

2021-22 Proposed Budget: Impact on California's Older Adults and People With Disabilities

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On January 8, 2021, California Governor Gavin Newsom released the 2021-22 proposed budget. The proposal includes program changes that impact services for older adults and people with disabilities.



Governor Newsom's proposed budget reflects General Fund resources of \$170.6 billion and anticipated expenditures of \$164.5 billion.

Overview

On January 8, 2021, Governor Gavin Newsom released the 2021-22 proposed budget, outlining the state's projected revenues and spending plan for the fiscal year beginning on July 1, 2021, and ending June 30, 2022. The overall economic impact and forecast has improved since enactment of the *Budget Act of 2020* with revenue estimates for budget year 2021-22 increasing by \$28.2 billion. The proposed budget includes total General Fund (GF) resources of \$170.6 billion and anticipated expenditures of \$164.5 billion, with the rest held in reserve. The proposed budget reflects a Budget Stabilization Account* balance of \$15.6 billion, and a Safety Net Reserve† balance of \$450 million.^{2,3}

Governor Newsom's 2021-22 proposed budget outlines his top priorities for the year ahead—including health care access, affordable housing, economic security, and other initiatives that impact older adults and people with disabilities. The budget also includes a \$14 billion investment in economic recovery related to COVID-19.²

Priorities Elevated in the Budget

Master Plan for Aging: On January 6, 2021, Governor Newsom released the [Master Plan for Aging](#) (Master Plan), creating an opportunity to address the needs of aging Californians through a thoughtful, comprehensive, person-centered, and outcomes-oriented strategy. Initiated by the governor's call for a Master Plan in [Executive Order N-14-19](#), the state [engaged stakeholders](#) in a 14-month planning process. The Master Plan serves as a ten-year blueprint for public and private entities at the state, regional, and local levels to address system challenges and transform services across issues, such as housing, transportation, health care, and long-term services and supports. The governor's proposed budget begins to support key components of the Master Plan to improve the systems of care with a focus on addressing ageism, ableism, and systemic racism.^{2,4}

Focus on Equity: The COVID-19 pandemic has laid bare system inequities and disparities, as evidenced by its impact on older adults and people with disabilities, especially in Black, Native American, Asian and Pacific Islander, and Latino communities. The governor's proposed budget, as well as the Master Plan for Aging, highlights equity as a critical value to elevate throughout the state's budget and policy initiatives. Specifically, the proposed budget focuses on addressing need for a more culturally and linguistically competent, as well as responsive, care delivery system through the development of data, quality metrics, and service delivery standards.²

* The Budget Stabilization Account is often referred to as the "Rainy Day Fund," in accordance with Proposition 2, the voter-approved Constitutional amendment.¹

† The Safety Net Reserve was created in the 2018-19 budget to specifically protect safety net services during the next recession.

Budget Proposals Impacting Older Adults and People With Disabilities

The governor's proposed budget includes significant new investments that impact California's older adults and people with disabilities while maintaining funding for established programs and services. Several investments are supported by the use of one-time funds and continued COVID-19 stimulus funding.^{2,5} Table 1 provides an overview of those proposals that align with initiatives in the Master Plan.

Table 1: Proposed Budget Items Aligned With the Master Plan for Aging^{2,4-6}

PROGRAM AND LINK TO MASTER PLAN	PROPOSED BUDGET ACTION	ESTIMATED INVESTMENT
State Leadership		
Senior Advisor on Aging, Disability, and Alzheimer's <i>Master Plan Initiatives 96 and 99</i>	Establishment of a position within the governor's office to lead on cross-Cabinet initiatives and cross-sector partnerships	
Office of Medicare Innovation and Integration <i>Master Plan Initiatives 34 and 35</i>	Establishes the Office of Medicare Innovation and Integration, which will focus on Medicare-only and dual-eligible policy opportunities	Proposal to be submitted in spring 2021
Master Plan Leadership/Operations <i>Master Plan Initiative 104</i>	State implementation of the Master Plan	\$5 million GF

Table 1: Proposed Budget Items Aligned With the Master Plan^{2,4-6} (Continued)

PROGRAM AND LINK TO MASTER PLAN	PROPOSED BUDGET ACTION	ESTIMATED INVESTMENT
Health and LTSS		
Telehealth <i>Master Plan Initiative 115</i>	Expand and make permanent certain telehealth COVID-19 flexibilities , and add remote patient monitoring services as a Medi-Cal covered benefit	\$94.8 million (\$34 million GF)
California Advancing and Innovating Medi-Cal (CalAIM) <i>Master Plan Initiative 36</i>	Implementation of CalAIM beginning January 1, 2022. The investment includes: <ul style="list-style-type: none"> Enhanced care management In lieu of services benefit Multipurpose Senior Services Program carve out to fee-for-service 	\$1.1 billion (\$531.9 million GF)
Aging and Disability Resource Center (ADRC) <i>Master Plan Initiative 98</i>	Statewide expansion of ADRC program and development of a statewide portal—subject to suspension on December 31, 2022	\$7.5 million GF
Geriatric workforce <i>Master Plan Initiative 54</i>	Funds for the Office of Statewide Health Planning and Development to grow and diversify the geriatric medicine workforce	\$3 million GF [‡]
In-Home Supportive Services (IHSS) <i>Master Plan Initiative 39</i>	Extends the IHSS COVID-19 backup provider system and wage differential to avoid disruptions to caregiving through December 2021	\$5.3 million GF [‡]

[‡] Represents allocation of one-time funds in the proposed budget for 2021-22.

Table 1: Proposed Budget Items Aligned With the Master Plan^{2,4-6} (Continued)

PROGRAM AND LINK TO MASTER PLAN	PROPOSED BUDGET ACTION	ESTIMATED INVESTMENT
Alzheimer's Disease		
Alzheimer's disease provider training <i>Master Plan Initiative 55</i>	Expanded health care provider training in Alzheimer's disease and standards of care	\$2 million GF ⁺
Alzheimer's disease research <i>Master Plan Initiative 62</i>	Research addressing disparities and equity in Alzheimer's disease	\$4 million GF ⁺
Alzheimer's disease brain health campaign <i>Master Plan Initiative 63</i>	Department of Public Health public education campaign on brain health	\$5 million GF ⁺
Alzheimer's disease caregiver training <i>Master Plan Initiative 112</i>	Caregiver training and certification program	\$4 million GF ⁺
Dementia-friendly communities <i>Master Plan Initiative 23</i>	Grants to communities to become dementia-friendly	\$2 million GF ⁺
Housing		
Housing and Services <i>Master Plan Initiative 117</i>	Department of Social Services to acquire and rehabilitate Adult Residential Facilities and Residential Care Facilities of the Elderly to expand housing for homeless older adults or those at risk for homelessness	\$250 million GF ⁺
Housing/Homelessness <i>Master Plan Initiatives 1 and 2</i>	Investments in housing grants, loans, tax credits, property acquisitions, and supportive services to meet Housing for All goals	\$8 billion

⁺ Represents allocation of one-time funds in the proposed budget for 2021-22.

Due to the improved revenue estimates and federal COVID-19 funding, the budget does not include any reductions to programs or services targeted to older adults and people with disabilities. Table 2 highlights several key investments beyond core health and supportive service program funding that do not have a direct connection to the Master Plan.

Table 2: Other Key Budget Investments ^{2,4,5}

PROGRAM	PROPOSED BUDGET ACTION	ESTIMATED INVESTMENT
Equity		
Equity	California Health and Human Services Agency to conduct an analysis of the intersection of COVID-19, health disparities, and health equity to help inform any future response	\$1.7 million GF
Health and LTSS		
IHSS	IHSS program funding that includes a 10% GF increase over the revised 2020-21 level	\$16.5 billion (\$5.3 billion GF)
IHSS	Delays suspension of the across-the-board 7% reduction in service hours until December 31, 2022	\$449.8 million GF
Medi-Cal Optional Benefits	Extension of Medi-Cal optional benefits , such as audiology and speech therapy services, incontinence creams and washes, optician/optical lab services, and podiatric services—subject to suspension on December 31, 2022	\$47 million (\$15.6 million GF)
Economic Security		
Supplemental Security Income/State Supplemental Payment (SSI/SSP)	In 2021, maximum SSI/SSP grant levels are \$955 per month for individuals and \$1,598 per month for couples, and are projected to increase by \$17 and \$26 respectively as of January 2022	\$2.69 billion GF
Food Access		
Senior Nutrition Program	Additional funding for SNP through December 31, 2022	\$17.5 million GF [±]
Food banks	Support for Emergency Food Assistance Program providers, food banks, tribes, and tribal organizations to mitigate increased food needs related to COVID-19	\$30 million GF [±]
Supplemental Nutrition Benefit and Transitional Nutritional Benefit	Adjustments to benefit amounts to mitigate the effects of the elimination of the SSI Cash-Out policy	\$22.3 million GF
California Food Assistance Program Emergency Allotments	Allows households to receive maximum allowable allotment based on household size	\$11.4 million GF [±]

[±] Represents allocation of one-time funds in the proposed budget for 2021-22.

Next Steps in the Budget Process



California's 2021-22 Governor's Budget requires approval by the Senate and the Assembly prior to being sent to the governor for his signature. Below is a list of key budget dates:

- May 2021 – Release of Governor's Budget May Revision
- June 15, 2021 – Deadline for Legislature to approve final budget
- July 1, 2021 – Deadline for governor to sign the budget^{7,8}

References

1. California Attorney General. Proposition 2, state budget stabilization account, legislative constitutional amendment. 2014; <http://vig.cdn.sos.ca.gov/2014/general/pdf/proposition-2-title-summary-analysis.pdf>. Accessed January 12, 2021.
2. State of California Department of Finance. Governor's budget summary 2021-22. 2021; <http://www.ebudget.ca.gov/FullBudgetSummary.pdf>. Accessed January 12, 2021.
3. California Senate Committee on Budget & Fiscal Review. Summary of the governor's proposed 2021-22 budget. 2021; https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Quick%20Summary%20of%20the%20Governors%202021_22%20Budget%20Proposal_Final.pdf. Accessed January 12, 2021.
4. California Department of Health Care Services. 2021-22 governor's budget: department of health care services highlights. 2021; https://www.dhcs.ca.gov/Documents/Budget_Highlights/DHCS-FY-2021-22-Governors-Budget-Highlights.pdf. Accessed January 12, 2021.
5. California Department of Aging. 2021-22 governor's budget: investments in aging. 2021; <https://www.aging.ca.gov/download.ashx?IE0rcNUV0zY%2ffNd75suTXg%3d%3d>. Accessed January 12, 2021.
6. California Department of Aging. Master plan for aging. 2021; <https://mpa.aging.ca.gov/>. Accessed January 12, 2021.
7. California State Senate. How the budget process works (taken from "The Budget Process", prepared by the Senate Rules Committee). <http://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/BWORKINGS.PDF>. Accessed January 12, 2021.
8. C.A. Const. art. IV, § 12.