

HEALTH AND HUMAN SERVICES

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 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; 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 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 \$99.5 billion (\$22.7 billion General Fund) in 2019-20 and \$112.1 billion (\$23.2 billion General Fund) in 2020-21. The May Revision assumes that caseload will increase significantly due to economic conditions associated with the COVID-19 Recession. Specifically, the May Revision assumes that caseload will peak at 14.5 million in July 2020, or about 2.0 million above what caseload would have been absent the COVID-19 pandemic.

The May Revision maintains Medi-Cal program eligibility, including for the optional expansion and undocumented children and young adults, in order to help the state's low income residents respond to the COVID-19 pandemic.

The state is not in a fiscal position to increase rates or expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposals are withdrawn from the Governor's Budget:

- California Advancing and Innovating Medi-Cal (CalAIM)—The May Revision proposes to delay implementation of the CalAIM initiative, resulting in a decrease of \$695 million (\$347.5 million General Fund) in 2020-21. In addition, the May Revision removes \$45.1 million General Fund in 2020-21 and \$42 million General Fund in 2021-22 in associated funding for the Behavioral Health Quality Improvement Program.
- Full-Scope Medi-Cal to Undocumented Older Adults—The May Revision proposes to withdraw this proposal for a savings of \$112.7 million (\$87 million General Fund), inclusive of In-Home Supportive Services costs.
- Medi-Cal Aged, Blind, and Disabled Income Level Expansion—The May Revision proposes not to implement the 2019 Budget Act expansion of Medi-Cal to aged, blind, and disabled individuals with incomes between 123 percent and 138 percent of the federal poverty level, for a savings of \$135.5 million (\$67.7 million General Fund). Furthermore, the May Revision proposes not to implement the Aged, Blind, and Disabled Medicare Part B disregard.
- 340B Supplemental Payment Pool—The May Revision proposes to withdraw this proposal to provide payments to non-hospital clinics for 340B pharmacy services for a savings of \$52.5 million (\$26.3 million General Fund) in 2020-21, growing to \$105 million (\$52.5 million General Fund) in 2021-22 and thereafter.
- Postpartum Mental Health Expansion—The May Revision proposes not to implement the 2019 Budget Act expansion of Medi-Cal to post-partum individuals who are receiving health care coverage and who are diagnosed with a maternal mental health condition, for a savings of \$34.3 million General Fund in 2020-21.
- Hearing Aids—The May Revision proposes to withdraw this proposal to assist with the cost of hearing aids and related services for children without health insurance coverage in households with incomes up to 600 percent of the federal poverty level, for a savings of \$5 million General Fund.

- 2019 Budget Act Reversions—The May Revision proposes to revert and reduce funding from various augmentations that were included in the 2019 Budget Act. These adjustments include reverting funding for behavioral health counselors in emergency departments, Medi-Cal enrollment navigators, and the Medical Interpreters Pilot Project. In addition, the May Revision proposes to eliminate the augmentation for caregiver resource centers. These changes result in General Fund savings of \$25 million in 2019-20 and 2020-21, and \$10 million in 2021-22.

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

- Adult Dental and Other Optional Benefits—The May Revision proposes to reduce adult dental benefits to the partial restoration levels of 2014. In addition, the May Revision proposes to eliminate audiology, incontinence creams and washes, speech therapy, optician/optical lab, podiatry, acupuncture, optometry, nurse anesthetists services, occupational and physical therapy, pharmacist services, screening, brief intervention and referral to treatments for opioids and other illicit drugs in Medi-Cal, and diabetes prevention program services, for a total General Fund savings of \$54.7 million.
- Proposition 56 Adjustments—Beginning in 2020-21, the May Revision proposes to shift \$1.2 billion in Proposition 56 funding from providing supplemental payments for physician, dental, family health services, developmental screenings, and non-emergency medical transportation, value-based payments, and loan repayments for physicians and dentists to support growth in the Medi-Cal program compared to 2016 Budget Act. About \$67 million in Proposition 56 funding would continue to support rate increases for home health providers, pediatric day health care facilities, pediatric sub-acute facilities, AIDS waiver supplemental payments, already awarded physician and dentist loan repayments, and trauma screenings (and associated trainings).
- Community-Based Adult Services (CBAS) and Multipurpose Senior Services Program (MSSP)—The May Revision proposes to eliminate the CBAS and MSSP programs. The effective date for CBAS would be January 1, 2021 for a General Fund savings of \$106.8 million in 2020-21 and \$255.8 million in 2021-22 (full implementation). The effective date for MSSP would be no sooner than July 1, 2020. These proposals are discussed in detail under The Department of Aging.

- Federally Qualified Health Centers (FQHC) Payment Adjustments—The May Revision proposes to eliminate special carve outs for FQHCs for a savings of \$100 million (\$50 million General Fund).
- Estate Recovery—The May Revision proposes to reinstate the estate recovery policy in place before the 2016 Budget Act for a General Fund savings of \$16.9 million beginning in 2020-21.
- Martin Luther King, Jr. Hospital—The May Revision proposes to eliminate a supplemental payment for this hospital, which results in \$8.2 million General Fund savings in 2020-21 and \$12.4 million ongoing.
- County Administration—The May Revision proposes to hold funding for county administration at the 2019 Budget Act level, inclusive of \$12.7 million General Fund approved in March 2020 through the Control Section 36.00 process, for a savings of \$31.4 million (\$11 million General Fund).
- Family Mosaic Project—The May Revision proposes to eliminate this state-funded project for an ongoing General Fund savings of \$1.1 million beginning in 2020-21.

To reduce costs, the May Revision also proposes efficiencies, as follows:

- Managed Care Efficiencies—The May Revision proposes various changes to the way that managed care capitation rates are determined. These changes include various acuity, efficiency, and cost containment adjustments. These adjustments would be effective for the managed care rate year starting January 1, 2021, and would yield General Fund savings of \$91.6 million in 2020-21 and \$179 million in 2021-22, growing thereafter. Additionally, the May revision assumes a 1.5 percent rate reduction for the period July 1, 2019, through December 31, 2020, for General Fund savings of \$182 million in 2020-21.

The May Revision also contains the following adjustments:

- Enhanced Federal Funding—A decrease of \$5.1 billion General Fund, associated with the assumed receipt of an enhanced Federal Medical Assistance Percentage (FMAP) through June 30, 2021. This includes federal funding reflected in the Department of Social Services and Department of Developmental Services budgets for Medicaid-covered services.
- Managed Care Organization (MCO) Tax—A decrease of \$1.7 billion General Fund in 2020-21 associated with the April 2020 federal approval of a revised MCO tax.

- Drug Rebate Reserve—A decrease of \$181 million General Fund due to not restoring a drug rebate volatility reserve.
- County Medical Services Program (CMSP)—The CMSP Board has amassed a considerable reserve since the state changed their realignment allocation in the wake of implementing the Affordable Care Act. The 2019 Budget Act suspended the Board's annual allocation until the reserve level reaches two years of expenditures, shifting the revenues the Board otherwise would have received to offset General Fund costs in the CalWORKs program. In light of the COVID-19 pandemic, the May Revision proposes to shift \$50 million of the reserves in each of the next four fiscal years to offset General Fund CalWORKs costs. In recognition of the expedited timeline by which the reserves would return to reasonable levels, the May Revision also proposes to restore the Board's annual allocation beginning in 2021-22.
- Skilled Nursing Facilities (SNFs)—To support COVID-19 response in SNFs, the May Revision maintains the nursing facility reform framework proposed in the Governor's Budget. In addition, the May Revision assumes a 10-percent rate increase for SNFs for four months during the COVID-19 pandemic, at a General Fund cost of \$72.4 million in 2019-20 and \$41.6 million in 2020-21. The Administration is waiting approval from the federal Centers for Medicare and Medicaid Services to implement this increase.
- e-cigarette Tax—A decrease of \$10 million General Fund in 2020-21, and \$33 million General Fund ongoing beginning in 2021-22, associated with shifting unallocated revenues from the proposed e-cigarette tax increase to support growth in Medi-Cal costs.

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

The Department administers a wide array of federal and state-funded services that provide cash assistance; food and nutrition; services to help protect children and assist

families; care and assistance programs for adults; services for foster parents, youth and families; adoption services; hearings and appeals; and services for refugees, immigrants, trafficking victims, disaster victims, and housing and homelessness services. The May Revision maintains eligibility for these critical services as the state recovers from the COVID-19 pandemic. The May Revision also maintains critical social services as many families are in need as the state recovers from the COVID-19 Recession.

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. 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 \$11.2 billion (state, local, and federal funds) in 2020-21. The amount budgeted includes \$9.2 billion for CalWORKs program expenditures and \$2 billion in other programs. Other programs include Child Care, Child Welfare Services, Foster Care, Department of Developmental Services programs, the Statewide Automated Welfare System, Work Incentive Nutritional Supplement, California Community Colleges Child Care and Education Services, Cal Grants, and the Department of Child Support Services. Average monthly CalWORKs caseload is estimated to be approximately 724,000 families in 2020-21, a 102 percent increase from the Governor's Budget projection due to the COVID-19 pandemic.

The May Revision maintains CalWORKs program eligibility, in order to support the state's low-income residents respond during the COVID-19 pandemic. In addition, the May Revision includes an increase of \$82.3 million General Fund/TANF Block Grant for CalWORKs county administration to facilitate enrollment in the program and services to beneficiaries.

The May Revision assumes the Safety Net Reserve is used to support health and social services programs over the course of two years. This proposal would result in a savings of \$450 million General Fund in 2020-21 and \$450 million in 2021-22.

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

- CalWORKs Employment Services and Child Care—The May Revision reflects reduced assumptions about the uses of CalWORKs Employment Services and Child Care. These changes would result in a savings of \$665 million General Fund in 2020-21.
- CalWORKs Expanded Subsidized Employment—The May Revision reduces all but the base funding for CalWORKs Subsidized Employment. This proposal would result in a savings of \$134.1 million General Fund in 2020-21.
- CalWORKs Home Visiting—The May Revision reduces funding for CalWORKs Home Visiting. This proposal would result in a savings of \$30 million General Fund in 2020-21.
- CalWORKs Outcomes and Accountability Review (CalOAR)—The May Revision eliminates funding for CalOAR, but provides counties the options the ability to continue implementing this improvement. This proposal would result in a savings of \$21 million General Fund in 2020-21.

IN-HOME SUPPORTIVE SERVICES

The IHSS program provides domestic and related services such as housework and transportation, and personal care services to eligible low-income aged, blind, and disabled persons. These services are provided to assist individuals to remain safely in their homes. The May Revision includes \$14.7 billion (\$4.3 billion General Fund) for the IHSS program in 2020-21. Average monthly caseload in this program is estimated to be 581,901 recipients in 2020-21, a 0.4-percent decrease from the Governor's Budget.

To reduce costs, the May Revision also proposes efficiencies, as follows:

- Conform IHSS Residual Program to Timing of Medi-Cal Coverage—The May Revision assumes the IHSS Residual Program conforms to timing of Medi-Cal coverage. This proposal would result in a savings of \$72.6 million General Fund in 2020-21.
- IHSS Payroll savings—The May Revision assumes the Department will enter into a contract with the state Case Management, Information, and Payroll System vendor to perform IHSS payroll functions. This proposal would result in a savings of \$9.2 million General Fund in 2020-21.

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

- **IHSS Service Hours**—The May Revision assumes a 7-percent reduction in the number of hours provided to IHSS beneficiaries, effective January 1, 2021. This proposal would result in a savings of \$205 million General Fund in 2020-21.
- **County and Public Authority Administration**—The May Revision freezes IHSS county administration funding at the 2019-20 level. This proposal would result in a savings of \$12.2 million General Fund in 2020-21.

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

The federal SSI program provides a monthly cash benefit to eligible 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 provides monthly cash benefits to aged, blind, and disabled legal noncitizens who are ineligible for SSI/SSP due solely to their immigration status.

The May Revision includes \$2.7 billion General Fund in 2020-21 for the SSI/SSP program. This represents a 0.4-percent increase from the Governor's Budget. The average monthly caseload in this program is estimated to be 1.2 million recipients in 2020-21, a 0.7-percent increase from the Governor's Budget. The May Revision preserves funding for the expansion of CalFresh eligibility to SSI recipients.

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

- **SSI/SSP Grants**—The May Revision assumes an offset to the SSP grant that is equivalent to the amount of the federal January 2021 cost of living adjustment to the SSI portion of the grant. This proposal would result in a savings of \$33.6 million General Fund in 2020-21, but no reduction in overall SSI/SSP grants received by recipients compared to the prior year.

CHILDREN'S PROGRAMS

Child Welfare Services include family support and maltreatment prevention services, child protective services, foster care services, and permanency programs. California's child welfare system provides a continuum of services for children who are either at risk of, or have suffered, abuse, neglect, or exploitation. Program success is measured in terms of improving the safety, permanence, and well-being of children and families. The May Revision includes \$506.1 million General Fund on 2020-21 for these programs, an decrease of \$90.5 million General Fund since the Governor's Budget. When federal, state, 1991 Realignment, and 2011 Realignment funds are included, total funding for children's programs is over \$6.7 billion in 2020-21.

The state is not in a fiscal position to increase rates or expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposals are withdrawn from the Governor's Budget:

- Foster Family Agencies—The May Revision eliminates Foster Family Agency social worker rate increases. This proposal would result in a savings of \$4.8 million General Fund in 2020-21.
- Family Urgent Response System—The May Revision eliminates the Family Urgent Response System. This proposal would result in a savings of \$30 million General Fund in 2020-21.
- Public Health Nurse Early Intervention Program—The May Revision eliminates the Public Health Nurse Early Intervention Program in Los Angeles County. This proposal would result in a savings of \$8.3 million General Fund in 2020-21.

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

- Continuum of Care Reform Rates—The May Revision assumes a reduction in Continuum of Care Reform short-term residential treatment program provider payment rates of 5-percent. It also assumes the suspension of additional level of care rates 2 through 4. This proposal would result in a savings of \$28.8 million General Fund in 2020-21.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) provides individuals with developmental disabilities a variety of services that allow them to live and work independently or in supported environments. California provides services to individuals with developmental disabilities as an entitlement. The May Revision includes \$9.2 billion (\$5.5 billion General Fund) and estimates that approximately 366,353 individuals will receive developmental services in 2020-21.

Prior to 1969, services for individuals with developmental disabilities were primarily limited to those provided in state-operated institutions. The Lanterman Developmental Disabilities Services Act established a statewide network of regional centers and related services to allow consumers to live independent and productive lives in the community. The May Revision maintains the entitlement to services for individuals with developmental disabilities despite the economic and budgetary challenges resulting from the COVID-19 pandemic.

The state is not in a fiscal position to increase rates or expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposals are withdrawn from the Governor's Budget:

- Enhanced Performance Incentive Program—Align Regional Center performance contracts and require Regional Centers to meet an advanced tier of performance measures and outcomes to be eligible for an incentive payment. This results in a savings of \$60 million General Fund in 2020-21, 2021-22 and 2022-23.
- Enhanced Caseload Ratios for Young Children—Reduce the regional center services coordinator caseload ratio for children who are three to five years old. This results in a savings of \$11.8 million General Fund in 2020-21.
- Systemic, Therapeutic, Assessment, Resources and Treatment Training—Provide training and supportive services for individuals with co-occurring developmental disabilities and mental health needs. This results in a savings of \$2.6 million General Fund in 2020-21.
- Provider Rate Adjustments—Provide supplemental rate increases for Early Start Specialized Therapeutic Services, Infant Development Programs and Independent Living services. This results in a savings of \$10.8 million General Fund in 2020-21 and \$21.6 million in 2021-22.

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

- **Cost Sharing for Higher Income Families**—Establish a cost-sharing program and would result in a savings of approximately \$2 million General Fund in 2020-21 and \$4 million ongoing.
- **Rate Reductions, Expenditure, and Utilization Reviews**—Adjust provider rates and review expenditure trends resulting in anticipated savings of \$300 million General Fund in 2020-21.
- **Uniform Holiday Schedule**—Implement the uniform holiday schedule outlined in Welfare and Institutions Code section 4692. This proposal would result in a savings of approximately \$31.3 million General Fund in 2020-21.
- **Regional Center Operations**—A reduction to the operations budget for Regional Centers. This proposal results in a savings of \$30 million General Fund in 2020-21 and \$55 million ongoing.

To reduce costs, the May Revision also proposes efficiencies, as follows:

- **Maximize Federal Funding for Eligible Services and Enroll Individuals into Medi-Cal**—The May Revision includes an increase in anticipated federal funds to include additional individuals with developmental disabilities eligible for and enrolled in Medi-Cal and new waiver eligible services. This proposal would result in a savings of \$27 million General Fund in 2020-21 and \$40 million ongoing.

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 (\$209.1 million General Fund) in 2020-21 for the Department.

The Department has been at the forefront of the state's response to the COVID-19 pandemic. The Department has been extensively planning, preparing, and responding to the COVID-19 pandemic since mid-January. The Department's efforts include issuing a stay-at-home order to save lives, increasing testing capacity, increasing hospital surge capacity, and issuing state guidance for the many sectors of our communities impacted by COVID-19.

The May Revision maintains and increases the Department's disease surveillance and identification workforce. Specifically, the May Revision proposes \$5.9 million General Fund for 2020-21 and \$4.8 million General Fund ongoing, to support laboratory staff to increase the laboratories' testing capacity, and to purchase equipment and laboratory supplies that are specifically utilized for COVID-19 testing. Additionally, resources will support emergency coordination, communication, and response, and provide ongoing support for public health laboratory capacity and disease surveillance.

Despite the budget challenges the state will face in the immediate future as a direct result of the COVID-19 pandemic, the May Revision continues to prioritize funding augmentations for infectious disease prevention and control that were included in the 2019 Budget Act. Specifically, the May Revision maintains \$5 million General Fund each for STD, human immunodeficiency virus (HIV), and hepatitis C virus prevention and control.

The state is not in a fiscal position to increase rates or expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposal is withdrawn:

- Department of Public Health Home Visiting and Black Infant Health—\$4.5 million General Fund ongoing beginning in 2020-21.

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 May Revision includes \$2.1 billion (\$1.9 billion General Fund) in 2020-21 for the support of the Department's programs. The patient population is expected to reach 6,791 by the end of 2020-21, including patients receiving competency treatment in jail-based settings.

The Administration continues to promote the safety of State Hospital patients and staff during the COVID-19 pandemic. The May Revision includes investments in the Conditional Release Program community program directors, pharmacy modernization, statewide roof repairs and replacement, statewide ligature risk mitigation special repair funding (suicide prevention retrofitting), protective services staffing, and the post-incident debriefing and support (violent incident response peer-support network).

The state is not in a fiscal position to implement new programs given the drastic budget impacts of the COVID-19 Recession. The following proposals are reduced or withdrawn from the Governor's Budget:

- **Treatment Planning and Delivery**—The May revision reduces the Governor's Budget proposal that would have increased treatment team ratios and supported implementation of trauma-informed care and the development of a comprehensive discharge planning program in 2020-21. The proposal continues to provide increased ratios for primary care physicians in the state hospitals. This results in savings of \$22.6 million General Fund in 2020-21.
- **State Hospital System Operations and Administration**—The May Revision withdraws investments for various operational and administrative activities including quality improvement and internal auditing, regulation promulgation, and an electronic document management system. This proposal results in savings of \$7.7 million General Fund in 2020-21.
- **Community Care Collaborative Pilot Program**—The May Revision withdraws the proposal that would have established a six-year pilot program in three counties to provide funding and incentives to treat and serve individuals deemed incompetent to stand trial in the community and increase local investments in strategies to reduce the rate of arrests, rearrests, and cycling in and out of institutions for this population. This results in a savings of \$24.6 million General Fund in 2020-21. The Administration will continue to work with the Legislature on an alternative to address the current backlog of incompetent to stand trial individuals and more effectively serve this population in the community.

DEPARTMENT OF AGING

The California Department of Aging (CDA) contracts with the network of 33 county and non-profit Area Agencies on Aging, that directly manage an array of federal and state-funded services that provide nutritious meals at home and in the community; help older adults find employment; support older and disabled individuals to live as independently as possible; promote healthy aging and community involvement; and assist family members in their care giving role.

The May Revision includes \$218.4 million (\$30.8 million General Fund) for CDA, a decrease of \$36.5 million General Fund from the 2020-21 Governor's Budget.

The May Revision maintains critical services delivered through the Area Agencies on Aging. Maintaining many of these core services will be particularly critical in serving older adults, people with disabilities, and families in the state as this population navigates and recovers from the COVID-19 pandemic.

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

- Community-Based Adult Services (CBAS) and Multipurpose Senior Services Program (MSSP)—The May Revision proposes to eliminate the CBAS and MSSP programs. The effective date for CBAS would be January 1, 2021, for a savings of \$1.6 million General Fund in 2020-21 and \$2.7 million ongoing. The effective date for MSSP would be no sooner than July 1, 2020, for a savings of \$22.2 million General Fund in 2020-21 and \$21.8 million ongoing.

DEPARTMENT OF CHILD SUPPORT SERVICES

The Department of Child Support Services promotes parental responsibility to enhance the well-being of children by providing child support services to establish parentage and collect child support. The May Revision includes \$316.6 million General Fund on 2020-21 for child support programs, an increase/decrease of \$47.7 million General Fund since the Governor's Budget.

The state is not in a fiscal position to increase rates or expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposal is withdrawn from the Governor's Budget:

- Child Support Disregard Pass-through—Child support disregard pass-through statutory change proposal. This results in savings of \$8.4 million General Fund in 2020-21.

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

- Local Child Support Agencies—The May Revision assumes the funding levels for local child support agencies reverts to the 2018 funding level. This proposal results in savings of \$38.2 million General Fund in 2020-21.

To reduce costs, the May Revision also proposes efficiencies, as follows:

- State Operations and Contracts—The May Revision reduces the Department's state operations and contract costs. This proposal results in savings of \$8.3 million General Fund in 2020-21.

OTHER POLICY PROPOSALS AND MAJOR WORKLOAD ADJUSTMENTS

The May Revision maintains expanded subsidies in the Covered California Marketplace, including the extension of subsidies to individuals who are between 400 and 600 percent of poverty, up to approximately \$75,000 for individuals and \$150,000 for a family of four. The May Revision also includes the following significant policy proposals and workload adjustments.

- Covered California Adjustments—A decrease of \$164.2 million General Fund in 2019-20 and \$90.3 million General Fund in 2020-21 to reflect lower-than-projected enrollment in state subsidies. In addition, an increase of \$15 million General Fund revenues in 2020-21 to reflect increased individual mandate penalty revenues associated with an assumed higher number of uninsured individuals due to COVID-19 Recession.

The state is not in a fiscal position to increase rates or expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposal is withdrawn from the Governor's Budget:

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

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

- Song-Brown Healthcare Workforce Training Program—A decrease of \$33.3 million General Fund ongoing due to not implementing the 2019 Budget Act action to make funding for the Song-Brown program ongoing.

1991 AND 2011 REALIGNMENT

The programs and funding for 1991 and 2011 Realignment are funded through two sources: state sales tax and Vehicle License Fees. These fund sources are projected to decline by 13 percent from 2018-19 to 2019-20 and grow slightly in 2020-21. This decline is significant and the first time since 2011 Realignment, there has been a significant decline in realigned revenues to support the entitlement programs funded by realignment.

See Homelessness and Local Government chapter for more details on the allocation of Coronavirus Relief Funds to fund public health, and to protect vulnerable populations impacted by the COVID-19 pandemic.

1991 Realignment Estimate¹ - at 2020-21 May Revision

2018-19 State Fiscal Year							
Amount	CalWORKs MOE	Health	Social Services	Mental Health	Family Support	Child Poverty	Totals
Base Funding							
Sales Tax Account	\$752,888	\$-	\$2,295,806	\$34,036	\$450,130	\$104,422	\$3,637,281
Vehicle License Fee Account	367,663	900,036	172,864	95,260	299,963	254,172	2,089,958
Total Base	\$1,120,551	\$900,036	\$2,468,670	\$129,296	\$750,093	\$358,594	\$5,727,239
Growth Funding							
Sales Tax Growth Account:	-	-	33,922	-	-	-	33,922
Caseload Subaccount	-	-	(33,922)	-	-	-	(33,922)
County Medical Services Growth Subaccount	-	-	-	-	-	-	-
General Growth Subaccount	-	-	-	-	-	-	-
Vehicle License Fee Growth Account	-	131	62,948	164	-	40,139	103,382
Total Growth	\$-	\$131	\$96,870	\$164	\$-	\$40,139	\$137,304
Total Realignment 2018-19²	\$1,120,551	\$900,167	\$2,565,540	\$129,460	\$750,093	\$398,733	\$5,864,543
2019-20 State Fiscal Year							
Base Funding							
Sales Tax Account	\$655,721	\$-	\$2,029,056	\$-	\$392,037	\$90,945	\$3,167,759
Vehicle License Fee Account	339,033	911,547	201,734	-	210,842	271,393	1,934,549
Total Base	\$994,754	\$911,547	\$2,230,790	\$-	\$602,879	\$362,338	\$5,102,308
Growth Funding							
Sales Tax Growth Account:	-	-	-	-	-	-	-
Caseload Subaccount	-	-	-	-	-	-	-
County Medical Services Growth Subaccount	-	-	-	-	-	-	-
General Growth Subaccount	-	-	-	-	-	-	-
Vehicle License Fee Growth Account	-	-	-	-	-	-	-
Total Growth	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total Realignment 2019-20²	\$994,754	\$911,547	\$2,230,790	\$-	\$602,879	\$362,338	\$5,102,308
2020-21 State Fiscal Year							
Base Funding							
Sales Tax Account	\$655,721	\$-	\$2,029,056	\$-	\$392,037	\$90,945	\$3,167,759
Vehicle License Fee Account	339,033	886,580	201,734	-	235,809	271,393	1,934,549
Total Base	\$994,754	\$886,580	\$2,230,790	\$-	\$627,846	\$362,338	\$5,102,308
Growth Funding							
Sales Tax Growth Account:	-	-	2,606	-	-	-	2,606
Caseload Subaccount	-	-	(2,606)	-	-	-	(2,606)
County Medical Services Growth Subaccount	-	-	-	-	-	-	-
General Growth Subaccount	-	-	-	-	-	-	-
Vehicle License Fee Growth Account	63,002	31,060	-	-	-	74,243	168,305
Total Growth	\$63,002	\$31,060	\$2,606	\$-	\$-	\$74,243	\$170,911
Total Realignment 2020-21²	\$1,057,756	\$917,640	\$2,233,396	\$-	\$627,846	\$436,581	\$5,273,219

¹ Dollars in thousands.² Excludes \$14 million in Vehicle License Collection Account moneys not derived from realignment revenue sources.

2011 Realignment Estimate¹ - at 2020-21 May Revision

	2018-19	2018-19 Growth	2019-20	2019-20 Growth	2020-21	2020-21 Growth
Law Enforcement Services	\$2,560.7		\$2,297.9		\$2,327.0	
Trial Court Security Subaccount	559.7	7.3	478.2	-	481.1	-
Enhancing Law Enforcement Activities Subaccount ²	489.9	221.3	489.9	181.6	489.9	244.9
Community Corrections Subaccount	1,311.2	54.8	1,152.0	-	1,173.8	-
District Attorney and Public Defender Subaccount	37.9	3.7	35.0	-	36.5	-
Juvenile Justice Subaccount	162.0	7.3	142.8	-	145.7	-
<i>Youthful Offender Block Grant Special Account</i>	<i>(153.1)</i>	<i>(6.9)</i>	<i>(135.0)</i>	-	<i>(137.7)</i>	-
<i>Juvenile Reentry Grant Special Account</i>	<i>(8.9)</i>	<i>(0.4)</i>	<i>(7.8)</i>	-	<i>(8.0)</i>	-
Growth, Law Enforcement Services		294.4		181.6		244.9
Mental Health³	1,120.6	6.8	1,120.6	-	1,120.6	-
Support Services	3,756.7		3,277.1		3,330.8	
Protective Services Subaccount	2,336.2	61.0	2,021.8	-	2,047.2	-
Behavioral Health Subaccount	1,420.5	67.8	1,255.3	-	1,283.6	-
<i>Women and Children's Residential Treatment Services</i>	<i>(5.1)</i>	-	<i>(5.1)</i>	-	<i>(5.1)</i>	-
Growth, Support Services		135.6		-		-
Account Total and Growth	\$7,868.0		\$6,877.2		\$7,023.3	
Revenue						
1.0625% Sales Tax	7,156.8		6,199.8		6,276.5	
General Fund Backfill ⁴	-		6.0		12.0	
Motor Vehicle License Fee	711.2		671.4		734.8	
Revenue Total	\$7,868.0		\$6,877.2		\$7,023.3	

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 Dollars in millions.

² Base Allocation is capped at \$489.9 million. Growth does not add to the base.

³ Base Allocation is capped at \$1,120.6 million. Growth does not add to the base.

⁴ General Fund backfill pursuant to Revenue and Taxation Code sections 6363.9 and 6363.10.