

HEALTH

California Health and Human Services Agency

- Proposes \$10 million (\$9 million General Fund) to establish the Health and Human Services Innovation Accelerator Initiative, a public-private partnership to create an environment for researchers and developers to create solutions to health challenges.

Department of Health Care Services (DHCS)

- Proposes an additional \$141.3 million Opioid Settlements Fund over four years to support the Naloxone Distribution Project, for a total of \$220.3 million over four years.
- Proposes renewal of the Managed Care Organization (MCO) Tax, effective April 1, 2023 through December 31, 2026, resulting in \$19.4 billion to help maintain the Medi-Cal program with \$8.3 billion over the MCO Tax period for General Fund offset, which represents \$3.4 billion (a \$2.5 billion increase over the Governor's budget) in General Fund offset in 2023-24, and \$11.1 billion over 8-10 years to make improvements to the Medi-Cal program, as follows:
 - \$237 million (\$98 million General Fund) in 2023-24, beginning January 1, 2024, and approximately \$580 million (\$240 million General Fund) annually thereafter to increase rates to at least 87.5 percent of Medicare rates for primary care, obstetric care (including doulas), and non-specialty mental health services; and,
 - \$10.3 billion, including \$922.7 million in 2023-24, to be set aside for future consideration by the administration and to be included in the 2024-25 Governor's Budget.
- Proposes \$128.9 million in 2023-24, \$234 million in 2024-25, \$290.6 million in 2025-26, and \$290.8 million in 2026-27 and ongoing (all General Fund) for DHCS and the Judicial Branch to implement the CARE Act. Includes \$67.3 million in 2023-24, \$121 million in 2024-25 and \$151.5 million in 2025-26 and ongoing to cover local county behavioral health department CARE Act costs.
- Reflects a decrease of \$1.4 billion General Fund in Medi-Cal expenditures in 2022-23 due to revised implementation updates to the Children and Youth Behavioral Health Initiative, the Behavioral Health Continuum Infrastructure Program, and the Behavioral Health Bridge Housing Program.

- Reflects an increase of \$6.7 billion General Fund in overall Medi-Cal expenditures for 2023-24, as compared to the revised 2022-23 expenditures, for a total of \$37.6 billion General Fund, reflecting the following:
 - One-time repayment to the federal government related to state-only populations;
 - Assumed loss of increased federal funding consistent with the end of the federal COVID-19 public health emergency;
 - The implementation of the Medi-Cal expansion to undocumented individuals aged 26-49 beginning January 1, 2024; and,
 - Partially offset by the MCO Tax renewal.
- Proposes an additional \$15 million one-time 988 State Suicide and Behavioral Health Crisis Services Fund in 2023-24 to support 988 call centers, for total funding of \$19 million in 2023-24 and \$12.5 million in 2024-25 and ongoing for 988 call centers.
- Proposes \$500 million one-time Mental Health Services Fund in 2023-24 in lieu of General Fund for the Behavioral Health Bridge Housing Program, thereby eliminating the Governor's Budget proposed delay of \$250 million General Fund to 2024-25.
- Shifts \$817 million General Fund from 2022-23 to the next three fiscal years to reflect updated programmatic timelines for the Behavioral Health Bridge Housing Program.
- Replaces \$50.5 million of General Fund with Mental Health Services Fund for the temporary extension of the CalHOPE program in 2023-24.
- Includes \$222 million General Fund savings by bringing the reserve in the Medi-Cal Drug Rebate Fund (drug rebate revenues for the Medi-Cal program) to \$0, rather than maintaining a reserve of approximately \$200 million as is typical to account for variations in actual rebate amounts and to reduce volatility.

California Department of Public Health (CDPH)

- Restores a \$49.8 million General Fund reduction, over four years, for various public health workforce training and development programs.
- Includes a \$50 million General Fund reduction for COVID-19 response.
- Proposes a \$400 million loan from the AIDS Drug Assistance Program Rebate Fund to the General Fund.

Department of State Hospitals (DSH)

- Includes a \$19.7 million reduction in 2022-23 and \$9.2 million reduction in 2023-24 to COVID-19 response expenditures.
- Reflects an \$8 million General Fund decrease in 2022-23 for unspent workers' compensation funding previously authorized for COVID-19 related claims.
- Includes a \$6.1 million general Fund increase in 2023-24 for patient-driven support costs.

Department of Health Care Access and Information (HCAI)

- Proposes \$30 million one-time Opioid Settlement Fund in 2023-24 to develop a lower cost, generic version of a naloxone nasal spray product through the CalRx Naloxone Access Initiative.
- Includes \$12 million one-time General Fund reappropriation from the Capital Infrastructure Security Program (\$20 million total in the 2022 Budget Act), and allows the use of these funds for reproductive health care.
- Proposes to borrow \$150 million from the reserve of the fee-supported Hospital Building Fund for the General Fund, to be repaid in 2026-27.
- Proposes to borrow \$15 million from the California Health Data Planning Fund to the General Fund to be repaid in 2026-27.

HUMAN SERVICES

Department of Social Services

CalWORKs

- Includes a projected 3.6 percent increase to CalWORKs Maximum Aid Payment (MAP) levels effective October 1, 2023, with an estimated cost of \$111.2 million in 2023-24. This is an upward adjustment from the 2.9 percent increase that was included in the Governor's January proposal for CalWORKs. These increased costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund. MAP levels today remain for most families under 50 percent of the Federal Poverty Level, known as "deep poverty."
- Proposes a reversion of approximately \$280 million General Fund from 2021-22 from the CalWORKs Single Allocation. The Administration states that it will engage with the counties that administer the program to determine the precise amount.

In-Home Supportive Services (IHSS)

- Includes \$60.7 million (\$27.9 million General Fund) ongoing to increase access to authorized services and better serve the IHSS program's minor recipients and their families.
- Includes a six-month extension for the Home and Community-Based Services (HCBS) spending plan until September 30, 2024 for specified programs, such as the IHSS Career Pathways Program, to spend allocated funding based on critical programmatic needs.

Supplemental Security Income/State Supplementary Payment (SSI/SSP)

- Continues to include \$146 million General Fund in 2023-24 and \$292 million ongoing for an additional, planned SSP increase of approximately 8.6 percent, effective January 1, 2024.

Foster Care and Child Welfare

- Includes an additional \$163.7 million (\$83.4 million General Fund) for the Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) Project, in alignment with Special Project Report 6, to support ongoing project development costs, and authority to access an additional \$36.6 million (\$18.3 million General Fund) should project activities accelerate. The

CWS-CARES will replace the existing case management system to benefit state, local and tribal child welfare agencies and will align with state and federal requirements.

Humanitarian Services

- Includes a one-time \$150 million General Fund in 2023-24 in the Rapid Response program for continued humanitarian efforts in partnership with local providers. The humanitarian mission will continue to fund respite sheltering for migrants and support their safe passage through border regions.

Food and Hunger

- Continues to work towards implementing the California Food Assistance Program (CFAP) expansion for income-eligible individuals aged 55 years or older, regardless of their immigration status (this initiative is also called "Food For All"). The Governor's Budget indicated that the program may begin food benefits issuance in January 2027. Automation is anticipated to begin in July 2023 and food benefits issuance is now anticipated to begin in October 2025. The May Revision includes \$40 million General Fund for automation and outreach efforts.
- Includes \$406.5 million (\$159.5 million General Fund) to reflect a revised budgeting methodology for county CalFresh administration activities, pursuant to Chapter 537, Statutes of 2022 (AB 207). This methodology and appropriation update was highly anticipated for this May Revision to assure the needed level of funding to administer critical food benefits to low-income Californians.
- Includes \$47 million (\$23.5 million General Fund) for Summer Electronic Benefit Transfer (EBT) Program outreach and automation costs to phase in this program for children who qualify for free or reduced-price school meals beginning summer 2024.
- Includes \$42.9 million in federal financial participation for associated administration and automation activities related to the federal reimbursement of food benefit theft. The federal Consolidated Appropriation Act of 2023 mandated the federal reimbursement of Supplemental Nutrition Assistance Program food benefit theft.
- Includes \$25 million General Fund, available over two fiscal years, to develop a bi-directional interface between the California Statewide Automated Welfare System (CalSAWS) Interface and CWS-CARES that allows for data exchange necessary to make Title IV-E eligibility determinations.

- Includes an additional \$10 million General Fund to support services for victims and survivors of hate crimes and their families and facilitate hate crime prevention measures in consultation with the Commission on Asian and Pacific Islander American Affairs.

Department of Developmental Services

- Includes \$15 million (\$8.5 million General Fund) beginning January 2024 to adjust Independent Living Services rate assumptions to align the types of services provided with more equivalent occupations, such as teachers, social and human service assistants, and rehabilitation counselors. Resources increase to an estimated ongoing \$60 million (\$34 million General Fund) beginning in 2024-25.
- Includes \$18 million (\$10.8 million General Fund) to continue funding the Coordinated Family Support pilot program through June 2024, which is currently funded through the Home and Community-Based Services (HCBS) Spending Plan. The program is designed to assist adults living with their families in coordinating the receipt and delivery of multiple services, including generic services.
- Continues suspension of the Annual Family Program Fee and the Family Cost Participation Program until December 31, 2023, to allow regional centers to restart assessments. Prior to the 2022 Budget Act, both programs had been suspended during the COVID-19 Pandemic through department directive. DDS conducted stakeholder discussions and will report on those conversations as part of the May Revision.

Department of Community Services and Development

- Includes an additional reversion of \$149.4 million, in addition to the \$400 million reversion that was in the Governor's January proposal, of energy utility arrearage funding that was appropriated in the 2022 Budget and is currently unspent.

Department of Aging

- Includes \$20 million General Fund in 2023-24, \$20 million General Fund in 2024-25, and \$10 million General Fund in 2025-26 at the California Department of Aging to support the continuation of the Older Adult Friendship Line, a targeted media campaign for older adults, and competitive grants to local jurisdictions to build organizational capacity to identify and address older adult behavioral health and substance use disorder needs.

- Includes a six-month HCBS extension until September 30, 2024 for specified programs, such as the Senior Nutrition Infrastructure Program, to spend allocated funding based on critical programmatic needs.

Child Support Services

- Estimates an implementation date of April 2024 for the Child Support Pass-Through to Formerly Assisted Families. Pursuant to existing law, implementation of this change is contingent upon completing necessary automation changes in the Child Support Enforcement System. The Department of Child Support Services states that the additional time is necessary due to a greater degree of system change complexity than previously anticipated. The revised implementation date results in approximately \$70 million of General Fund revenue in the May Revision.

California Health and Human Services Agency

- Includes an augmentation of \$9 million General Fund (\$10 million in total) at the Health and Human Services Agency to establish a new public-private partnership that will create the environment for researchers and developers to create solutions to the greatest health challenges facing Californians, such as targeting diabetes-related morbidity and mortality, addressing disparities in maternal and infant mortality faced by women and their babies, and preventing and mitigating infectious disease. The Initiative will look to accelerate the translation of research and development into innovations that help to directly address disparities and inequities in California's safety-net programs.

Safety Net Reserve

- Assumes the Safety Net Reserve is utilized to support health and social services programs in 2023-24, resulting in savings of \$450 million General Fund in 2023-24.

PK-12 PUBLIC EDUCATION AND EARLY EDUCATION

Proposition 98 Funding: Early Education, TK-12, and Community Colleges

- Provides a total Proposition 98 General Fund funding level of \$110.6 billion in 2021-22, \$106.8 billion in 2022-23, and \$106.8 billion in 2023-24.
- Provides \$597 million above the Test One guarantee level in 2023-24 for Universal Transitional Kindergarten enrollment growth.
- Projects historic TK-12 ongoing per-pupil spending to be \$127.3 Billion in 2023-24 from all funding sources, at a funding rate of \$23,706 per student. Proposition 98 TK-12 funding per student is projected at \$17,460 in 2023-24.
- Increases the projected Proposition 98 "Rainy Day" fund to \$10.7 billion through the Budget year. The current Rainy Day fund balance continues to trigger the statutory 10% cap on local school district reserves, and would reach the state constitutional cap.

Major PreK-12 Education Proposals

- Provides an increase of \$3.4 billion (\$2.7 billion one-time) in Proposition 98 funding for the Local Control Funding Formula (LCFF), reflecting Universal Transitional Kindergarten (UTK) and an 8.22% percent cost-of-living adjustment (COLA) in 2023-24. Total Budget Year LCFF is estimated at \$79.8 billion.
- Proposes a larger reduction to the current year investment in the discretionary Arts, Music, and Instructional Materials Discretionary Block Grant to \$1.8 billion, a reduction of \$1.78 Billion from the enacted Budget.
- Proposes to reduce the emergency Learning Recovery Block Grant by \$2.5 billion compared to the enacted Budget, to a total of \$5.4 billion one-time.
- Implements the voter-approved Arts and Music in Schools Act funding, \$933 million General Fund in the 2023-24 Budget. Proposes implementation trailer bill language.
- Maintains the January Budget proposal for a new, ongoing \$300 million LCFF equity multiplier and accountability system changes, to target low-performing student groups. Provides \$2 million for the associated System of Support proposal.

- Provides \$667 million for an 8.22 percent COLA to statutorily-required TK-12 programs, including nutrition and preschool.
- Provides \$2.0 billion in additional General Fund support for school facilities after the exhaustion of bond funds for new construction and modernization, and provides an additional \$30 million, one-time Proposition 98, for charter school facilities.
- Provides \$762 million to expand Universal Transitional Kindergarten (UTK) access including:
 - \$597 million General Fund to “rebench” the Proposition 98 guarantee for an estimated 42,000 new universal TK enrollments in 2023-24.
 - \$165 million Proposition 98 to maintain decreased UTK ratios at 1:12, adults to children.
 - Maintains the state’s 2025-26 goal for full UTK implementation.
 - Adjusts the 2022-23 guarantee rebench and funding to \$357 million, compared to \$614 million in the enacted Budget, and adjusts the class ratio costs to \$283 million compared to \$337 million.
- Maintains \$4 billion in on-going Proposition 98 funding for the Expanded Learning Opportunity Program for after school and summer options for all students. Provides encumbrance flexibility.
- Maintains the California universal meals commitment with \$1.5 billion ongoing annual funding, for two free meals for all students.
- Delays \$550 million in 2023-24 State Preschool, Transitional Kindergarten, Full Day Kindergarten facility funding to the 2024-25 Budget.
- Proposes major new funding for County Offices of Education:
 - \$80 million ongoing for County Court and alternative school programs.
 - 50 percent LCFF base increase for County Offices for Differentiated Assistance.
 - 8.22 percent COLA
- Proposes a new \$100 million one-time initiative to provide approximately \$200 per high school senior for “cultural enrichment” opportunities.
- Increases California’s early literacy initiative with proposals for:

- \$250 million one-time Proposition 98 funding for intensive interventions including literacy coaching, in addition to the enacted Budget's \$250 million.
- \$1 million one-time General Fund for a state Literacy Roadmap.
- \$1 million for reading screening assessments proposal.

- Proposes a \$15 million set-aside in the 2022-23 School Kitchen Infrastructure grant for dishwasher purchase and installation.

- Proposes \$3.5 million to address opioid overdoses in middle and high schools.

- Increases the California College Guidance Initiative by \$3.9 million in ongoing Proposition 98 funding.

- Increases the K-12 High Speed Network funding by \$3.8 million in ongoing Proposition 98 funding.

- Proposes \$119.6 million one-time federal funds for school climate and safety through the Stronger Connections Program.

- Proposes \$20 million one-time for extending the Bilingual Teacher Professional Development Program.

- Provides \$7 million one-time to support Restorative Justice best practice implementation.

- Increases funding for the Golden State Teacher Grant Program with \$6 million one-time federal funds for special education teacher candidates in high need schools.

- Increases the Department of Education's staff capacity by \$2.5 million General Fund for data systems and security.

- Increases the Fiscal Crisis and Management Assistance Team (FCMAT) funding by \$750,000 for a new Chief Business Officer mentorship and professional development initiative, and baseline cost increases, and \$2.1 million ongoing for an increase for the California School Information Services division.

- Proposes statutory changes to Special Education funding, to limit non-direct student services, extend a moratorium on new single-district Special Education Local Plan Areas, and require the Department of Education to post local fiscal documents.

- Proposes statutory changes to the Teacher Residency Grant Program, to require salaries or stipends, and extend service requirement deadlines.
- Proposes various educator credentialing flexibilities.

Major Early Education and Child Care Proposals

- Increases overall funding for child care to a total of \$6.6 billion annually, including \$3 General Fund for the 2023-24 Budget Year.
- Annualizes funding for the 2022-23 Budget Act 36,000 new child care slots.
- Maintains the goal from the 2021-22 Budget Act to serve 200,000 new children by 2025-26, but delays planned 20,000 new child care slots to 2024-25.
- Annualizes rate increases for the California State Preschool Program, funds the 2022-23 Budget Act changes to the program that require at least 7.5 percent of slots be provided to students with disabilities in the 23-24 fiscal year, and increase to 10% in the 24-25 school year. Backfills current year rate increases funded with one-time federal funds.
- Proposes eligibility changes for the California State Preschool Program, based on location of employment.
- Provides the child care nutrition programs an 8.22 percent COLA.
- Provides \$763,000 Proposition 98 funding for a preschool Classroom Assessment Scoring System.