

May Revision of the Proposed 2021-22 Budget: Impact on California's Older Adults, People With Disabilities, and Family Caregivers

FACT SHEET • JUNE 2021

On May 14, 2021, California Governor Gavin Newsom released the May Revision of the 2021-22 proposed budget. The revision assumes a \$75.7 billion surplus with investments in economic recovery related to COVID-19 and resources to implement the Master Plan for Aging.



The May Revision reflects General Fund resources of \$203.4 billion and anticipated expenditures of \$196.8 billion.

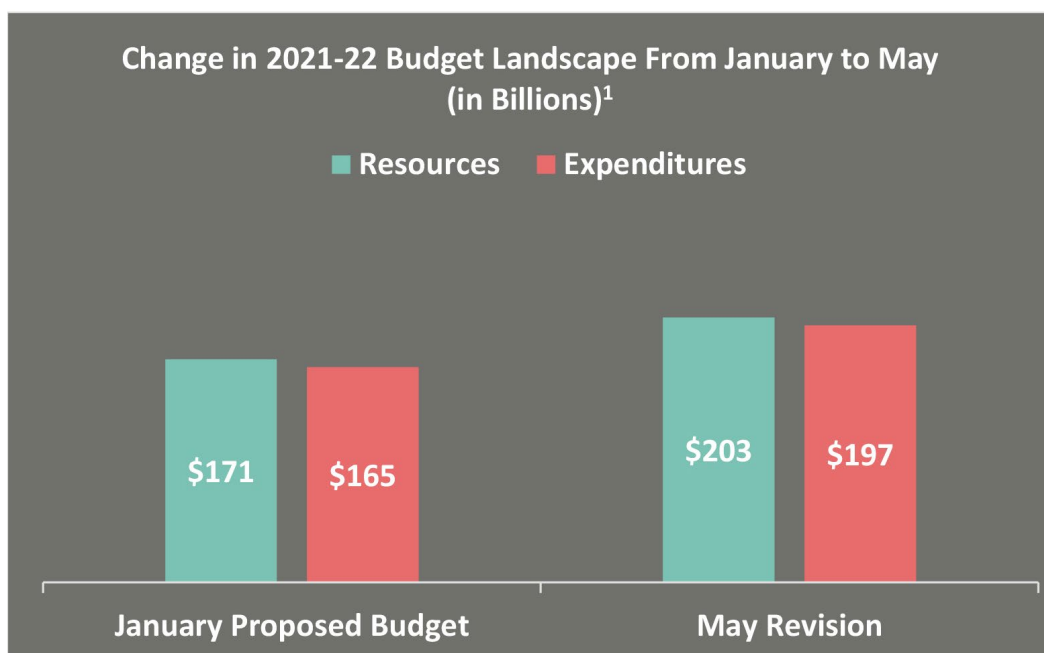
Table of Contents

Overview	3
Federal Update: <i>American Rescue Plan Act</i>	4
Background on Aging, Alzheimer’s, and Equity Investments	4
Budget Proposals Impacting Older Adults and People With Disabilities	5
Table 1: State Leadership	5
Table 2: Older Adult Recovery and Resiliency	6
Table 3: Health Equity and Access	7
Table 4: Aging and Disability Resource Connection (ADRC)	7
Table 5: Health and LTSS	8
Table 6: Alzheimer’s Disease	10
Table 7: Housing and Homelessness	11
Table 8: Economic Security and Food Access	12
Next Steps in the Budget Process	13
References	14

Overview

On May 14, 2021, Governor Gavin Newsom released an updated budget forecast for the 2021-22 budget, referred to as the “May Revision.” Due to federal relief and better-than-anticipated revenue, the governor assumes in the revision a \$75.7 billion surplus, in contrast to the projected budget deficit of \$54 billion at this time last year. In response to this budget surplus, the governor invested in economic recovery related to COVID-19, long-term investments to strengthen infrastructure, as well as resources to implement the Master Plan for Aging.¹

The May Revision includes total General Fund (GF) resources of \$203.4 billion and anticipated expenditures of \$196.8 billion, with the rest held in reserve. The proposed budget reflects a Budget Stabilization Account* balance of \$15.9 billion, a Safety Net Reserve† balance of \$450 million, and plans to address the state’s pension liabilities.¹



For more information, see the California Department of Finance 2021-22 May Revision [summary charts](#).

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

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

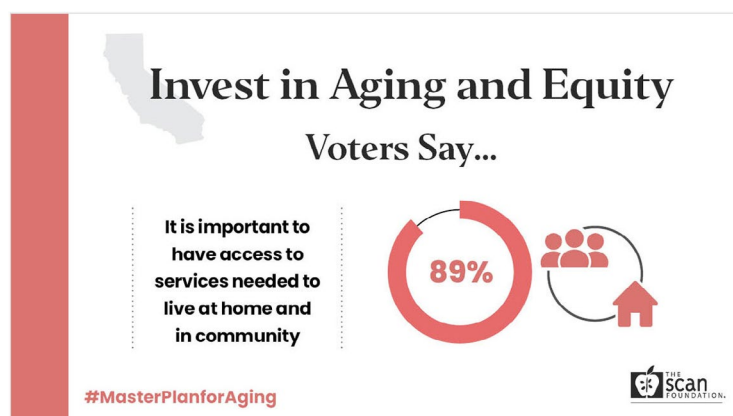
Federal Update: *American Rescue Plan Act*

On March 11, 2021, President Biden signed the [American Rescue Plan Act of 2021](#) (ARP), which included \$350 billion to state and local governments for fiscal recovery. California is expected to receive about \$27 billion of those funds.³ The ARP also included a temporary 10 percent increase to the Federal Medical Assistance Percentage (FMAP) to states for certain Medicaid home- and community-based services. The Centers for Medicare and Medicaid Services published [guidance](#) for the expenditure of these funds around the same time California's May Revision was released. As such, further policy and budgetary changes will occur as Governor Newsom and the California Legislature work to finalize the 2021-22 state budget later this month.

Background on Aging, Alzheimer's, and Equity Investments

On January 6, 2021, Governor Newsom released the [Master Plan for Aging](#) (Master Plan), a ten-year blueprint for public and private entities at the state, regional, and local levels to address system challenges and transform services across housing, transportation, health care, and long-term services and supports, among other areas. As COVID-19 continues to disproportionately affect older adults and people with disabilities—especially in Black, Latinx, Indigenous, and Asian and Pacific Islander communities—the importance of infrastructure investment to support California's diverse aging population becomes increasingly apparent. A [recent poll](#) shows strong support for the Master Plan with aging, equity, and Alzheimer's policies as top priorities for California voters.

Rooted in principles of equity, the May Revision builds off the governor's proposed budget, expanding investment in Master Plan implementation and addressing the system-wide needs and challenges that impact California's diverse aging and disabled populations.



Budget Proposals Impacting Older Adults and People With Disabilities

The May Revision includes 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, all of which advance Master Plan implementation.¹

Table 1: State Leadership¹

Program	Proposal	January Proposed 2021-22 Budget	2021-22 May Revision
Senior Advisor on Aging, Disability, and Alzheimer’s	Commitment to establish a position within the governor’s office to lead on cross-cabinet initiatives and cross-sector partnerships	No amount listed	No change
Office of Medicare Innovation and Integration	Establishes this new office inside the Department of Health Care Services (DHCS) to focus on policy opportunities related to Medicare-only and dual-eligible populations		\$602,000 (\$452,000 GF)
Master Plan leadership/operations	Funds 20 permanent positions within the California Department of Aging (CDA) for implementation of the Master Plan	\$5 million GF	\$3.3 million GF
Health information exchange	Calls on the California Health and Human Services Agency (CHHS) to lead information exchange efforts for health and social services		\$2.5 million GF [‡]

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

The May Revision proposes new one-time General Fund investment of \$106 million to CDA to be used over three years in an effort to address the isolation and health impacts of COVID-19 on older adults. This investment is intended to help older adults re-engage with in-person community activities and services, through the network of services provided by local Area Agencies on Aging.^{1,4} Table 2 provides a breakdown of the \$106 million investment by program.

Table 2: Older Adult Recovery and Resiliency^{1,4,5}

Program	Proposal (New in May 2021)	2021-22 May Revision
Behavioral health warmline	Allows for expansion and enhancement of the behavioral health warmline services , including language access	\$2.1 million GF [±]
Digital connections	Provides additional funds to the Connections, Health, Aging and Technology (CHAT) program to continue to help address the digital divide	\$17 million GF [±]
Elder and disability abuse prevention	Establishes a new council to ensure elder and disability abuse prevention activities are coordinated across key departments (i.e., California Departments of Aging, Social Services, and Justice)	\$1 million GF [±]
Legal services	Expands legal services to assist older adults and people with disabilities	\$20 million GF [±]
Employment opportunities	Allows CDA to open all slots in the Senior Community Service Employment Program , funding all participants at California's minimum wage level	\$17 million GF [±]
Home-delivered and community center meals	Allows CDA to serve more older adults home-delivered and congregate meals	\$20.7 million GF [±]
Fall prevention and home modifications	Increases funds for the Dignity at Home Fall Prevention program to provide education, training, and home modifications to more older adults	\$10 million GF [±]
Family caregiving services	Provides additional funds for supportive services to unpaid family caregivers	\$2.8 million GF [±]
Aging and Disability Resource Connection	Provides additional funds in support of ADRCs and development of a statewide call center and website	\$9.4 million GF [±]
State and local leadership and oversight	Funds the state and local operations necessary to administer and oversee these programs and new investments	\$6 million GF [±]

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

The May Revision includes efforts to analyze data to inform responses for future emergencies, and improve language access across departments and programs in the CHHS agency, as reflected in Table 3.

Table 3: Health Equity and Access¹

Program	Proposal	January Proposed 2021–22 Budget	2021–22 May Revision
Pandemic response review	CHHS 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	\$3 million
Language access initiative	Establishes an initiative to improve and deliver language access services across CHHS programs		\$20 million GF ⁺

⁺ Represents allocation of one-time funds in the May Revision for 2021-22.

The May Revision includes investments to support expansion of the Aging and Disability Resource Connection (ADRC) statewide, serving as a “No Wrong Door” approach to connecting people to services. Table 4 reflects investments ADRC grants and staffing to support the advancement of ADRCs, a cornerstone of the Master Plan.

Table 4: Aging and Disability Resource Connection (ADRC)^{1,4}

Program	Proposal	January Proposed 2021–22 Budget	2021–22 May Revision
Local assistance	Expands the ADRC program statewide and develops a statewide portal	\$7.5 million GF	\$7.5 million GF (2021-22) \$10 million GF (ongoing)
State operations	Funds 13 permanent positions to support the ADRC program		\$2 million GF

The May Revision includes investments to expand access to coordinated health care and long-term services and supports (LTSS). Investments include funds to move forward with California Advancing and Innovating Medi-Cal (CalAIM) and a commitment for DHCS to establish rates for audio-only telehealth. The May Revision also ends the practice of automatic funding suspensions for certain programs in future years.¹ Table 5 highlights these changes and critical investments in health care and LTSS.

Table 5: Health and LTSS^{1,4}

Program	Proposal	January Proposed 2021-22 Budget	2021-22 May Revision
Medi-Cal expansion	Expands Medi-Cal to about 27,000 undocumented adults age 60 and older by May 1, 2022		\$69 million (\$50 million GF) \$1 billion (\$859 million GF) ongoing
Medi-Cal optional benefits	Repeals the suspension of Medi-Cal optional benefits such as audiology and speech therapy services, incontinence creams and washes, optician/optical lab services, and podiatric services	\$47 million (\$15.6 million GF)	No amount listed
California Advancing and Innovating Medi-Cal (CalAIM)	Implements CalAIM beginning January 1, 2022. The investment includes: <ul style="list-style-type: none"> Enhanced Care Management In Lieu of Services Multipurpose Senior Services Program carve out 	\$1.1 billion (\$531.9 million GF)	No change
Telehealth	Expands and makes permanent certain telehealth COVID-19 flexibilities , and adds remote patient monitoring services as a Medi-Cal covered benefit	\$94.8 million (\$34 million GF)	No change
Population Health Management Service	Creates a centralized data system of administrative and clinical data from DHCS, health plans, and providers		\$315 million (\$31.5 million GF) [±]
Medically tailored meals	Continues provision of medically tailored meals until an option for In-Lieu of Services under CalAIM		\$9.3 million GF [±]
Geriatric workforce	Grows and diversifies the geriatric medicine workforce	\$3 million GF [±]	\$8 million GF [±]
Community-Based Adult Services (CBAS)	Provides 10 permanent positions in CDA for CBAS certification		\$1.9 million (\$773,000 GF) \$2.4 million (\$946,000 GF) ongoing

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

Table 5: Health and LTSS^{1,4} (Continued)

Program	Proposal	January Proposed 2021-22 Budget	2021-22 May Revision
In-Home Supportive Services (IHSS)	Makes permanent the IHSS back-up provider system to avoid caregiving disruptions due to emergencies	\$5.3 million GF*	\$11.1 million GF*
IHSS base funding	Increases IHSS funding over the revised 2020-21 level	\$16.5 billion (\$5.3 billion GF)	\$17.2 billion (\$5.5 billion GF)
IHSS state/county funding ratio	Maintains the state/county ratio for non-federal costs of 65/35 amid increases in minimum wage		\$57.3 million GF
IHSS – elimination of 7% reduction	Eliminates the across-the-board 7% reduction in service hours	\$449.8 million GF	\$248 million GF (2021-22) \$496 million GF (ongoing)
Long-Term Care Career Pathways	Incentivizes and funds career paths for IHSS providers		\$200 million GF*
Health Insurance Counseling and Advocacy Program (HICAP)	Modernizes HICAP		\$2 million HICAP Fund through 2022-23
Office of Long-Term Care (LTC) Patient Representative	Establishes the LTC Office of Patient Representative within CDA		\$2.5 million (2021-22) \$4 million (ongoing) Licensing and Certification Program Fund

* Represents allocation of one-time funds in the May Revision for 2021-22.

The May Revision includes a comprehensive package of services to address Alzheimer’s disease, including \$7.5 million in new investments in addition to the \$17 million in the governor’s proposed budget.¹ Table 6 highlights these investments, reflecting the differences between the proposed budget and May Revision.

Table 6: Alzheimer’s Disease¹

Program	Proposal	January Proposed 2021–22 Budget	2021–22 May Revision
Alzheimer’s disease provider training	Expands health care provider training and standards of care on Alzheimer’s disease	\$2 million GF [±]	\$4.5 million GF [±]
Alzheimer’s disease research	Addresses disparities and promotes equity in Alzheimer’s disease research	\$4 million GF [±]	No change
Alzheimer’s disease brain health campaign	Launches a public education campaign on brain health	\$5 million GF [±]	\$10 million GF [±]
Alzheimer’s disease caregiver training	Provides caregiver training and certification in Alzheimer’s disease	\$4 million GF [±]	No change
Dementia-friendly communities	Provides grants to help communities become dementia-friendly	\$2 million GF [±]	No change

[±] Represents allocation of one-time funds in the May Revision for 2021–22.

The May Revision prioritizes access to affordable housing, as well as services for those experiencing homelessness, with new investments supported by a combination of federal and state dollars. Investments in housing grants, loans, tax credits, property acquisitions, and supportive services increased from \$8 billion in the governor’s proposed budget to \$9.3 billion in the May Revision.¹ Investments in housing supports and services to local jurisdictions for the homeless population increased from \$2.1 billion in the governor’s proposed budget to \$6.8 billion in the May Revision.

Table 7 reflects the housing items that directly impact older adults and people with disabilities.

Table 7: Housing and Homelessness¹

Program	Proposal	January Proposed 2021–22 Budget	2021–22 May Revision
Community Care Expansion	Acquires and rehabilitates Adult Residential Facilities and Residential Care Facilities of the Elderly to expand housing for homeless, low-income older adults, or those at risk for homelessness	\$250 million GF [±]	\$500 million (\$50 million GF) [±]
Accessory dwelling units	Expands available funding for accessory dwelling units		\$81 million [±]
Preservation of affordable housing	Allows the state to preserve existing affordable housing units as affordability covenants expire		\$300 million [±]
Housing and Disability Advocacy Program	Assists older adults and people with disabilities experiencing homelessness		\$175 million GF
HomeSafe	Provides health, safety, and housing supports for older and vulnerable adults involved in or at risk of involvement in Adult Protect Services	\$25 million GF	\$100 million GF
Supportive services for formerly homeless veterans	Supports aging veterans and veterans with disabilities who have experienced chronic homelessness		\$25 million GF
Project Homekey	Provides Project Homekey grants to local public entities to convert underused properties to housing for the homeless	\$750 million GF [±]	\$3.5 billion [±] (over 2 years)
Project Roomkey transitions	Supports transitioning Project Roomkey program participants into permanent housing		\$150 million GF

[±] Represents allocation of one-time funds in the May Revision for 2021–22.

The May Revision invests in economic security and food access initiatives to assist California's low-income older adults and people with disabilities in obtaining the income support and food assistance, as outlined in Table 8.

Table 8: Economic Security and Food Access^{1,4}

Program	Proposal	January Proposed 2021-22 Budget	2021-22 May Revision
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	\$2.7 billion GF	No change
SSP, Cash Assistance Program for Immigrants, and California Veterans Cash Benefit	Restores the cost-of-living adjustment for benefit recipients back to 2011 payment levels		\$131.5 million GF
Senior Nutrition	Removes program suspensions to allow local assistance funding for home-delivered and community center meals for older adults	\$17.5 million GF	\$17.5 million GF
CalFresh Expansion – Older Adults Outreach	Assists older adults eligible for SSI and SSP with applying for CalFresh benefits		\$2.0 million (\$1.1 million GF)
Food banks	Supports Emergency Food Assistance Program providers, food banks, tribes, and tribal organizations to mitigate increased food needs related to COVID-19	\$30 million GF ⁺	No change
Supplemental Nutrition Benefit and Transitional Nutritional Benefit	Adjusts benefit amounts to mitigate the effects of the elimination of the SSI Cash-Out policy	\$22.3 million GF	No change
California Food Assistance Program Emergency Allotments	Allows households to receive maximum allowable allotment based on household size	\$11.4 million GF ⁺	No change

⁺ Represents allocation of one-time funds in the May Revision for 2021-22.

Next Steps in the Budget Process

Budget subcommittees have reviewed the governor's May Revision and held hearings through the end of May. Each subcommittee will vote on budget items contained within its respective issue area(s) and submit a report for vote in the full budget committee. Next, the full membership of the Senate and Assembly will vote on the full budget bill. Each chamber's budget bill will be referred to a joint budget conference committee where differences between the Senate and Assembly versions will be resolved. The Conference Committee then votes on the proposed version, which, if passed, is sent to the floor of the Assembly and Senate simultaneously. By law, the Legislature must approve the budget by June 15. The governor has the authority to "blue pencil" (reduce or eliminate) any appropriation contained in the budget prior to signing it by July 1, 2021.^{6,7}

Key Budget Dates

- June 15, 2021 – Deadline for Legislature to approve final budget
- July 1, 2021 – Deadline for Governor to sign the budget



References

1. California Department of Finance. 2021-22 May revision to the governor's budget. 2021; <http://www.ebudget.ca.gov/budget/2021-22MR/#/BudgetSummary>. Accessed May 19, 2021.
2. 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 May 19, 2021.
3. Legislative Analyst's Office. The 2021-22 budget: Initial comments on the governor's May revision. 2021; <https://lao.ca.gov/Publications/Report/4432>. Accessed May 24, 2021.
4. California Department of Aging. 2021-22 May revision: master plan for aging investments. 2021; <https://aging.ca.gov/download.ashx?lE0rcNUV0zYlrYnib9cwRQ%3d%3d>. Accessed May 19, 2021.
5. California Department of Aging. Budget change proposal: older adult recovery and resilience. 2021; https://esd.dof.ca.gov/Documents/bcp/2122/FY2122_ORG4170_BCP4798.pdf. Accessed May 20, 2021.
6. C.A. Const. art. IV, § 12.
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.