



HIGHLIGHTS OF GOVERNOR'S PROPOSED 2020-21 MAY REVISION

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OVERVIEW

The Governor’s January budget proposal was released only 125 days ago, but since that time COVID-19 has altered the world, California, and the state’s fiscal position to the point where that document is an obsolete vision of a bygone era. The May Revision brings with it a reckoning of the damage caused so far by this public health disaster and a plan to begin the rebuilding process.

The Governor identifies a \$54.3 billion budget problem and proposes a variety of solutions summarized in the table below:

May Revision Proposes Balanced Solution (dollars in billions)	
Cancelled Expansions & Other Reductions	\$8.4
Reserves	8.8
Borrowing/Transfers/Deferrals	10.4
New Revenues	4.4
Federal Funds	8.3
Triggers	14.0
	\$54.3

Very few of these solutions are simple. The May Revision asks school children, seniors, the disabled, and the poorest Californians to give up resources and services in this time of need. This report provides a summary of the difficult sacrifices we must consider to achieve the mathematically balanced budget that as a State, California must adopt.

The largest solution, the triggers, envisions that the federal government will notice the perilous position that States and local governments currently face and provide needed assistance. But California’s budget reflects the cost of a federal response to this crisis that was not swift enough to protect our most vulnerable communities.

California and the American people cannot solely rely on the federal government, and must marshal our own resources now to not only fix our budget but also help those impacted by this disaster. Next week, we will consider the May Revision in Subcommittee hearings, and then craft our plan to adjust the Governor’s proposal and articulate a path forward for discussion with the Senate and the Administration.

This report reflects an initial review of the Governor’s proposal that was compiled with preliminary information to begin the discussion.

SUMMARY OF CHARTS

**2020-21 May Revision
General Fund Budget Summary
(\$ in millions)**

	2019-20	2020-21
Prior Year Balance	\$11,280	\$1,619
Revenues and Transfers	\$136,836	\$137,417
Total Resources Available	\$148,116	\$139,036
Non-Proposition 98 Expenditures	\$94,145	\$89,030
Proposition 98 Expenditures	\$52,352	\$44,871
Total Expenditures	\$146,497	\$133,901
Fund Balance	\$1,619	\$5,135
Reserve for Liquidation of Encumbrances	\$3,175	\$3,175
Special Fund for Economic Uncertainties	-\$1,556	\$1,960
Safety Net Reserve	\$900	\$450
Budget Stabilization Account/Rainy Day Fund	\$16,156	\$8,350

2020-21 Revenue Sources
(\$ millions)

	General Fund	Special Fund	Total	Change from 2019-20
Personal Income Tax	\$76,841	\$1,874	\$78,715	\$18,534
Sales and Use Tax	20,613	10,025	30,638	-4,614
Corporation Tax	16,577	-	16,577	2,707
Highway Users Taxes	-	8,124	8,124	324
Insurance Tax	2,986	-	2,986	-66
Alcoholic Beverage Taxes and Fees	389	-	389	4
Cigarette Tax	56	1,848	1,904	-21
Motor Vehicle Fees	40	10,004	10,044	586
Other	12,109	20,366	32,475	4,200
Subtotal	\$129,611	\$52,241	\$181,852	-\$15,414
Transfer to/from the Budget Stabilization Account/Rainy Day Fund	7,806	-7,806	-	-
Total	\$137,417	\$44,435	\$181,852	-\$15,414

2020-21 Total State Spending by Agency
 (\$ millions)

	General Fund	Special Fund	Bond Funds	Total
Legislative, Judicial, and Executive Business, Consumer Services, and Housing	\$4,144	\$3,655	\$566	\$8,365
Transportation	291	1,084	1,134	2,509
Natural Resources	239	17,484	641	18,364
Environmental Protection	3,547	1,802	1,399	6,748
Health and Human Services	42	3,851	18	3,911
Corrections and Rehabilitation	45,275	25,911	-	71,186
K-12 Education	13,351	2,576	-	15,927
Higher Education	47,689	117	1,541	49,347
Labor and Workforce Development	15,372	188	723	16,283
Government Operations	159	878	-	1,037
General Government	1,329	351	8	1,688
Total	2,463	5,482	9	7,954
	\$133,901	\$63,379	\$6,039	\$203,318

HEALTH

Health Care Affordability

- Eliminates the January proposal to create an Office Health Care Affordability which was to be charged with increasing price and quality transparency, developing specific strategies and cost targets for the different sectors of the health care industry, and financial consequences for entities that fail to meet these targets.
- 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.
- Makes Covered California adjustments including 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.
- Decreases the Song-Brown Healthcare Workforce Training Program by \$33.3 million General Fund ongoing by not implementing the 2019 Budget Act action to make funding for the Song-Brown program ongoing. This reduction is contingent on receipt of sufficient federal funds.
- Eliminates the January proposal to create a new state program to assist families with the cost of hearing aids and related services for children without health insurance coverage of hearing aids in households with incomes up to 600 percent of the federal poverty level.
- Eliminates the 2019 augmentation for Caregiver Resource Centers.

Behavioral Health

- Eliminates 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.
- Eliminates the January proposal to reform the Mental Health Services Act (Proposition 63) in order to integrate mental health and substance abuse treatment, and to focus on the criminal-justice-involved homeless population and youth.

- Eliminates the following resources included in the January budget: \$45.1 million General Fund in 2020-21 and \$42 million General Fund in 2021-22 for a Behavioral Health Quality Improvement Program at the Department of Health Care Services, to help county-operated behavioral health programs, including enhanced data-sharing for care coordination, value-based payments, performance measurement and reporting.
- Eliminates 2019 funding for behavioral health counselors in emergency departments.

Medi-Cal

- Eliminates and reduces Medi-Cal optional benefits. Specifically, reduces adult dental benefits to the partial restoration levels of 2014. Eliminates 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. This reduction is contingent on receipt of sufficient federal funding.
- Shifts \$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. Maintains about \$67 million in Proposition 56 funding to continue 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). This reduction is contingent on receipt of sufficient federal funding.
- Eliminates the Community-Based Adult Services (CBAS) and Multipurpose Senior Services Program (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. This reduction is contingent on receipt of sufficient federal funding.
- Eliminates special carve outs for Federally Qualified Health Centers for a savings of \$100 million (\$50 million General Fund). This reduction is contingent on receipt of sufficient federal funding.

- Reinstates the estate recovery policy in place before the 2016 Budget Act for a General Fund savings of \$16.9 million beginning in 2020-21. This reduction is contingent on receipt of sufficient federal funding.
- Eliminates a supplemental payment for the Martin Luther King, Jr. Hospital, which results in \$8.2 million General Fund savings in 2020-21 and \$12.4 million ongoing. This reduction is contingent on receipt of sufficient federal funding.
- Holds funding for Medi-Cal 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). This reduction is contingent on receipt of sufficient federal funding.
- Eliminates the Family Mosaic Project for ongoing General Fund savings of \$1.1 million beginning in 2020-21. This reduction is contingent on receipt of sufficient federal funding.
- Makes 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.
- Maintains current Medi-Cal eligibility levels (with the exception of the next bullet), including for the Affordable Care Act optional expansion and undocumented children and young adult populations.
- Eliminates 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). Eliminates implementation of the Aged, Blind, and Disabled Medicare Part B disregard.
- Eliminates the January proposal to expand full-scope Medi-Cal to all income-eligible persons 65 years and older, regardless of immigration status.
- Delays "CalAIM", an initiative designed to transform the Medi-Cal program in order to: address social determinants of health; make Medi-Cal consistent and seamless, by reducing complexity and increasing flexibility; and improve quality outcomes of beneficiaries.

- Eliminates the following CalAIM resources included in the January budget: \$695 million (\$348 million General Fund) in 2020-21, and \$1.4 billion (\$695 million General Fund) in 2021-22 and 2022-23, and \$790 million (\$395 million General Fund) thereafter for enhanced care management and in lieu of services, infrastructure to expand Whole Person Care statewide, and expand existing dental initiatives; and \$40 million (\$20 million General Fund) for state administration of CalAIM.
- Eliminates 2019 funding for the Medical Interpreters Pilot Project.
- Reforms nursing facility financing by moving away from a cost-based methodology to a payment system that incentivizes value and quality. Maintains the nursing facility reform framework proposed in the Governor's Budget, and 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.
- Shifts \$50 million of the County Medical Services Program (CMSP) reserves in each of the next four fiscal years to offset General Fund CalWORKs costs. Restores the Board's annual allocation beginning in 2021-22.
- Reflects federal approval of the Managed Care Organization tax adopted through the 2019 budget, reflecting revenue beginning in the 2021-22 fiscal year resulting in \$1.7 billion General Fund savings.
- Assumes that Medi-Cal 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.

Pharmaceutical Pricing

- Eliminates the January proposal for a new supplemental payment pool for non-hospital clinics for 340B pharmacy services, including \$52.5 million (\$26.3 million General Fund), to begin January 1, 2021.
- Assumes a decrease of \$181 million General Fund due to not restoring a drug rebate volatility reserve.

Department of Public Health

- Includes \$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 as well as other diseases. Maintains critical funding for infectious disease prevention and control, including \$5 million General Fund each for STD, HIV, and hepatitis C virus prevention and control.

- Eliminates funding for Home Visiting and Black Infant Health of \$4.5 million General Fund ongoing beginning in 2020-21.
- Eliminates \$3.6 million General Fund one-time to reflect the withdrawal of California Cognitive Care Coordination Initiative January proposal to establish a coordination and training initiative through the Alzheimer's Disease Centers to develop a "train the trainer" program to help family caregivers.

Department of State Hospitals

- Eliminates the January proposal for \$364.2 million General Fund (\$24.6 million General Fund in 2020-21) over six years to implement a Community Care Collaborative Pilot program in three counties to treat and serve individuals deemed Incompetent to Stand Trial in the community.
- Reduces the Governor's January 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.
- Withdraws January 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.

HUMAN SERVICES

CalWORKs

- Absent additional and sufficient federal funds that would trigger this reduction off, cuts \$665 million General Fund in 2020-21 for CalWORKs Employment Services and Child Care.
- Absent additional and sufficient federal funds that would trigger this reduction off, cuts all but the base funding for CalWORKs Subsidized Employment, yielding \$134.1 million General Fund in 2020-21.
- Absent additional and sufficient federal funds that would trigger this reduction off, cuts \$30 million General Fund in 2020-21 from the CalWORKs Home Visiting program.
- Absent additional and sufficient federal funds that would trigger this reduction off, eliminates funding, \$21 million General Fund in 2020-21, for the CalWORKs Outcomes and Accountability Review (CalOAR) effort.

In-Home Supportive Services (IHSS)

- Assumes a reduction of \$72.6 million General Fund in 2020-21 from confirming the IHSS Residual Program to the timing of Medi-Cal coverage.
- Assumes a savings of \$9.2 million General Fund in 2020-21 from the Department of Social Services entering into a contract with the state Case Management, Information, and Payroll System vendor to perform IHSS payroll functions.
- Absent additional and sufficient federal funds that would trigger this reduction off, cuts IHSS service hours by seven percent effective January 1, 2021, resulting in \$205 million General Fund in 2020-21.
- Absent additional and sufficient federal funds that would trigger this reduction off, cuts \$12.2 million General Funding 2020-21 by freezing IHSS county administration funding at the 2019-20 level.

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

- Absent additional and sufficient federal funds that would trigger this reduction off, withholds and absorbs the anticipated federal January 2021 cost of living adjustment to the SSI portion of the SSI/SSP grant, resulting in \$33.6 million General Fund in 2020-21.

Child Welfare Services and Foster Care

- Eliminates the Foster Family Agency social worker rate increases in 2020-21, resulting in a cut of \$4.8 million General Fund.
- Eliminates the Family Urgent Response System (FURS), resulting in a cut of \$30 million General Fund for 2020-21.
- Eliminates the Public Health Nurse Early Intervention Program in Los Angeles County, resulting in a cut of \$8.3 million General Fund for 2020-21.
- Absent additional and sufficient federal funds that would trigger this reduction off, cuts rates by five percent for Continuum of Care Reform (CCR) short-term residential treatment program providers and assumes a suspension of additional level of care rates 2 through 4, together resulting in a cut of \$28.8 million General Fund in 2020-21.

Developmental Services

- Withdraws the Enhanced Performance Incentive Program that was proposed in the Governor's January Budget, which was proposed to cost \$60 million General Fund in 2020-21, 2021-22 and 2022-23.
- Withdraws the Enhanced Caseload Ratios for Young Children that was proposed in the Governor's January Budget, which was proposed to cost \$11.8 million General Fund in 2020-21.
- Withdraws the Systemic, Therapeutic, Assessment, Resources and Treatment Training for services to individuals with co-occurring developmental disabilities and mental health needs that was proposed in the Governor's January Budget, which was proposed to cost \$2.6 million General Fund in 2020-21.
- Withdraws the supplemental rate increases for Early Start Specialized Therapeutic Services, Infant Development Programs and Independent Living services that were proposed in the Governor's January Budget, which would have cost \$10.8 million General Fund in 2020-21 and \$21.6 million in 2021-22.
- Absent additional and sufficient federal funds that would trigger this reduction off, establishes a cost-sharing program that would result in additional \$2 million General Fund in 2020-21 and \$4 million ongoing.
- Absent additional and sufficient federal funds that would trigger this reduction off, proposes to adjust provider rates and review expenditure trends with a total cut target of \$300 million General Fund in 2020-21.

- Absent additional and sufficient federal funds that would trigger this reduction off, implements the uniform holiday schedule outlined in Welfare and Institutions Code section 4692, resulting in a cut of approximately \$31.3 million General Fund in 2020-21.
- Absent additional and sufficient federal funds that would trigger this reduction off, reduces operations budget for Regional Centers, resulting in a cut of \$30 million General Fund in 2020-21 and \$55 million ongoing.
- 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, resulting in General Fund savings of \$27 million General Fund in 2020-21 and \$40 million ongoing.

Department of Aging

- Absent additional and sufficient federal funds that would trigger this reduction off, would eliminate the Community-Based Adult Services (CBAS) and Multipurpose Senior Services Program (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 July 1, 2020, for a savings of \$22.2 million General Fund in 2020-21 and \$21.8 million ongoing.

Child Support Services

- Withdraws the child support disregard pass-through statutory change proposal that was part of the Governor's January Budget, which would have cost \$8.4 million General Fund in 2020-21.
- Absent additional and sufficient federal funds that would trigger this reduction off, reverts the funding levels for local child support agencies to the 2018 funding level, resulting in a cut of \$38.2 million General Fund in 2020-21.
- Cuts the Department of Child Support Service's state operations and contract costs by \$8.3 million General Fund in 2020-21.

Realignment Revenue and Entitlement Programs

- States that 1991 and 2011 Realignment fund sources, which supports multiple safety net programs, including Child Welfare Services, Adult Protective Services, and In-Home Supportive Services, are projected to decline by 13 percent from 2018-19 to 2019-20.

K-12 EDUCATION

K-12 Education

General Proposition 98 Augmentations:

- Provides a total Proposition 98 General Fund funding level of \$ 52.35 billion in 2019-20, a decrease of \$3.54 billion under the 2019-20 Budget Act Proposition 98 guarantee estimate, due to the COVID pandemic.
- Provides a total Proposition 98 General Fund funding level of \$44.87 billion in 2020-21, a decrease of \$ 11 billion from the 2019-20 Budget Act for schools and community colleges.
- Proposes total K-12 funding from all sources at \$99.7 Billion in the Budget Year.
- Projects Proposition 98 ongoing per-pupil spending to be \$10,632 in 2020-21 and \$11,585 in 19-20 a decrease of \$1,375 per student and \$422 per student, respectively, compared to the 2019-20 Budget Act.
- Defers \$1.9 billion in Proposition 98 funding in the 2019-20 budget year to the 2020-21 budget year, and defers an ongoing total of \$5.3 billion in funding from the 2020-21 budget year to the 2021-22 budget year.
- Proposes a payback schedule for Proposition 98 funding, for the difference between Test 1 and Test 2 funding levels.

Major K-12 Education Adjustments (Trigger Cuts indicated with *)

- Proposes \$4.4 Billion in discretionary federal funds for one-time COVID closure impacts on schools and student learning.
- Suspends the 2.31% Statutory COLA
- Eliminates the \$589 million Education Protection Act fund to mitigate school funding cuts.
- Provides \$2.3 billion (\$1 billion in Budget Year) funding relief for Local Education Agency (LEA) statutory contributions to the STRS and PERS retirement systems.
- Proposes a reduction of \$6.5 billion in Proposition 98 funding for the Local Control Funding Formula (LCFF), reflecting a 10% percent reduction.*
- Provides \$645 million Proposition 98 funding for special education services and school readiness supports.

- Proposes \$352.9 million in reductions to K-12 categorical programs*
- Contains \$164.7 million one-time state-level CARES Act investments to address COVID education impacts, including:
 - \$100 million to County Offices of Education for student wellness & health initiatives
 - \$63.2 million for educator training and professional development
 - \$1.5 million for state agency operational needs
- Contains over \$23 million in federal IDEA funds for teacher scholarships, mediation costs, and various policy studies and workgroups.
- Maintains a few January Budget new one-time proposals:
 - \$53 million for literacy grants (related to a court settlement)
 - \$15 million for CalNEW (refugee student support)
 - \$4.2 million for the SACS replacement project, and
 - \$4 million for dyslexia training/research and statewide conference.

Major K-12 Education Policy Changes:

- Proposes to increase LEA inter-fund borrowing allowances
- Proposes to allow sale of surplus LEA property for one-time spending purposes.
- Allows special education tele-health practices.
- Moves the Transitional Kindergarten credential deadline to August 2021.

Early Education and Child Care (Trigger Cuts indicated with *)

- Reduces funding rates for all child care programs (including State Preschool) by approximately 10% for a total of \$97.9m in Proposition 98 and \$294.1 million in non-Proposition 98 funding.*
- Eliminates the statutory COLA for the Budget Year.*
- Reduces planned California State Preschool Program full-day/full-year investments in 2020 and 2021 by \$159.4 million, reducing preschool expansion by 20K service spaces.*
- Reduces the school-based California State Preschool Program by an additional \$130 million in on-going Proposition 98 funds.*
- Provides \$53.3 million in new federal CCDBG funds in 2020-21 to the Alternative Payment Programs for approximately 5.6K new childcare service spaces.

- Proposes \$144.3 million in CARES funds to backfill SB 117 and SB 89 child care costs including child care vouchers and family fee waivers.
- Proposes \$125 million in CARES for one-time child care provider stipends.
- Proposes \$73 million in CARES for one-time essential worker child care stipends via the Alternative Payment Program.
- Proposes \$8 million in CARES to extend the family fee waivers through June 30, 2020.
- Withdraws proposal for new Department of Early Childhood Development to oversee child care programs currently overseen by the Department of Social Services and the Department of Education.
- Proposes new shift for all child care programs to DSS except the State preschool program. Provides \$2 million to support the agency realignment.
- Proposes to cut 2019-20 Budget Act child care investments including:
 - \$300 million in unspent full-day Kindergarten facility grants
 - \$263 million provided for grants to renovate and construct facilities*
 - \$195 million provided for workforce development*
 - \$10 million provided to improve CDE's early education data system*
 - \$4.4 million from the Early Childhood Policy Council.*
- Reduces CalWORKS Stages 2 & 3 caseloads estimates by \$35.9 million.*
- Withdraws the Governor's January proposal to add \$75 million Proposition 98 General Fund to the inclusive early education expansion initiative.
- Appropriates \$13.4 million one-time federal Preschool Development Grant funds to HHS.

HIGHER EDUCATION

University of California

- Rescinds several January budget proposals, including:
 - \$169.2 million ongoing General Fund to support a 5-percent UC base increase
 - \$3.6 million ongoing General Fund to support a 5-percent UC Division of Agriculture and Natural Resources base increase.
 - \$3 million ongoing General Fund to establish the Center for Public Preparedness Multi-Campus Research Initiative.
 - \$4 million one-time General Fund to support degree and certificate completion programs at UC extension centers.
 - \$1.3 million one-time General Fund to support a UC Subject Matter Project in computer science.
- Proposes cuts to the university that could be triggered off if federal stimulus for the state is provided. These cuts include:
 - A decrease of \$338 million ongoing General Fund to reflect a 10-percent reduction in support of UC. In implementing this reduction, the Administration expects UC to minimize the impact to programs and services serving underrepresented students and student access to the UC.
 - A decrease of \$34.4 million ongoing General Fund to reflect a 10-percent reduction in support of UC, UC Office of the President, UC PATH, and the UC Division of Agriculture and Natural Resources.
 - A decrease of \$4 million limited-term General Fund provided to support summer term financial aid.
- Makes other changes to January proposals, including:
 - Reduces support for the UC Riverside School of Medicine to \$11.3 million ongoing General Fund.
 - Reduces support for the UC San Francisco School of Medicine Fresno Branch Campus to \$1.2 million ongoing General Fund.
 - Uses \$6 million in federal funds to support subject matter projects to address learning loss in mathematics, science, and English/language arts resulting from the COVID-19 pandemic.
 - Reduces support for the UC Davis Animal Shelter Grant Program to \$5 million

one-time General Fund.

- Increases the authorization for the UC Office of the President to assess campuses to support UC PATH from \$15.3 million to \$46.8 million and includes provisional language requiring the UC Office of the President to collaborate with campuses to maximize their use of non-core funds to support the assessment.
- Increases by \$1.5 million ongoing General Fund for graduate medical education to offset reductions from the Proposition 56 Graduate Medical Education Program. This will main the program at a total of \$40 million.

California State University

- Rescinds several January budget proposals, including:
 - \$199 million ongoing General Fund to support a 5-percent increase in base resources.
 - \$6 million one-time General Fund to support degree and certificate completion programs.
- Proposes cuts to the university that could be triggered off if federal stimulus for the state is provided. These cuts include:
 - A decrease of \$398 million ongoing General Fund to reflect a 10-percent reduction in support for the CSU. In implementing this reduction, the Administration expects the CSU to minimize the impact to programs and services serving underrepresented students and student access to the CSU.
 - A decrease of \$6 million limited-term General Fund provided to support Summer Term Financial Aid.

California Community Colleges

- Includes deferrals of \$330.1 million Proposition 98 General Fund from 2019-20 to 2020-21 and \$662.1 million Proposition 98 General Fund from 2020-21 to 2021-22.
- Proposes cuts or rescissions of January proposals that could be triggered off if federal stimulus for the state is provided, including:
 - \$167.7 million ongoing Proposition 98 General Fund, of which \$0.6 million is attributable to a revised cost-of-living adjustment at the May Revision, for a 2.31 percent cost-of-living adjustment for apportionments.
 - \$31.9 million ongoing Proposition 98 General Fund for enrollment growth.
 - \$83.2 million Proposition 98 General Fund, of which \$40.4 million was one-

- time, for support of apprenticeship programs, the California Apprenticeship Initiative, and work-based learning models.
- Decreasing available Student Centered Funding Formula Proposition 98 General Fund by \$593 million Proposition 98 General Fund, or roughly 10 percent when combined with a foregone cost-of-living adjustment. To maintain student access to CCCs, the Administration proposes statute to proportionally reduce district allocations through adjustments to the Formula's rates, stability provisions, and hold harmless provisions.
 - Decreasing support for the CCC Strong Workforce Program by \$135.6 million Proposition 98 General Fund.
 - Decreasing support for the Student Equity and Achievement Program by \$68.8 million Proposition 98 General Fund.
 - Decreasing Support for the Part-Time Faculty Compensation, Part-Time Faculty Office Hours, and the Academic Senate of the CCCs by \$7.3 million Proposition 98 General Fund.
 - Reducing support for Calbright College by \$3 million Proposition 98 General Fund.
 - Rescinds several January proposals, including:
 - \$700,000 one-time General Fund provided to the Chancellor's Office to convene a working group and develop the report required by SB 206. The Administration expects the Chancellor's Office to seek private philanthropy to support the work group and to develop the required report.
 - \$15 million one-time Proposition 98 General Fund for a faculty pilot fellowship program.
 - \$10 million one-time Proposition 98 General Fund for part-time faculty office hours.
 - \$10 million one-time Proposition 98 General Fund to develop and implement zero-textbook cost degrees.
 - \$5 million ongoing Proposition 98 General Fund to provide instructional materials for dual enrollment students.
 - \$9.3 million ongoing Proposition 98 General Fund, of which \$0.1 million is attributable a revised cost-of-living adjustment at the May Revision, for a 2.31 percent cost-of-living adjustment for various categorical programs.
 - Proposes several statutory changes to allow colleges more flexibility, including:

- Exempt direct COVID-19 related expenses incurred by districts from the 50 Percent Law. This would not include revenue declines.
- Suspend procedures regarding the development of short-term career technical education courses and programs to expedite the offering of these programs and courses.
- Reflect the revised 2019-20 Student Centered Funding Formula rates.
- Further utilize past-year data sources that have not been impacted by COVID-19 within the Student Centered Funding Formula.
- Extend the Student Centered Funding Formula hold harmless provisions for an additional two years and require reductions to the Student Centered Funding Formula that are necessary to balance the budget to be proportionately applied to all CCCs by reducing the Formula's rates, stability, and hold harmless provisions.
- Makes other adjustments, including:
 - An increase of \$130.1 million Proposition 98 General Fund as a result of decreased offsetting local property tax revenues.
 - A decrease of \$11.4 million ongoing Proposition 98 General Fund to establish or support food pantries at community college campuses. The May Revision proposes statutory changes to support community college food pantries within available Student Equity and Achievement Program funding.
 - A decrease of \$5.8 million ongoing Proposition 98 General Fund to support Dreamer Resource Liaisons. The May Revision proposes statutory changes to support Dreamer Resource Liaisons within available Student Equity and Achievement Program funding.
- Includes projects proposed at the Governor's Budget, the May Revision proposes total general obligation bond funding of \$223.1 million including \$28.4 million to start 25 new capital outlay projects and \$194.7 million for the construction phase of 15 projects anticipated to complete design by spring 2020. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.

California Student Aid Commission

- Modifies or reduces the following January proposals:
 - Rescinds \$1.8 million limited-term to support new leased space for the California Student Aid Commission's headquarters.
 - Rescinds \$88.4 million one-time General Fund provided in the 2019 Budget Act

- to support the Golden State Teacher Grant Program.
- Reduces by \$15 million one-time General Fund provided in the 2019 Budget Act to support the Child Savings Accounts Grant Program
 - Reduces by \$4.5 million one-time General Fund to revise the proposal for the Student Debt Loan Work group and Outreach to only support the work group, and no longer provide outreach grants to higher education institutions
 - Makes the following Cal Grant adjustments:
 - A decrease of \$348,000 in 2020-21 to reflect a decrease in the estimated number of new recipients in 2019-20. The May Revision also reflects increased costs of \$11.89 million in 2019-20.
 - A decrease of \$600 million in 2020-21, which increases the amount of General Fund needed for program costs by a like amount. This is a technical adjustment and reflects increased TANF needed in the state's CalWORKs program.
 - A decrease of \$8.9 million General Fund to reflect the reduction of the maximum Cal Grant award for private nonprofit institutions from \$9,084 to \$8,056.

California State Library

- Rescinds January proposals, including:
 - \$1 million one-time General Fund to support the Lunch at the Library program
 - \$1 million one-time General Fund to support the Online Services (Zip Books) program
 - \$132,000 ongoing General Fund to support a Director of Legislative Affairs position at the State Library Provides a total Proposition 98 General Fund funding level of \$84 billion in 2020-21, an increase of \$3.8 billion for schools and community colleges.
- Proposes a decrease of \$1.75 million ongoing General Fund to reduce funding to the Library Services Act, which could be triggered off if the federal stimulus to the state is received.

Hastings College of Law

- Rescinds a January proposal to increase General Fund support by \$1.4 million.
- Reduces support by \$1.5 million General Fund, which could be triggered off if the federal stimulus to the state is received.

Scholarshare Investment Board

- Reduces the college savings account program by \$15 million.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

Natural Resources Agency

- Reduces funding for the Natural Resources Agency new facility relocation from \$9,646,000 one-time General Fund to \$4.8 million.

Department of Forestry and Fire Protection

- Reduces funding for the Wildfire Forecast and Threat Intelligence Integration Center from \$8.8 million General Fund to \$2 million General Fund. This Center is envisioned to enhance the state's emergency response capabilities through improved forecasts for tracking and predicting critical fire weather systems (consistent with SB 209).
- Reduces funding for the home hardening pilot grant program from \$110.1 million (\$26.8 million General Fund, \$75 million Federal Trust Fund, and \$8.3 million Greenhouse Gas Reduction Fund) to \$8.3 million (Greenhouse Gas Reduction Fund).
- Maintains \$85.6 million General Fund (\$135.1 million ongoing) for permanent firefighting positions to provide operational flexibility throughout the peak fire season.
- Includes \$4.4 million General Fund (\$7.6 million ongoing) to implement the new pioneering wildfire prediction and modeling technology that was procured through the Innovation Procurement Sprint process initiated through Executive Order N-04-19.
- Withdraws \$34.3 million General Fund for the direct mission support proposal, which sought to add administrative staffing.
- Withdraws \$5 million General Fund for the Wildland Firefighting Research Grant Program proposal.

Department of Water Resources

- Maintains \$46 million one-time General Fund for the American River Common Features Flood Control Project that would leverage \$1.5 billion in federal funding.
- Maintains \$18 million one-time General Fund and \$10 million Proposition 68 bond funds to support the New River Improvement Project, which will address solid waste and pollution exposure challenges in the City of Calexico, and support health, recreation, and economic benefits in the area.

- Maintains \$19.3 million Proposition 68 bond funds to address the air quality and habitat restoration objectives at the Salton Sea through implementation of the North Lake Pilot Project.
- Withdraws \$40 million General Fund for Sustainable Groundwater Management Act implementation. Instead, allocates \$26 million of existing Proposition 68 bond funds to local agencies in critically over drafted basins to help defray the cost of implementation projects. In addition, a state interagency team will be created to work with stakeholders to identify tools and strategies to address the economic, environmental, and social effects of changing land use and agricultural production. Additional funding for SGMA-related projects may be considered for inclusion in future infrastructure investments.
- Withdraws \$35 million General Fund for the Tijuana River Project.

State Parks

- Reduces funding for establishing a New State Park from \$20 million General Fund to \$5 million General Fund. The Department intends to work with various philanthropic, conservation, and park interest groups to secure a property and design the vision and operations for the new park.
- Maintains \$4.6 million from various bond funds to acquire inholding properties that expand existing state parks and provide other co-benefits such as protecting biodiversity.
- Maintains \$6.1 million Proposition 68 bond funds to expand access to state parks in urban areas and make other improvements to parks that serve disadvantaged communities.
- Maintains \$8.8 million Proposition 68 bond funds to expand both technological and physical access to parks, as well as culturally inclusive enhancements to park programming and interpretive exhibits.
- Shifts \$95 million from the General Fund to lease revenue bonds. State Parks is in the process of completing the preliminary plans for the Indian Heritage Center. Once the plans are finalized, the state can explore the option of financing the project from lease revenue bonds.
- Shifts \$45 million from the General Fund to Proposition 68 bond funds for deferred maintenance projects in the state parks system.
- Withdraws \$20 million General Fund to implement AB 209, which would have been used to create an Outdoor Equity Grants Program.

- Withdraws \$30 million ongoing General Fund from the Departments base budget. This reduction will be triggered off if the federal government provides sufficient funding to restore it.

Department of Fish and Wildlife

- Maintains \$4 million to increase the scale and pace of restoration work, incorporate efficiencies into grant programs, and incorporate the use of programmatic permitting options
- Maintains \$2.2 million to improve the management of more than one million acres of wildlife areas and ecological reserves owned by the Department.
- Withdraws \$13.8 million General Fund for the Advancing Biodiversity Protection proposal.
- Withdraws \$33.7 million General Fund ongoing from the Department's state operations base budget. This reduction will be partially offset by an \$18.9 million shift from the Habitat Conservation Fund to the new Biodiversity Protection Fund to support the Department's core biodiversity conservation and enforcement programs. This reduction will be triggered off if the federal government provides sufficient funding to restore it.
- Withdraws \$80 million General Fund for Light Detection and Ranging (LiDAR) Technology.

California Conservation Corps

- Withdraws \$3.5 million General Fund for the expansion of the Corps' residential center program.

Department of Toxic and Substances Control

- Maintains reform proposal, which would establish a new Board of Environmental Safety and authorize the Department to set, restructure and revise fees.
- Withdraws \$4.2 million General Fund for new clean up at orphan sites.
- Shifts \$59 million in expenditures from the General Fund to Air Pollution Control Fund penalty revenues on a one-time basis.
- Shifts \$5.5 million in expenditures from the General Fund to existing special funds for the String fellow Superfund Site.

State Water Resources Control Board

- Shifts \$24 million in expenditures from the General Fund to Air Pollution Control Fund penalty revenues on a one-time basis.

Office of Environmental Health Hazard Assessment

- Withdraws \$6 million General Fund for proposal to evaluate unassessed chemicals using precision prevention methodologies.

California Department of Food and Agriculture

- Includes \$40.3 million General Fund one-time 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 salary, payout of leave balances, and unemployment insurance.
- Includes \$1.4 million General Fund and 6 positions in 2020-21, and \$2.8 million General Fund and 15 positions ongoing to support full implementation of Proposition 12.
- Includes statutory changes to establish new fee authority that will support associated Proposition 12 program costs. This proposal will be funded for two years by a short-term loan from within the Food and Agriculture Fund until this new fee revenue can support all program costs.
- Withdraws \$20 million General Fund for State Water Efficiency and Enhancement Program Grants.
- Withdraws \$2.25 million General Fund for Cal Expo Fiscal Support and Assessment.
- Reduces the baseline funding for the California Biodiversity Initiative by \$3.9 million General Fund ongoing. This reduction will be triggered off if the federal government provides sufficient funding to restore it.

Climate Catalyst Fund

- Withdraws the \$250 million General Fund proposal to establish a Climate Catalyst Fund.

CAP AND TRADE

Cap and Trade Expenditure Plan

- Maintains the January Governor's Budget proposal of a \$965 million Cap and Trade Expenditure Plan, but given significant uncertainty about future revenues proposes a "pay-as-you-go" budget mechanism to authorize Budget Act expenditures based on actual proceeds received at each quarterly auction. This proposed budget mechanism will prioritize initial auction proceeds for the following programs:
 - Air Quality in Disadvantaged Communities: AB 617 Community Air Protection Program and agricultural diesel emission reduction.
 - Forest Health and Fire Prevention, including implementation of the requirements of Chapter 391, Statutes 2019 (AB 38).
 - Safe and Affordable Drinking Water.

Departments would be directed to prioritize non-discretionary costs, such as salaries and wages, and any remaining auction proceeds would be allocated to other programs proportionally.

Climate Catalyst Fund

- Withdraws the \$250 million General Fund proposal to establish a Climate Catalyst Fund.

TRANSPORTATION

Caltrans

- Proposes a reduction in fuel tax revenues of \$1.8 billion through 2024-25 (with most of the reduction in 2019-20 and 2020-21), yet maintains current planning and engineering staffing levels to continue developing and designing previously programmed transportation projects.

California Highway Patrol

- Proposes to suspend annual supplemental pension payments of \$25 million from the Motor Vehicle Account. These payments were to be made annually beginning in 2019-20 through 2022-23. The 2019-20 payment would be made and the remainder suspended. In addition, expects to achieve the elimination of the \$243 million General Fund supplemental pension payment to CHP through collective bargaining with the association.

ENERGY

California Public Utilities Commission

- Proposes \$2.8 million and 3 positions in additional resources from the Public Utilities Commission Utilities Reimbursement Account to identify which areas of the state lack sufficient access to broadband.
- Proposes statutory language to increase the ability of the state to compete for federal funding to improve access to broadband Internet in California.
- Includes an additional 11 positions for the Commission (in addition to the January proposal of 93 positions) to further improve its Wildfire Mitigation Plan guidelines and performance metrics.

GENERAL GOVERNMENT

Homelessness and Local Government

- Proposes \$750 million federal funds (\$150 million already allocated) to Project RoomKey to use the funds to purchase hotels and motels, to be owned and operated by local governments and non-profits.
- Provides \$1.5 million to the Homeless Coordinating and Financing Council Administrative Resources.
- Allocates a portion of the state's CARES Act funding to local governments as follows:
 - \$450 million to cities that did not receive a direct allocation
 - \$1.3 billion to counties to address public health, behavior health and other need as a result of COVID-19.
 - Funding must be expended by December 31, 2020 and be consistent with federal guidelines.

Housing

- Proposes to expend \$331 million in National Mortgage Settlement funds for housing counseling, mortgage assistance and renter legal aid services as follows: the California Housing Financing Agency will administer \$300 million for housing counseling and mortgage assistance, and the remaining \$31 million to the Judicial Council to provide grants to legal aid services organizations.
- Maintains \$500 million in low-income housing state tax credits.
- Includes the following reversions:
 - \$250 million in mixed-income development funds over the next three years
 - \$200 million in infill infrastructure grant funds
 - \$115 million in other housing program funds

Small Business Loan Guarantees

- Proposes to increase funding for the Small business loan guarantee Program by \$50 million for a total of \$100 million.

Small Business and Economic Development

- Maintains \$758,000 ongoing for four positions to bring business and economic development to Inland and Northern California.

Labor Agency

Unemployment Insurance

- Maintains \$46 million to continue implementation of the Benefit Modernization Project to consolidate the department's Unemployment Insurance, Disability Insurance, and PFL benefit systems.

Department of Better Jobs and Higher Wages

- Prioritizes the reorganization of various entities under the California's Labor Agency which includes the state's workforce training programs under a new Department of Better Jobs and Higher Wages.

Paid Family Leave

- Maintains a \$10 million GF investment for the Social Entrepreneurs for Economic Development initiative, providing entrepreneurial training for individuals, including those who are undocumented.

Enforcement of Labor Laws

- Maintains the proposal to enforce compliance with AB 5, including \$17.5 million for the Department of Industrial Relations, \$3.4 million for the Employment Development Department, and \$780,000 for the Department of Justice.

Government Operations Agency

- Provides that GovOps work with agencies and departments to examine their workforces to determine classifications that can telework.
- Proposes a 5 percent reduction to nearly all state departments budgets beginning 2021-22 including:
 - Reduced travel and improved state processes and other costs saving opportunities.

Department of General Services

- Pauses building renovations and reducing proposed relocation costs
 - State Office Building Projects, Sacramento Region – withdrawal of \$721.7 million Public Buildings Construction Fund for the design-build phase of three office building renovation projects in the Sacramento Region: Gregory Bateson (\$183.6 million), Jesse Unruh (\$116.8 million), and Natural Resources (\$421.3 million). These projects will be paused until a statewide evaluation of office space needs has been completed.

- Health and Human Services Relocation to the Clifford L. Allenby Building—A decrease of \$4.1 million General Fund to reduce the level of resources associated with the relocation of the Department of Developmental Services, the Department of State Hospitals, and the California Health and Human Services Agency to the new Clifford L. Allenby Building.
- Natural Resources Agency New Facility Relocation—A decrease of \$4.8 million General Fund associated with a reduction of a Governor's Budget proposal to relocate staff from the Natural Resources Agency into the New Natural Resources Headquarters Building.

Employee Compensation

- Requires reductions necessary to balance the state budget, which will be triggered off if the federal government provides sufficient funding to restore them. Savings in employee compensation will need to be part of the budget solution absent federal funds.
- Provides that Collective bargaining negotiations commence or continue with all of the state's bargaining units to reduce pay by approximately 10 percent, relative to June 2020 pay levels. The Administration will include a budget provision to impose reductions if the state cannot reach an agreement. The May Revision assumes savings of an additional \$2.8 billion (\$1.4 billion General Fund).
- Prioritizes maintaining \$604 million ongoing (\$261 million General Fund) in salary increases for the state's lowest paid workers in Chapter 4, Statutes of 2016 (SB 3), and the \$260 per month payments to improve affordability and access to healthcare. The May Revision also maintains funding for all 2021 calendar year increases in health care premiums and enrollment for active state employees, and retiree health care prefunding for active employees.

State Retirement Contributions

- Proposes the following:
 - Redirects the remaining \$2.4 billion of the previously authorized \$3 billion of supplemental payment, over the next two years to pay the state's obligation that will produce more immediate savings.
 - Proposes statutory changes to eliminate the remaining \$500 million General Fund supplemental pension payment to CalPERS as authorized under SB 90.
 - Suspends the California State Teachers' Retirement Systems (CalSTRS) Annual Rate Increases—Given the COVID-19 Recession, the May Revision proposes statutory changes that will suspend the annual rate increases

authorized by the Teachers' Retirement Board at the 2019-20 level until 2023-24.

California Consumer Financial Protection and Innovation

- Maintains the Governor's Budget proposal for \$10.2 million Financial Protection Fund and 44 positions in 2020-21, growing to \$19.3 million and 90 positions ongoing in 2022-23, to revamp the Department of Business Oversight (DBO) as the Department of Financial Protection and Innovation, and empower the Department to provide consumers greater protection from predatory practices while facilitating innovation and ensuring a level playing field for all companies operating responsibly in California.
- Provides budget bill language that makes the funding and positions contingent upon the Legislature passing the necessary statutory language to implement the new program. This approach is intended to continue the discussion on the proposal's statutory language into the summer to give the Legislature more time to evaluate the proposal.

Cannabis

- Delays cannabis consolidation and instead 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, \$20.8 million for the Department of Public Health, and \$54.8 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.
- Delays simplifying and improving the cannabis tax administration to next year.

Department of Consumer Affairs

- Proposes fee increases for four Boards and one Bureau (Acupuncture Board, Board of Behavioral Sciences, Bureau of Private Postsecondary Education, Medical Board of California, and Podiatric Medical Board) via statutory changes with an effective date of January 1, 2021 in order to cover recent cost increases such as salary and benefits and costs at the Attorney General's Office. Typically these fee increases are handled through the policy committees.

- Proposes a decrease of \$1.4 million from various special funds to phase in or remove certain resources proposed in the Governor's Budget.
- Proposes a decrease to only fund Organizational Change Management Process Improvement-related positions that are filled at this time.

California Department of Veterans Affairs

- Proposes to begin the closure of the Veterans home at Barstow by June 30, 2022 and includes a reduction in operating costs of \$400,000 General Fund and two positions in order to generate long-term savings of \$14 million annually. Also, proposes a \$3 million reduction in 2020-21 in associated revenue.
- Modifies the Governor's Budget proposal to realign level of care at the Yountville, Chula Vista, and Barstow Homes to reflect the Barstow closure, and a one-year delay for realignment at Chula Vista and Yountville. Includes \$2.6 million net General Fund savings in 2020-21 as a result of these changes.
- Reduces the Governor's Budget proposal by \$1.1 million General Fund to improve behavioral health services at the veterans homes by standardizing mental health support staffing. This cost reduction reflects a six-month delay in the implementation of this Governor's Budget proposal.
- Proposes to transfer \$24.5 million from the Southern California Veterans Cemetery Master Development Fund for a cemetery in Orange County to the General Fund.
- Withdraws the Governor's Budget proposal to allocate \$700,000 from the Fund to conduct a study of various sites in the Irvine area for the future development of a Veterans Cemetery in Southern California.

Secretary of State

- Includes \$36.3 million in federal funds from the CARES Act (which is available for expenditure through December 31, 2020) to prevent, prepare for, and respond to the COVID-19 pandemic for the 2020 federal election cycle.
- Provides \$14.8 million in special funds to continue implementation of the California Business Connect project.

TAXATION AND REVENUE

Earned Income Tax Credit

- Continues the proposed expanded levels of the Earned Income Tax Credit as proposed in January.

Minimum Wage

- Maintains scheduled increases for minimum wage.

Revenue Solutions

- Maintains three General Fund tax proposals in the Governor's Budget:
 - Extending the sales tax exemption for diapers and menstrual products through the end of 2022-23.
 - Extending the carryover period for film credits awarded under Program 2.0 from 6 years to 9 years.
 - Extending the current exemption from the minimum tax for first year corporations to first year LLCs, partnerships, and LLPs.
- Maintains a new tax on e-cigarettes based on nicotine content and will be deposited in a new special fund.
- Delays cannabis tax collection
- Suspends Net Operating Losses for 2020, 2021, and 2022 for medium and large businesses.
- Limits business incentive tax credits from offsetting more than \$5 million of tax liability for 2020, 2021, and 2022.
- Requires used car dealers to remit sales tax to the Department of Motor Vehicles with the registration fees.
- Requires the use of market value for determining price for private auto sales.

PUBLIC SAFETY

California Department of Corrections and Rehabilitation

- Proposes total funding of \$13.4 billion (\$13.1 billion General Fund and \$311 million other funds).
- Projects the average daily population to be 122,536, which are spring projections prior to the impacts associated with COVID-19 and projects the average daily parolee population to be 56,966.
- Extends last remaining private in-state contract facility contract to May 2020 to reduce inmate movement and facilitate increased physical distancing.
- Proposes to close one facility beginning 2021-22 and a second facility beginning 2022-23 resulting in savings of \$100 million in 2021-22, \$300 million in 2022-23 and \$400 million ongoing.
- Proposes to stop intake of new youth offenders to the Division of Juvenile Justice effective January 1, 2021 and begin the closure of all three state juvenile facilities and the fire camp through the attrition of the current population and youth over the age of 18 that will be eventually transferred to an adult institution will be prioritized for placement in the Youth Offender Rehabilitative Community. Provides \$2.4 million General Fund in 2020-21, increasing to \$9.6 million ongoing to be awarded as competitive grants by the Board of State and Community Corrections to county probation departments for sex behavior treatment and mental health treatment needs.
- Reduces the reception center process to 30 days instead of 90-120 days, saving \$3.7 million General Fund in 2020-21 and significantly more in future years.
- Changes good conduct credits that will be applied prospectively with estimated savings of \$2.7 million General Fund in 2020-21 and significantly more in future years.
- Provides \$16.7 million General Fund annually for two years to provide modified work assignment posts for staff with medical conditions that result in restrictions or limitations, such as pregnancy, to provide them opportunities to continue working or return to work earlier than would otherwise be possible.
- Sustains the following General Fund proposals submitted in the Governor's Budget:
 - \$13.3 million for Mental Health Psychiatry Registry.

- \$3.8 million one-time for Intake Cell Retrofits.
- \$14.8 million for Medical Guarding and Transportation.
- \$5.9 million for Expansion of Statewide Tele-psychiatry Program.
- \$9.7 million in 2019-20 and \$4.3 million ongoing for Legionella Remediation at California Health Care Facility.
- \$2.9 million for Information Technology Security Staffing and Tools.
- \$40.8 million for existing capital outlay projects.
- Reduces the Youth Offender Rehabilitative Communities proposal at Valley State Prison to \$1.3 million in 2020-21 and \$2 million ongoing.
- Proposes the consolidation of fire camps that are currently not at capacity in coordination with CAL FIRE, with estimated savings of \$7.4 million General Fund in 2020-21 and \$14.7 million ongoing.
- Proposes operational changes at CDCR reentry facilities in order to draw down federal funding for residents' health care resulting in estimated savings of \$4.2 million General Fund in 2020-21 and \$8.5 million ongoing.
- Eliminates the Integrated Services for Mentally Ill Parolee Program and proposes to adjust policies to connect individuals with community resources, resulting in \$8.1 million General Fund savings in 2020-21 and \$16.3 million ongoing General Fund.
- Eliminates Parole Outpatient Clinics as services provided by these clinics can be accessed through Medi-Cal or other insurance but will retain Parole Outpatient Clinic Psychiatrists to continue meeting emergency medication needs for parolees with mental illness, resulting in estimated savings of \$9.1 million General Fund in 2020-21 and \$17.6 million ongoing General Fund.
- Proposes efforts to increase remote court appearances to enhance efficiencies.
- Proposes to cap parole terms for most parolees at 24 months, establish earned discharge at 18 months for certain Penal Code section 290 registrants, resulting in estimated savings of \$23.3 million General Fund in 2020-21, increasing to \$76 million ongoing General Fund in 2023-24.
- Removes \$20.6 million from CDCR's baseline budget to eliminate the Tattoo Removal Program (\$2.1 million) and to reduce ongoing prison maintenance funding (\$18.5 million).

- Withdraws the follow proposals from the Governor's Budget:
 - \$26.9 million for Academic Information Technology Modernization.
 - \$1.8 million for Expanding Higher Education Opportunities.
 - \$4.6 million for Expanded Inmate Visitation.
 - \$21.4 million for Staff Development and Support.
 - \$21.6 million General Fund in 2020-21 and \$2.1 million ongoing for Video Surveillance which was to expand capabilities at three prisons.
 - \$9.9 million General Fund in 2020-21 and \$11.8 million ongoing General Fund for Quality Management and Patient Safety.
 - \$5.9 million one-time funding for Health Care Facility Updates at the California Rehabilitation Center.
 - \$70.8 million associated with the withdrawal of various capital outlay projects, also reducing the overall out year costs for CDCR projects by approximately 67%.
- Modifies the following proposals from the Governor's Budget:
 - Reduces the Centralize Discrimination Complaints proposal from \$1.8 million ongoing to \$943,000.
 - Reduces the Roof Replacement proposal from \$78.2 million over two years to \$37.6 million for one roof replacement at California State Prison, Sacramento.

Local Public Safety

- Withdraws the probation reform proposal in the Governor's Budget.
- Updates estimates of net savings of Proposition 47 to \$102.9 million General Fund.
- Maintains the existing SB 678 calculation which will provide county probation departments \$112.7 million General Fund in 2020-21.
- Provides \$12.9 million General Fund to county probation departments to supervise the temporary increase in the average daily population of offenders on Post Release Community Supervision.

Judicial Branch

- Provides total funding of \$4.3 billion (\$2.2 billion General Fund and \$2.1 billion other funds) in 2020-21 for the Judicial Branch, of which \$1 billion is provided to support trial court operations.
- Provides one time \$50 million General Fund in 2020-21 to help trial courts address backlog of cases and resume normal operations.
- Provides \$25 million ongoing General Fund for modernizing court operations and increasing access to court services online.
- Maintains the Online Adjudications of Infractions and Expansion of Ability to Pay proposal where eligible participants can have their penalties reduced by 50% or more and can make payments over time.
- Triggers the reduction of the following absent sufficient funding from the federal government:
 - Base reduction of \$178.1 million General Fund for Trial Courts in 2020-21 and ongoing and an additional decrease of \$28.1 million General Fund in 2021-22 associated with a 5 percent reduction in operating expenses.
 - Decreases \$23.2 million General Fund for State Level Judiciary in 2020-21 and ongoing and an additional decrease of \$10.6 million in 2021-22 associated with a 5 percent reduction in operating expenses.
 - Decreases \$15.2 million ongoing General Fund to reflect a 5 percent reduction to the following programs: Dependency Counsel; Court Interpreters; California Collaborative and Drug Court Projects; Court Appointed Special Advocate Program; Model Self-Help Program; Equal Access Fund; Family Law Information Centers; and Civil Case Coordination.
- Withdraws the following proposals from the Governor's Budget:
 - \$107.6 million ongoing General Fund to support trial court operations.
 - \$43.6 million General Fund for Court Facilities to begin the design and construction of courthouse projects, consistent with the Judicial Council Facilities Reassessment. Suspends \$2 billion (\$505 million General Fund) over the next five years as the courts reassess how they use their facilities in the wake of the COVID-19 pandemic.

- \$10.3 million General Fund in 2020-21 to advance three information technology initiatives which can be funded from the \$25 million for modernization.
- \$8.1 million General Fund in 2020-21 and \$15.5 million ongoing to fund court navigators in trial courts.
- \$6.9 million General Fund in 2020-21 and \$11.3 million General Fund in 2021-22 to digitize court records in approximately 15 courts, including appellate and trial courts, which can be funded from the \$25 million for modernization.
- \$1.2 million ongoing General Fund to support increased costs for contractual services provided by the Supreme Court and the Courts of Appeal Court Appointed Counsel projects.
- \$1 million ongoing General Fund to support audits conducted by the State Controller's Office.
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- Adjusts the following:
 - Includes an additional \$238.5 million one-time General Fund in 2020-21 to backfill fine and fee revenue losses. Specifically, \$90.9 million for estimated lost revenue in 2019-20 and \$147.6 million for 2020-21.
 - \$30 million ongoing General Fund for trial court employee health benefit and retirement costs, which is a decrease of \$5.1 million from the Governor's Budget due to updated cost estimates.
 - Increases by \$1 million for a total of \$9.9 million General Fund in 2020-21 and \$9.6 million General Fund annually thereafter for increased costs for court interpreters and to purchase equipment for the newly established Video Remote Interpreting Program.

Department of Justice

- Provides total funding of \$1.1 billion, including \$365.9 million General Fund, to support the Department of Justice with a trigger cut of \$14 million if certain federal funds are not received.
- Retains the following proposals from the Governor's Budget:

- \$5.9 million General Fund for Chapter 730, Statutes of 2019 (AB 879)
- \$2.4 million Dealers' Record of Sales Special Account for Firearms Information and Technology Modernization
- \$2.1 million Dealers' Record of Sales Special Account for Chapter 737, Statutes of 2019 (SB 61)
- \$981,000 Dealers' Record of Sales Special Account for Chapter 738, Statutes of 2019 (SB 376)
- \$128,000 Dealers' Record of Sales Special Account for other firearm registration issues.
- Adjusts the following proposals from the Governor's Budget:
 - Provides \$3.8 million General Fund to backfill the DNA Identification Fund, bringing the total amount available to \$35.8 million one-time funds (\$25.8 million General Fund and \$10 million Fingerprint Fees Account)
 - Provides \$724,000 Gambling Control Fines and Penalties Account in 2020-21 for the initial planning and analysis phase of replacing the License 2000 system.
 - Updates the implementation timeline for Chapter 541, Statutes of 2017 (SB 384) and aligns the funds accordingly.
- Withdraws the following proposals from the Governor's Budget:
 - \$7.3 million ongoing General Fund for Bureau of Forensic Services Equipment and Facility Maintenance.
 - \$5.7 million ongoing General fund for Chapter 626, Statutes of 2019 (AB 1296), Tax Recovery in the Underground Economy Enforcement Teams.
 - \$2.2 million ongoing General Fund for the Healthcare Rights and Access Section.
 - \$9.5 million for the acquisition of a new consolidated forensic science laboratory campus project

Office of Emergency Services

- Provides \$127 million for the Office of Emergency Services to enhance the state's emergency preparedness and response capabilities including:
 - Maintains \$50 million one-time General Fund for Community Power Resiliency to support additional preparedness measures that bolster community resiliency which will include a matching grant program to help local governments prepare for, respond to, and mitigate the impacts of power outages.
 - Provides \$38.2 million one-time General Fund (maintaining \$16.7 million included in the Governor's Budget and an additional \$21.5 million) to increase the amount of funding available through the California Disaster Assistance Act (CDAA), increasing the total CDAA funding available to \$100.8 million.
 - Maintains \$17.3 million for California Early Earthquake Warning and proposes to switch the fund source for the loan from the General Fund to the School Land Bank Fund.
 - Maintains \$7.6 million General Fund and 12 positions (a total of \$11.1 million General Fund and 22 positions across various agencies) for the California Cybersecurity Integration Center to enhance the state's critical cybersecurity infrastructure.
 - Maintains \$9.4 million (\$9.2 million General Fund) and 50 positions for disaster planning, preparedness, and response to prepare for, respond to, and assist the state in recovering from disasters while maximizing eligible federal reimbursements.
 - Maintains \$2.5 million (\$503,000 General Fund) to transfer the Seismic Safety Commission to OES, reducing the proposal by \$446,000 General Fund.
 - Maintains \$2 million General Fund for the Wildfire Forecast and Threat Intelligence Integration Center, consistent with Chapter 405, Statutes of 2019 (SB 209), reducing the proposal by \$6.8 million General Fund across various departments.

- Withdraws the following proposal from the Governor's Budget:
 - \$101.8 million (\$26.8 million General Fund) for the implementation of the home hardening pilot grant program authorized by Chapter 391, Statutes of 2019 (AB 38).

Victim Services

- Maintains the following Governor's Budget proposals:
 - \$23.5 million one-time General Fund to backfill the Restitution Fund
 - \$9 million ongoing for the California Violence Intervention and Prevention Grant Program

Board of State and Community Corrections

- Triggers reduction of the Adult Reentry Grant by \$37 million if federal funding is not made available.

Commission on Peace Officer Standards and Training

- Proposes to use \$10 million General Fund that was previously appropriated to create a Distance Learning Grant Program, increase the functionality of POST's Learning Portal, and upgrade previously produced and developed distance learning courses and videos. Proposes that the Distance Learning Grant Program will develop and deliver training focused on use of force and de-escalation, implicit bias and racial profiling, community policing, cultural diversity, and organizational wellness.

California Military Department

- Triggers a reversal of the 2018-19 expansion of the California Cadet Corps for a decrease of \$6.3 million General Fund in 2020-21 and \$8 million General Fund in 2021-22 absent sufficient funding from the federal government.

State Public Defender's Office

- Triggers reduction of funding for training and technical assistance from \$4 million General Fund in 2020-21 and \$3.5 million ongoing to \$2.1 million absent the availability of federal funds.

Highlights of the Governor's Proposed 2020-21 May Revision ***May 14, 2020***

- Withdraws \$10 million one-time General Fund for the Board of State and Community Corrections to administer a pilot program to supplement local funding for indigent defense.