

Summary of the Enacted 2020-21 Budget: Impact on California's Older Adults, People with Disabilities, and Family Caregivers

FACT SHEET • JULY 2020

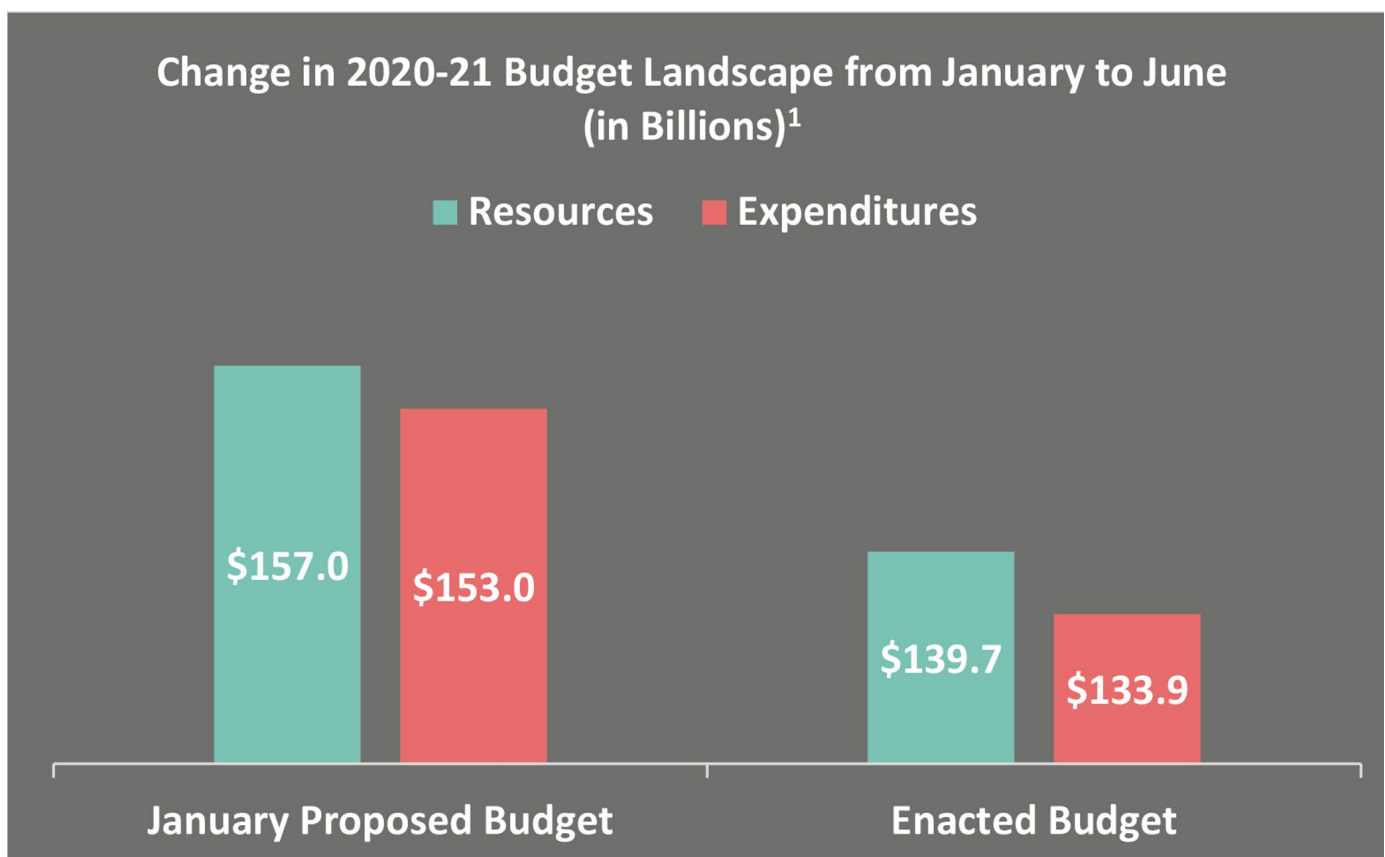
On June 29, 2020, California Governor Gavin Newsom signed California's 2020-21 budget. The budget addresses the \$54.3 billion deficit while maintaining funding for critical programs serving older adults, people with disabilities, and family caregivers.



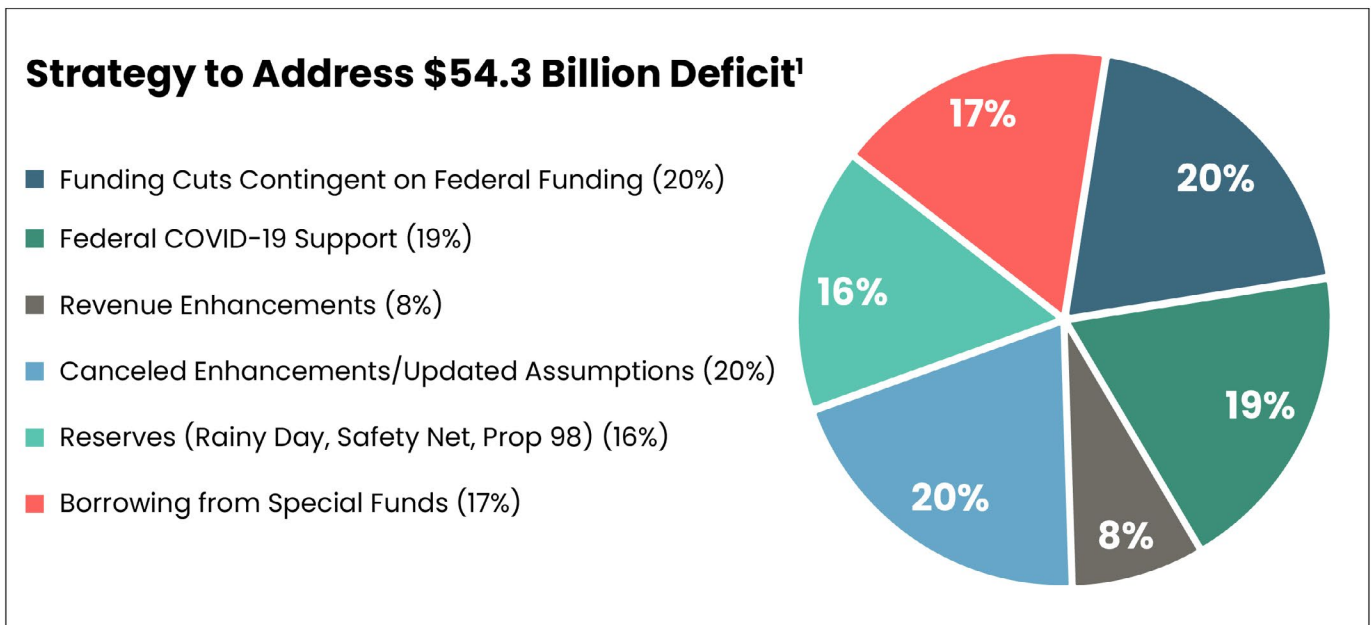
The enacted budget addresses the \$54.3 billion deficit with General Fund (GF) resources of \$139.7 billion and anticipated expenditures of \$133.9 billion.

Overview

On June 29, 2020, Governor Gavin Newsom signed the 2020–21 budget, addressing the \$54.3 billion deficit brought on by the coronavirus (COVID-19) crisis. The enacted budget rejected a number of proposed cuts outlined in the [May Revision](#), including those impacting older adults, people with disabilities, and caregivers.¹ Additionally, Governor Newsom issued a budget emergency proclamation on June 25, making additional funds available through the state’s rainy day fund.² Overall, the budget reflects total General Fund (GF) resources of \$139.7 billion and anticipated expenditures of \$133.9 billion.¹



The enacted budget used a range of approaches to close the deficit, including program reduction, use of state reserves and federal funding for COVID-19 relief, and withdrawal of several proposals in the January budget. The enacted budget includes \$11.1 billion in reductions and deferrals that will be restored if at least \$14 billion in federal funds are received by October 15, 2020. The triggered reductions and deferrals included funding for education, state employee compensation, courts, moderate-income housing, and more.¹



In the May Revision, the governor proposed eliminating the Community-Based Adult Services (CBAS) and Multipurpose Senior Services Program (MSSP), along with cuts to In-Home Supportive Services (IHSS), certain Medi-Cal optional benefits, and Proposition 56 provider rate increases. The Legislature disagreed, and worked out an agreement with the governor to preserve funding in the 2020-21 budget for these and other critical programs serving and supporting older adults, people with disabilities, and their caregivers.¹

In normal budget years, state tax collection is completed April 15, prior to the enactment of the budget. The governor uses the May Revision to adjust the state spending plan to reflect actual tax receipts. During the COVID-19 crisis, the tax deadline was extended to July 15. While it is unlikely that any major changes will be made to this budget agreement, there is a possibility that state leaders may want to discuss budget adjustments in August to reflect the actual tax revenue collected. It is also possible that Congress and the president will act on the next COVID-19 relief bill by the end of July to provide a basis for further state budget discussions.

Looking forward, the deficit for 2021-22 is forecasted at \$8.7 billion, which presents a continued threat in future budget years to fund programs that serve older adults, people with disabilities, and their caregivers.¹ Responding to the threat of future deficits, the budget maintains the January 1, 2022, suspension of several ongoing programmatic expansions established in the *2019 Budget Act*. This includes specified Medi-Cal optional benefits, such as audiology, speech therapy, optometry services, and podiatry. In addition, the budget moves the suspension timeline of most Proposition 56 Medi-Cal program rate increases up to July 1, 2021. These suspensions will be lifted if it is determined that there is sufficient General Fund revenue to support these programs in the subsequent two years.

While the enacted budget rejected proposed cuts to critical programs serving older adults, people with disabilities, and family caregivers, the risk of budget deficits in following years could still pose a threat to future funding for these programs.

Enacted Budget Items Impacting Older Adults, People with Disabilities, and Family Caregivers

The following tables outline program funding in the enacted budget as compared to the May Revision proposals. Tables 1-2 outline proposed reductions to home- and community-based services that were rejected with funding included in the enacted budget. Tables 3-4 reflect proposals that were upheld in the enacted budget, resulting in funding cuts. Table 5 shows the proposed investment in skilled nursing facilities in the May Revision that was upheld.

Table 1: Proposed May Revision Funding Cuts Rejected as Part of the Enacted Budget^{1,3-7}

<i>Program & Number of Californians Affected (Where Data Is Available)</i>	<i>May Revision Proposal</i>		<i>Enacted Budget</i>
	<i>Proposed Action</i>	<i>Estimated Reduction</i>	<i>Final Action</i>
Community-Based Adults Services (CBAS) Affects 36,679 Californians ⁸	Eliminate CBAS program as of July 1, 2020.	\$108.4 million GF*	Maintains funding, rejects May Revision.
Multipurpose Senior Services Program (MSSP) Affects 9,283 Californians ⁹	Eliminate MSSP program as of July 1, 2020.	\$22.2 million GF	Maintains funding, rejects May Revision.
Medi-Cal Eligibility Expansion for Age, Blind, and Disabled to 138 percent FPL Affects 30,000 Californians ¹⁰	Eliminate expansion of Medi-Cal for older adults and people with disabilities with incomes between 123 percent and 138 percent of the federal poverty level (FPL).	\$135.5 million (\$67.7 million GF)	Maintains funding, rejects May Revision.
Medi-Cal Estate Recovery	Reinstate estate recovery policy that collects against all medical care incurred.	\$16.9 million GF	Rejects May Revision.

* Proposed reduction of CBAS funds from both the Department of Health Care Services and California Department of Aging budgets combined.

**Table 1: Proposed May Revision Funding Cuts Rejected as Part of the Enacted Budget^{1,3-7}
(continued)**

Program & Number of Californians Affected (Where Data Is Available)	May Revision Proposal		Enacted Budget
	Proposed Action	Estimated Reduction	Final Action
Supplemental Security Income/State Supplementary Payment (SSI/SSP) Grants Affects 1.2 million Californians ¹¹	Reduce the state's SSP grant by the amount of the federal January 2021 cost of living adjustment for the SSI portion of the grant.	\$33.6 million GF	Rejects May Revision.
Senior Nutrition Program Affects 212,725 Californians ^{12,13}	Reduce funding increase for congregate and home-delivered meal programs included in the <i>2019 Budget Act</i> .	\$8.5 million GF	Maintains funding, rejects May Revision.
Caregiver Resource Centers Affects 18,000 California families ¹⁴	Eliminate funding increase for the Caregiver Resource Centers included in the <i>2019 Budget Act</i> .	\$10 million GF	Maintains funding, rejects May Revision.
Aging and Disability Resource Centers (ADRC)	Reduce funding to partially offset the \$4.2 million increase authorized under the <i>2019 Budget Act</i> .	\$3 million GF	Maintains funding, rejects May Revision.
Independent Living Centers (ILC)	Reduce funding for ILCs.	\$2.1 million GF	Maintains funding, rejects May Revision.
LTC Ombudsman Program	Reduce funding for LTC Ombudsman Program.	\$2 million GF	Maintains funding, rejects May Revision.

Table 2: Proposed May Revision Funding Cuts Rejected for 2020–21 Budget – with Future Funding Suspended Under Specified Conditions ^{1,3–6}

Program & Number of Californians Affected (Where Data is Available)	May Revision Proposal		Enacted Budget
	Proposed Action	Estimated Reduction	Final Action
In-Home Supportive Services (IHSS) Affects 625,180 Californians under Aged, Blind, and Disabled designation ¹⁵	Apply a 7 percent reduction in the number of hours provided to IHSS beneficiaries as of January 1, 2021.	\$205 million GF	Maintains funding, rejects May Revision. Under specified conditions, suspends funds December 31, 2021.†
Optional Medi-Cal Benefits	Eliminate: audiology; incontinence creams and washes; speech, occupational, and physical therapy; optician/optical lab; podiatry; acupuncture; optometry; nurse anesthetist services; pharmacist services; drug screening, intervention, and treatment referrals; and diabetes prevention program services. Reduce adult dental services.	\$54.7 million GF	Maintains funding, rejects May Revision. Under specified conditions, suspends funds for certain optional benefits December 31, 2021.†
Proposition 56: Provider Payments	Eliminate Proposition 56 supplemental payments for physician, dental, and family health services; developmental screenings; non-emergency medical transportation; value-based payments; and loan repayments for physicians and dentists to support growth in the Medi-Cal program.	\$1.1 billion	Maintains funding, rejects May Revision. Under specified conditions, suspends funds July 1, 2021.†

† The suspension will be lifted if there is sufficient GF revenue in the subsequent two years.

Table 3: Funding Cuts Included in the Enacted Budget^{1,3-6}

Program & Number of Californians Affected (Where Data is Available)	May Revision Proposal		Enacted Budget
	Proposed Action	Estimated Reduction	Final Action
In-Home Supportive Services (IHSS) Affects 625,180 Californians under Aged, Blind, and Disabled designation ¹⁵	Freeze IHSS county administration funding at 2019-20 level.	\$12.2 million GF	Eliminates funding, upholds May Revision.
California Advancing and Innovating Medi-Cal (CalAIM)	Delay implementation of the CalAIM initiative.	\$347.5 million GF	Eliminates funding, upholds May Revision.
California Access to Housing and Services Fund	Eliminate proposed funding to establish a fund for developing affordable housing units, supplementing and augmenting rental subsidies, and stabilizing board and care homes.	\$750 million GF	Eliminates funding, upholds May Revision.
Health Insurance Counseling and Advocacy Program (HICAP)	Loan from the HICAP fund to GF.	\$5 million	Borrows \$5 million in HICAP funds, with intent to restore in future years.

Table 4: New Proposals from January Suspended or Eliminated^{3,6}

<i>Program</i>	<i>May Revision Proposal</i>		<i>Enacted Budget</i>
	<i>Proposed Action</i>	<i>Estimated Reduction</i>	<i>Final Action</i>
Medi-Cal for Undocumented Older Adults	Rescind proposal to expand Medi-Cal to undocumented older adults.	\$112.7 million (\$87 million GF)	Delays implementation to January 1, 2022.
California Cognitive Care Coordination Initiative	Eliminate one-time funds and withdraws proposal.	\$3.6 million GF	Eliminates funding, upholds May Revision.

Table 5: Approved Investment^{1,3}

<i>Program</i>	<i>May Revision Proposal</i>		<i>Enacted Budget</i>
	<i>Proposed Action</i>	<i>Estimated Investment</i>	<i>Final Action</i>
Skilled Nursing Facilities	Increase rates by 10 percent for four months to support COVID-19 response during pandemic.	\$72.4 million GF (2019–20) \$41.6 million GF (2020–21)	Includes 10 percent rate increase, upholds May Revision.

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