



To: All CPPCA Members

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Subject: **Governor Newsom Releases 2020-21 Proposed Budget**

Today, Governor Newsom released his proposed 2020-21 state budget. The budget proposes approximately \$153.1 billion in General Fund (GF) spending and \$222.2 billion in total spending, with a surplus of approximately \$5.6 billion. Governor Newsom's proposed budget remains steady in the need to invest in reserves to prepare for future economic downturns. Much of this surplus is dedicated to building reserves, paying down debt, and one-time and ongoing spending.

The Budget highlights the importance of continuing "to build reserves and promotes a more effective government that can withstand a downturn in the economy, as well as emergencies and disasters. It squarely addresses the affordability crisis that too many Californians experience and continues unprecedented investments in promoting opportunity. The Budget continues to reflect the principle that maintaining a balanced budget and strong budget resiliency is non-negotiable and a necessary predicate for expanding programs, especially with the growing risks facing the state."

The budget tackles several pressing issues facing the state including homelessness, housing affordability, mental health issues, health care costs and delivery of services, advancements and investments in education. The budget also proposes ongoing investments in many key public safety programs.

The final budget is due to the Governor by June 15 and must be signed into law by July 1, 2020. You can access the full budget summary at: <http://ebudget.ca.gov/FullBudgetSummary.pdf>

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION

Adult Prison Population - Given the projected continued decline in the inmate population throughout 2019-20 and 2020-21, the Budget reflects ending all private in-state contract correctional facilities for male inmates by April 2020. The Budget also reflects phasing out two of the remaining three male, public in-state contract correctional facilities by 2021, and the third is

projected to be closed no later than July 2022. The Department projects that the population will decline by approximately 4,300 inmates between June 2021 and June 2024. If these population trends hold, the Administration notes that it will close a state-operated prison within the next five years.

Youth Offender Rehabilitative Communities – The Budget includes \$6.2 million General Fund in 2020-21, and \$10.1 million ongoing, to establish Youth Offender Rehabilitative Communities. These are programs that house offenders under the age of 26 together at select adult institutions in campus-style environments conducive to positive behavioral programming. These communities will serve to connect youth offenders to positive mentors, as well as rehabilitative and educational programs targeted to their unique needs. A model program will be established at Valley State Prison in Chowchilla.

Staff Development and Support - The Budget includes \$21.4 million General Fund in 2020-21, declining to \$19.8 million ongoing General Fund in 2023-24, to enhance staff development through new training for correctional officers and counselors. These new efforts will involve the repurposing of the former Northern California Women’s Facility into a new hands-on training facility and will focus on giving staff the tools to effectively communicate with inmates and encourage them to participate in rehabilitative programs. In addition, the Budget includes \$1.8 million ongoing General Fund to centralize the Department’s discrimination complaint process to promote objectivity and fairness in the investigation of equal opportunity complaints.

Inmate Programs

- *Academic Information Technology Modernization* - The Budget includes \$26.9 million General Fund in 2020-21, eventually declining to \$18 million ongoing to provide increased access to modern technology for inmates participating in academic and vocational training to address this gap and better prepare inmates for reentry.
- *Expanding Higher Education Opportunities* - The Department is planning to partner with the California State University system to establish bachelor’s degree programs at several prisons, including Valley State Prison in Chowchilla. The Budget includes \$1.8 million General Fund in 2020-21, and \$3.5 million ongoing for tuition, books, materials, training, and equipment for students participating in the program.
- *Inmate Visitation* - The Budget includes \$4.6 million ongoing General Fund to add an additional visitation day at nine institutions.

PUBLIC SAFETY ITEMS OF NOTE

SB 678 – The Budget proposes \$113.8 million General Fund in baseline funding for 2020-21 for SB 678 and includes \$11 million ongoing GF to stabilize SB 678 funding provided to counties.

Misdemeanor Supervision - The Budget includes \$60 million General Fund annually for three years and \$30 million General Fund in 2023-24, to supervise and provide probation services for misdemeanants, with the aim of improving public safety by reducing recidivism of these individuals. The budget notes that this proposal is intended to align existing evidence-based

practices used with the felony probation population to the misdemeanor population, with a focus on supervision and services based on risk and needs assessments.

Probation Terms - The Budget proposes changes to felony and misdemeanor probation terms to two years and allows for earned discharge for probationers. The budget notes that this is intended to conform with research that suggests that the maximum time needed to engage probationers in behavior change and reduce the likelihood of reoffending is no more than two years, while also creating incentives for individuals to engage in treatment and services early on.

CCP Implementation Grants - The Budget continues to propose \$7.95 million to go out to the counties that report on their realignment efforts to the BSCC. Counties are eligible to receive funding if they submit a report to the Board of State and Community Corrections annually that provides information about the implementation of the Community Corrections Partnership plan accepted by the County Board of Supervisors pursuant to Section 1230.1 of the Penal Code. As in years past, the funds would be distributed based on the most recent county population as follows: (1) \$100,000 to each county with a population of 0 to 200,000, inclusive, (2) \$150,000 to each county with a population of 200,001 to 749,999, inclusive, and (3) \$200,000 to each county with a population of 750,000 and above.

PRCS Mitigation Funding – The Budget proposes \$13.8 million for probation departments to supervise the temporary increase in the average daily population of offenders on PRCS as a result of the implementation of Proposition 57.

Jail-Based Competency Restoration – The Budget includes \$8.9 million General Fund in 2020-21 and \$11.2 million General Fund annually thereafter to expand the Jail-Based Competency Treatment program to eight additional counties. This expansion is estimated to increase capacity by up to 63 beds in 2020-21. These efforts are intended to reduce the pending placement time and the waitlist for ISTs referred to DSH treatment programs.

HEALTH AND HUMAN SERVICES

Medi-Cal Healthier California for All initiative – The Budget proposes several changes to Medi-Cal to create a more consistent and seamless system by reducing complexity and increasing flexibility, identifying and managing member risk and needs through enhanced care, and addressing social determinants of health. Medi-Cal Healthier California for All will build on the progress from the whole person care approach by pursuing structural changes to the state’s behavioral health delivery system and expanding statewide wraparound services, such as housing and social services.

To implement the Medi-Cal Healthier California for All initiative effective January 1, 2021, the Budget includes \$695 million (\$348 million General Fund), growing to \$1.4 billion (\$695 million General Fund) in 2021-22 and 2022-23. This investment will provide for enhanced care management and in lieu of services, necessary infrastructure to expand whole person care approaches statewide, and build upon existing dental initiatives.

In alignment with the Medi-Cal Healthier California for All initiative, the Budget includes \$45.1 million General Fund in 2020-21 and \$42 million General Fund in 2021-22 for the Department to implement a Behavioral Health Quality Improvement Program. This will provide funding to county-operated community mental health and substance use disorder systems to incentivize system changes and process improvements that will help counties prepare for opportunities through the Medi-Cal Healthier California for All Initiative.

Department of Early Childhood Development – The Budget proposes the establishment of a new Department of Early Childhood Development under the Health and Human Services Agency effective July 1, 2021. This new department would position the state to implement recommendations from the Master Plan for Early Learning and Care and allow for better integration of services and outcomes for children in child care and other health and human services programs.

Adverse Childhood Experiences Training Program- The Budget includes \$10 million one-time General Fund for the development of an adverse childhood experiences cross-sector training program that will be accredited by the Office of the Surgeon General, in addition to a statewide adverse childhood experiences public awareness campaign.

Behavioral Health Task Force – The Budget proposes to establish a Behavioral Health Task Force at the Health and Human Services Agency to review existing policies and programs to improve the quality of care, and coordinate system transformation efforts to better prevent and respond to the impacts of mental illness and substance use disorders in California’s communities.

Mental Health Services Act - The proposed Budget notes that the MHSA has become a foundational element of California's mental health system in the 15 years since Proposition 63 was enacted; however, communities’ behavioral health needs have evolved during that time and the Act should be updated to reflect this knowledge. The budget notes that the Act should be updated to better focus on people with mental illness who are also experiencing homelessness, who are involved in the criminal justice system, and for early intervention for youth and the Administration will submit a proposal in the spring regarding this proposed reform.

Department of Youth and Community Restoration - The 2019 Budget Act included resources to transition the Division of Juvenile Justice from the Department of Corrections and Rehabilitation to the Health and Human Services Agency as an independent department, effective July 1, 2020. The new department will consist of 1,415.9 positions and \$289.7 million (\$260.8 million General Fund) in 2020-21 and \$295.6 million (\$266.8 million General Fund) in 2021-22 and annually thereafter. The proposed funding level reflects the establishment of a new training academy and continues funding for therapeutic communities (\$8 million General Fund ongoing).

JUDICIAL BRANCH

Fines and Fees - The 2019 Budget Act included \$3.4 million General Fund for the Judicial Council to implement an eight-court pilot program to allow indigent and low-income individuals to apply online to have their fines and fees from traffic infractions reduced in accordance with their

ability to pay. The Budget includes \$11.5 million General Fund in 2020-21, increasing to \$56 million ongoing General Fund by 2023-24, to expand this program statewide and incorporate both traffic and non-traffic infractions. The ongoing costs include \$2 million to implement an online application system and \$54 million to backfill the estimated loss in revenue to support trial court operations as a result of the penalty reductions. The Judicial Council will implement this program on a phased schedule, with several courts joining each year.

BOARD OF STATE AND COMMUNITY CORRECTIONS

Proposition 47 – The Department of Finance currently estimates net General Fund savings of \$122.5 million, an increase of \$44 million over the estimated savings in 2019-20. This increase is attributable primarily to increased savings resulting from the state’s reduced reliance on contract facilities to house prison inmates. These funds will be allocated according to the formula outlined in the initiative, which requires 65 percent be allocated for grants to public agencies to support various recidivism reduction programs (such as mental health and substance use services), 25 percent for grants to support truancy and dropout prevention programs, and 10 percent for grants for victims' services.

Indigent Defense - The Budget includes \$10 million one-time General Fund for the Board of State and Community Corrections to administer a pilot program, in consultation with the Office of the State Public Defender, to supplement local funding for indigent criminal defense. This funding will also support the completion of an evaluation to determine the effectiveness of the grants in improving indigent defense services.

Jail Oversight - The Administration proposes to strengthen the state's oversight of county jails. The Board of State and Community Corrections will more actively engage counties regarding deficiencies identified as part of its inspections through its public board meeting process and by more frequent follow-up inspections. The Board will also provide additional technical assistance to those counties where issues are identified. Also, as part of the Title 15 jail standards review, the Board will make sure the standards are consistent with national best practices.

DEPARTMENT OF JUSTICE

Dealers’ Record of Sale (DROS) - The Budget includes \$2.4 million one-time Dealers’ Record of Sale (DROS) Special Account to begin the planning and analysis phase of combining and modernizing the 11 existing firearms tracking systems.

California Law Enforcement Telecommunications System (CLETS): —The Budget proposes \$2.8 million General Fund in 2020-21, \$3.3 million in 2021-22, and \$2.9 million annually thereafter to conduct investigations and audits to monitor compliance with AB 1747, which limits the use of CLETS for immigration enforcement purposes.

Criminal Records Relief—The Budget proposes \$3.6 million Fingerprint Fees Account in 2020-21, declining to \$1.9 million annually in 2023-24, to review records in statewide criminal justice databases to identify persons eligible to have their arrest or criminal conviction records withheld from disclosure and modify existing systems to grant such relief automatically.

DEPARTMENT OF STATE HOSPITALS

Incompetent to Stand Trial – The number of ISTs pending placement into the state hospital system was approximately 800 individuals in December 2019. To help address this need, the Budget includes \$24.6 million General Fund in 2020-21 to implement a Community Care Collaborative Pilot Program. This initiative will establish a six-year pilot program in three counties that provides incentives to treat and serve individuals deemed IST in the community. The total costs of the pilot program over six years is estimated to be \$364.2 million General Fund. This pilot program will primarily target development of community-based treatment options for individuals deemed IST and increase local investments in strategies to reduce the rate of arrests, rearrests, and cycling in and out of institutions for this population.

OTHER ITEMS OF NOTE

Homelessness – The proposed Budget makes significant investments in addressing homelessness and note that this issue impacts both urban and rural communities throughout the state and puts stress on public resources from emergency rooms to jails and public works departments. The Budget proposes over \$1 billion in investments and makes a radical shift in the state's involvement to house the many unsheltered persons living in California, by launching the California Access to Housing and Services Fund with a \$750 million initial investment. This Fund will create a structure for developing affordable housing units, supplementing and augmenting rental subsidies, and stabilizing board and care homes. Funds will flow through contracts between the state and regional administrators and will be subject to a 10-percent administrative cap. These efforts will be coordinated with county services and designed to align to community needs.

Additionally, the Governor recently issued an executive order to take urgent actions to provide additional state aid to support local governments in addressing this crisis. The state will deploy state assets to specific counties, in partnership with philanthropy, to augment local shelter capacity. The Administration will also send out multi-agency strike teams to assist cities and counties in moving individuals from encampments into shelters and connecting them to services. The Administration is also partnering with local researchers to direct a study to better understand the root causes of the state's homelessness crisis.

Wildfire Forecast and Threat Intelligence Integration Center - The Budget includes \$9 million (\$8.8 million General Fund) and 22 positions across Cal OES, CAL FIRE, the Military Department, and the PUC to begin implementation of the Wildfire Forecast Center.

Community Power Resiliency - The Budget includes \$50 million one-time General Fund to support additional preparedness measures that bolster community resiliency. Building on the state's power-resiliency investments, these measures will support critical services still vulnerable to power outage events, including schools, county election offices, and food storage reserves. This proposal will support a matching grant program to help local governments prepare for, respond to, and mitigate the impacts of power outages.

Victims Services

- *Restitution Fund Backfill*—\$23.5 million one-time General Fund to backfill declining fine and fee revenues in the Restitution Fund. This funding will allow CalVCB to continue operating at its current resource level.
- *Legal Services for Victims*—\$476,000 General Fund in 2020-21 and \$448,000 annually thereafter for the Department of Justice to provide legal services to victims. The Department of Justice served 326 victims in 2018-19, compared to 26 in 2015-16, largely due to the increased public awareness of the availability of legal services for victims.

Mental Health Services for Veterans - The Budget includes \$2.3 million ongoing General Fund to improve behavioral health services at the veterans' homes by standardizing mental health support staffing.

Updated Allocation of the Cannabis Tax Fund

Proposition 64 specified the allocation of resources in the Cannabis Tax Fund, which are continuously appropriated. Pursuant to Proposition 64, expenditures are prioritized for regulatory and administrative workload necessary to implement, administer, and enforce the Cannabis Act, followed by research and activities related to the legalization of cannabis and the past effects of its criminalization. Once these priorities have been met, the remaining funds are allocated to youth education, prevention, early intervention, and treatment; environmental protection; and public safety-related activities.

- The Budget estimates \$332.8 million will be available for these purposes in 2020-21, and the structure of these allocations is unchanged from 2019-20:
- Education, prevention, and treatment of youth substance use disorders and school retention—60 percent (\$199.7 million).
- Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation—20 percent (\$66.6 million).
- Public safety-related activities—20 percent (\$66.6 million).

Addressing Opioid Epidemic

The Budget continues efforts to combat opioid overdose through better prevention, early intervention, and treatment to stabilize conditions before they become severe. Specifically, the Budget includes \$89.2 million in 2019-20 for the Medication Assisted Treatment Expansion Project, which has added over 650 access points across the health care and criminal justice systems. The Project's Naloxone Distribution Program, which aims to reduce opioid overdose through the provision of naloxone, helped reverse over 8,000 opioid overdoses as of October 2019. The Budget also includes \$426 million (\$62.6 million General Fund) to support the Drug Medi-Cal Organized Delivery System, which provides expanded substance use disorder treatment for Medi-Cal beneficiaries.