included in JRS, JRS II, and LRS. Amounts displayed in this column reflect statewide contributions to the five CalPERS state plans, including contributions from employers that are not included in the annual Budget Act.

<sup>5/</sup> The state continues to make employer contributions to the Legislators' Retirement System. CalPERS reported the estimated 2020-21 contribution amount is \$84,308.

<sup>6/</sup> These amounts include health, dental, and vision contributions for employees within state civil service, the Judicial and Legislative Branches, and the California State University (CSU).

<sup>7/</sup> Amount reflects the employer contribution to pay down the Other Post-Employment Benefits (OPEB) unfunded liability.

<sup>8/</sup> Beginning in 2012-13, CSU pension and health care costs are displayed separately.

<sup>9/</sup> Estimated as of the 2020 Budget Act. Of the total estimated 2020-21 contributions, contributions sourced from the General Fund are estimated to be \$4,015 million for CalPERS, \$733 million for CSU CalPERS, \$1,744 million for Active Health and Dental, and \$335 million for OPEB Prefunding. Fiscal year 2020-21 contributions to CalSTRS, JRS, JRS II, LRS, and Retiree Health & Dental (including CSU) are all General Fund costs.

<sup>10/</sup> Amount includes a one-time prefunding contribution of \$240 million pursuant to Chapter 2, Statutes of 2016 (AB 133).

## CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

### FAIRGROUNDS

The 77 fairgrounds throughout California that make up the Network of California Fairs have historically supported operations through revenue-generating activities with limited supplemental state support. A total of 53 of the 77 fairgrounds are state-affiliated

fairs and have state civil service employees. As a result of the COVID-19 pandemic, fairs are canceling revenue-generating activities and are projected to lose approximately \$98 million in revenue between March and June 2020, with revenue losses expected to continue.

Many fairs have little to no reserves and must initiate the layoff process immediately as they may become insolvent. The Budget includes \$40.3 million General Fund in 2019-20 to support state-affiliated fairs that are projected to have insufficient reserves to pay legally mandated costs that may be incurred during the state civil service layoff process, including staff salaries, payout of leave balances, and unemployment insurance.

The Administration will work with fairs, local governments, and partners toward alternative options given limited General Fund resources. The Administration plans to engage the Legislature and stakeholders over the course of the next year to develop a thoughtful approach to transition the state's relationship with fairs, while acknowledging the need to continue supporting properties that may be necessary for emergency operations.

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## **FARM TO SCHOOL PROGRAM**

Farm to School Programs are a vital way to improve the health and well-being of California schoolchildren through integrated nutrition education and healthy food access. Hundreds of millions of meals are served each year in California schools, and expanding opportunities for local food procurement that is tied to nutrition education is essential for establishing healthy eating habits that children can carry into adulthood. Procurement of more California Grown food also supports connecting California's agriculture to California consumers.

The Budget includes \$10 million one-time General Fund in 2020-21 and \$1.5 million annually thereafter for the California Department of Food and Agriculture to establish a Farm to School Grant Program. This program will help support California farmers and expand healthy food access in schools by providing grants to schools to establish programs that coordinate local and California Grown food procurement and utilization in school meals. It will also support food and agriculture education in classrooms and cafeterias through experiential learning opportunities in school gardens, on farms and through other culinary agricultural pathways. This funding will also support the Farm to School Working Group to advance farm to school implementation and explore how to create a more resilient and climate-smart food supply in California.

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## PROPOSITION 12

In November 2018, California voters approved Proposition 12, which expanded current animal housing requirements and established new, more stringent minimum space standards on housing for calves raised for veal, breeding pigs and egg-laying hens. The measure also makes it illegal for businesses in California to knowingly sell eggs or uncooked pork or veal that came from animals housed in a manner that does not meet the new confinement requirements, including products from animals raised and maintained at facilities located in California and out-of-state. The Department is finalizing statutorily mandated regulations to establish comprehensive program requirements.

The Budget includes \$1.4 million and 6 positions in 2020-21, and \$2.8 million and 15 positions ongoing to support full implementation of Proposition 12, and also includes statutory changes to establish new fee authority that will support associated program costs. This will be funded for two years by a short-term loan from the Food and Agriculture Fund until this new fee revenue can support all program costs.

### Other Significant Adjustments

- Given the unprecedented budget impacts of the COVID-19 Recession, the Budget includes a baseline decrease of \$3.9 million General Fund ongoing beginning in 2020-21 associated with the reduction of funding for the California Biodiversity Initiative, which was provided in the 2019 Budget Act.

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## CALIFORNIA PUBLIC UTILITIES COMMISSION

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### BROADBAND EXPANSION

The COVID-19 pandemic has required significant numbers of Californians to telework, learn via distance education, and receive healthcare through telehealth. The movement toward these technology platforms highlights the state's inequities in access to computing devices, technology tools, and connectivity. In response, the California Public Utilities Commission (Commission) took action in April to help bridge this digital divide by making \$25 million available from the California Teleconnect Fund for hotspots and Internet service for student households, prioritizing rural, small, and medium-sized school districts. The Commission also made \$5 million available from the California Advanced Services Fund Adoption Account to help cover the cost of

computing and hotspot devices. The Commission coordinated with the California Department of Education and this funding is being prioritized toward low-income communities and communities with high percentages of residents with limited English proficiency.

To identify which areas of the state lack sufficient access to broadband, the Budget includes \$2.8 million and 3 positions from the Public Utilities Commission Utilities Reimbursement Account for the Commission to enhance its broadband mapping activities. This additional information will better inform the state's broadband infrastructure grant program, improve safety by providing broadband speed data at emergency response locations such as fairgrounds, and enhance the state's ability to compete for federal broadband funding.

The Budget also includes statutory changes intended to increase the ability of the state to compete for federal funding to improve access to broadband Internet in California.

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## **WILDFIRE MITIGATION EFFORTS**

Chapter 81, Statutes of 2019 (AB 111) added \$50.1 million in 2019-20 for the Commission to review and enforce utility wildfire mitigation plans and implement Chapter 79, Statutes of 2019 (AB 1054). These bills were enacted to facilitate consumer access to safe, reliable, and affordable power by providing a durable solution to the problems arising from utility-caused wildfires. The bills established a new Wildfire Safety Division, created procedures and standards applicable to catastrophic wildfire proceedings, and established a Wildfire Fund and mechanisms to capitalize the fund to protect ratepayers. The Budget provides 106 new positions and \$30 million for the Commission to address issues related to utility-caused wildfires.

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## **PACIFIC GAS AND ELECTRIC BANKRUPTCY**

In May, the Commission approved Pacific Gas and Electric's (PG&E) bankruptcy plan. As part of its approval of PG&E's plan, the Commission imposed a number of terms and conditions on PG&E, such as an enhanced oversight and enforcement process. Pursuant to the bankruptcy settlement, PG&E has until September 30, 2020, to successfully emerge from bankruptcy.

The Budget includes \$5 million for an observer to monitor PG&E's progress in wildfire preparation and public safety power shutoffs; conduct field visits, interviews, and

inspections. The state will seek reimbursement for these costs from PG&E through the bankruptcy process.

The Budget also provides for a loan of up to \$50 million to Golden State Energy (GSE), a nonprofit utility which will be established to take over PG&E should it fail to meet the deadline for its bankruptcy plan to become effective or to perform as a transformed utility in the future. These funds would be used for initial startup costs until GSE is able to secure revenues or financing.

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## DEPARTMENT OF MOTOR VEHICLES

In response to the COVID-19 pandemic, DMV temporarily closed its field offices to protect both its employees and the public.

DMV took several immediate actions to accommodate the needs of the public. All driver licenses that expire between March 1 and July 31, 2020, have been extended, and temporary paper extensions have been made available for seniors. The validity of expiring commercial driver licenses, endorsements, and certificates has been extended through September 30, 2020. In-person renewals have also been waived for eligible driver license and identification cardholders through July 28, 2020.

During its temporary closure, DMV began procuring personal protective equipment for its staff and developing plans to promote appropriate physical distancing within its offices for an eventual public reopening. DMV began a limited reopening of 25 field offices and 10 industry business centers on May 8 to honor existing appointments and serve customers whose unique transactions cannot be completed through one of DMV's multiple alternative service channels. All offices reopened to the public for appointments and limited services on June 11. Behind-the-wheel drive tests halted in mid-March and resumed on June 26 with additional safety protocols.

During the closures, DMV continued to encourage the public to utilize its alternative service channels such as online, mail, and kiosks. Customers can also use the Service Advisor on DMV's website to learn about service options. Additionally, DMV also quickly launched its DMV Virtual Field Office to create new digital options for transactions with DMV staff that previously required an in-person office visit. As a result, a substantial majority of all DMV transactions can now be processed without a field office visit.

The federal enforcement date by which a federally compliant driver license or identification will be required to board domestic flights or enter secure federal facilities has been extended until October 2021. DMV continues to be funded to provide REAL

IDs by this deadline. Now that offices have reopened, DMV is again able to address these and other transactional needs in field offices.

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## CANNABIS

The Governor's Budget included an announcement of the Administration's intention to consolidate the cannabis-regulatory functions in the Departments of Consumer Affairs, Food and Agriculture, and Public Health into a single Department of Cannabis Control, and stated more details would be submitted to the Legislature in the spring.

The Administration was in the process of developing a more detailed plan, including establishing workgroups tasked with building a foundation and infrastructure for the transition. However, this process was interrupted by the COVID-19 pandemic, requiring the Administration to evaluate its ability to implement the consolidation on July 1, 2020 as planned. Consequently, the consolidation and creation of the new department is on hold and will be pursued through the 2021 Budget process.

In light of the delayed cannabis consolidation effort, the Budget includes special fund proposals from each of the licensing entities to address expiring limited-term funding and positions. These proposals include \$68.2 million for the Department of Consumer Affairs, Bureau of Cannabis Control, \$20.3 million for the Department of Public Health, and \$42.4 million for the Department of Food and Agriculture to continue cannabis licensing and enforcement activities, as well as make improvements to enforcement including, but not limited to, proposed statutory changes to shift sworn investigators from the Department of Consumer Affairs' Division of Investigations to its Bureau of Cannabis Control.

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### 2020-21 ALLOCATION OF THE CANNABIS TAX FUND

Proposition 64 specified the allocation of resources in the Cannabis Tax Fund, which are continuously appropriated. Pursuant to Proposition 64, expenditures are prioritized for regulatory and administrative workload necessary to implement, administer, and enforce the Cannabis Act, followed by research and activities related to the legalization of cannabis and the past effects of its criminalization. Once these priorities have been met, the remaining funds are allocated to youth education, prevention, early intervention, and treatment; environmental protection; and public safety-related activities. The Budget estimates \$296.9 million will be available for these purposes in 2020-21, and the structure of these allocations is unchanged from 2019-20:

- Education, prevention, and treatment of youth substance use disorders and school retention—60 percent (\$178.1 million).
- Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation—20 percent (\$59.4 million).
- Public safety-related activities—20 percent (\$59.4 million).

These figures reflect an increase of \$86.1 million compared to the 2019-20 allocations.

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### **DEPARTMENT OF CONSUMER AFFAIRS – VARIOUS FEE INCREASES**

The Department of Consumer Affairs proposed fee increases at May Revision for four boards and one bureau via statutory changes with an effective date of January 1, 2021. Although fee increases for Boards and Bureaus have recently been handled by the policy committees of the Legislature, given the effects of the COVID-19 pandemic on legislative processes and the uncertainty of when these issues could be addressed, it was necessary to propose these fee increases in the May Revision to allow timely implementation of the fees.

The programs included in this proposal are: the Board of Behavioral Sciences, the Board of Podiatric Medicine, the Bureau for Private Postsecondary Education, the California Acupuncture Board, and the Medical Board of California. The fund balances for these programs have been in decline; however, the need for fee augmentations has accelerated with recent increases in the costs of government, most of which are outside of the individual programs' control. These programs are all at or near their current statutory fee limits and require a legislative change to amend their existing fees. Each program has completed, or is in the process of completing, a contracted fee study to support their respective fee augmentation requests.

The Legislature has deferred action on these fee increases to allow more discussion to take place over the coming weeks. Without a statutory fee change effective January 1, 2021, these programs will risk financial insolvency.

The Legislature also deferred proposed fee increases that are needed to support various legislative requirements enacted in 2018 and 2019 related to the Controlled Substance Utilization Review and Evaluation System, also known as CURES. Absent a fee increase, statutory relief from requirements of the recent CURES legislation will be necessary, which may endanger public health and safety, particularly as it relates to the opioid crisis. The Administration will continue to pursue this necessary fee increase.

## CALIFORNIA CONSUMER FINANCIAL PROTECTION

The Department of Business Oversight (DBO) regulates financial services and state-licensed financial institutions, including banks, credit unions, money transmitters, securities brokers and dealers, investment advisers, payday lenders, mortgage lenders, escrow agents, student loan servicers, and other commercial and consumer lenders.

The California Consumer Financial Protection Law proposal seeks to cement California's consumer protection leadership amidst a growing financial crisis and the consumer-protection retreat by federal agencies, including the Consumer Financial Protection Bureau. The fragmented oversight of financial services has left consumers vulnerable to abuse.

These problems are further exacerbated in times of crisis, including the COVID-19 pandemic and related economic fallout. Financially distressed consumers—especially communities of color, immigrant communities, and the elderly—will be targets of predatory financial products and practices. Those practices will emerge and evolve to avoid existing regulatory frameworks, requiring alert oversight and agile enforcement.

This law would expand DBO's ability to provide greater consumer protection and memorialize that intent by renaming the DBO as the Department of Financial Protection and Innovation. Additionally, this proposal:

- Creates a new Division of Consumer Financial Protection, and a related California Consumer Financial Protection Law, to expand oversight over current and emerging abusive acts and practices that cause consumers financial harm, and promote consumer-focused research and outreach.
- Establishes an Office of Financial Technology Innovation to study emerging technologies in financial services, including virtual currencies, and to engage with California companies developing new financial products and services.

The Budget includes \$10.2 million in 2020-21, growing to \$19.3 million ongoing in 2022-23, in a set-aside item for these purposes. However, expenditure of these funds is contingent upon enactment of statutory changes that authorize the California Consumer Financial Protection Law program. The Administration and Legislature will work together over the next several weeks to finalize the statutory framework needed to implement the program and other changes that aim to improve consumer protection for all Californians.

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## CALIFORNIA VOLUNTEERS

As the State Service Commission for California, California Volunteers manages programs and initiatives aimed at increasing the number of Californians engaged in service and volunteering. This includes a lead role in coordinating volunteer and donation management during the COVID-19 pandemic response and recovery. The state's response to the COVID-19 pandemic has highlighted the need to build up and support these activities.

The Budget provides \$2.9 million ongoing General Fund for administrative and strategic planning staff, including emergency volunteer coordinators that will be located in the three most populated regions of the state. This infrastructure will build the state's capacity to respond to the COVID-19 pandemic, as well as future emergencies, by increasing opportunities for Californians to serve their communities in a time of need.

The Budget also provides \$10.1 million ongoing General Fund to sustain nearly 500 AmeriCorps volunteer positions that were established with funding from the 2019 Budget Act. AmeriCorps volunteers serve statewide in programs that address critical community needs in education, public safety, health and human services, and the environment. Many of these programs provide services to underserved communities, such as low-income Californians, people of color and those transitioning out of foster care. AmeriCorps members also are participating in COVID-19 response and recovery by volunteering in food banks, assisting with meal deliveries to seniors, and meeting a variety of other COVID-19 related community needs as they arise.

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## SECRETARY OF STATE

Executive Order N-64-20, issued May 2020, required each county elections official to send vote-by-mail ballots for the November 3, 2020 General Election to all registered voters so that Californians can exercise their right to vote in a safe and accessible manner. Chapter 4, Statutes of 2020 (AB 860) codified the provisions of Executive Order N-64-20 and related election requirements for the November 3, 2020 statewide general election. In addition, Executive Order N-67-20, issued June 2020, authorizes certain counties to provide three days of early voting starting the Saturday before election day, and provides for earlier availability of ballot drop-box locations while also allowing certain counties to consolidate voting locations.

Recognizing that the COVID-19 pandemic will impact the ability of California to carry out the November 2020 General Election, the Budget includes a total of \$111.6 million

(\$46.1 million General Fund and \$65.5 million Federal Funds) to prevent, prepare for, and respond to the impacts of COVID-19 on the election and provide associated voter education and outreach. This funding includes \$35 million in new General Fund, \$11.1 million in unspent General Fund provided for state voting system replacement in the 2018 and 2019 Budget Acts, and Help America Vote Act (HAVA) funds included in the CARES Act (\$36.5 million) and the Consolidated Appropriations Act of 2020 (\$29 million). Counties will not be required to provide a match to use the remaining funding from the state's voting system allocations provided in the 2018 and 2019 Budget Acts if used for COVID-19 related costs while carrying out the November 2020 General Election.

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## CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS

The California Department of Veterans Affairs (CalVet) works to serve the nearly 1.6 million veterans and their families living in California. CalVet strives to ensure that veterans of every era and their families receive state and federal benefits and services they have earned as a result of honorable military service. CalVet operates eight homes throughout the state that provide residential and medical care services to aged or disabled California veterans who served on active duty.

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### ELECTRONIC HEALTHCARE RECORD SYSTEM

The Budget includes one-time funding of \$1.2 million General Fund to begin implementation of a new information technology project for a single electronic healthcare record system to replace multiple legacy systems. The system will streamline data entry and will provide a centralized repository for the health records to modernize CalVet's medical record keeping.

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### MASTER PLAN

In January 2020, CalVet released its statutorily required Master Plan for the overall operation of the veterans homes. The Master Plan examines veteran population trends in California, the potential location of future facilities and alternate service delivery models, and includes several recommendations, some of which are reflected in the Budget as follows:

- **Realigning Levels of Care**—The Budget includes a plan to begin realigning levels of care by adjusting domiciliary populations at Chula Vista and Yountville and

converting current Intermediate Care Facilities to Residential Care Facilities at Yountville. For example, CalVet maintains a waitlist with nearly 85 percent of applicants seeking skilled nursing or memory care, while independent living and intermediate care units are underutilized. Residents needing intermediate care will be placed in either Residential Care or Skilled Nursing Facilities based on the severity of their treatment needs. This will provide a continuum of care for residents of the veterans homes. Current residents will not be displaced and realigning levels of care will be achieved over time.

- **Mental Health Services for Veterans**—The Budget includes \$1.1 million General Fund in 2020-21 and \$2.1 million ongoing to improve behavioral health services at the veterans homes by standardizing mental health support staffing.

### OTHER SIGNIFICANT ADJUSTMENTS

- **Department of General Services, Capitol Annex Projects**—A transfer of \$694.2 million from the State Project Infrastructure Fund (SPIF) to the General Fund. These funds were previously earmarked for the design and construction of a series of projects necessary for the renovation or reconstruction of the Capitol Annex. Funding in the amount of \$60 million SPIF remains available for pre-construction activities for the projects, and for modifications of the west wing in order to facilitate a fully functioning State Capitol. The remaining costs associated with the design and construction phases of the Annex Projects will be shifted to lease-revenue bond financing.