

**ENACTED FISCAL YEAR 2020-21 STATE BUDGET  
POTENTIAL IMPACTS ON THE COUNTY OF SAN DIEGO**



**INTRODUCTION**

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**COVID-19 Impact on the State Budget** (*Governor’s Enacted Budget Summary, Pages 1-3, 11-12*)

- This has been an extraordinary year for the state budgetary process due to COVID-19. In January, before the pandemic, the Governor’s Proposed Budget projected a surplus of \$5.6 billion. By the May Revision, the State was confronted with a budget deficit of \$54.3 billion caused by the pandemic and its effects.
- The Governor’s Enacted Budget closes the gap and is a \$134 billion spending plan that aims to strengthen emergency response, protect public health and safety, and promote economic recovery.

**Closing the Budget Gap** (*Governor’s Enacted Budget Summary, Pages 2-3*)

The Governor’s Enacted Budget moves forward with a number of modified budget solutions to address the budget deficit, including:

- \$8.8 billion drawn down from reserves
- \$11.1 billion in spending reductions and deferrals subject to federal trigger language
- \$10.1 billion in federal funds
- \$4.4 billion in new revenues in FY 2020-21
- \$9.3 billion in special bond borrowing, transfers, and deferrals

**Budget Trailer Bills** (*CSAC Budget Action Bulletin, Page 29*)

- Along with the approval of the main budget bill, Governor Newsom signed 19 budget trailer bills that span different topics such as housing, elections, and transportation to supplement the main budget bill with policy changes needed to enact the budget allocations.
- There is still outstanding action needed on three trailer bills (public safety, paid family leave, and nonresidential solar energy systems) that are expected to be acted upon when the State Legislature returns for the remainder of the legislative session on July 27, 2020.

Below are the details of impacts to the County in three areas: Trigger Cuts, Restored Funding From the May Revision, and Other Highlights. Each of these three areas are organized by impact to the County’s four business groups.

**TRIGGER CUTS**

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The Governor’s 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. If the State receives a lesser amount between \$2 billion and \$14 billion, the reductions and deferrals will be partially restored.

HEALTH AND HUMAN SERVICES	
Budget Item	County Impact
<b>Realignment Backfill</b> ( <i>Governor’s Enacted Budget Summary, Page 63</i> )	
The Enacted Budget includes \$750 million to backfill county realignment programs offsetting the loss of sales tax funding used for human services, health, behavioral health, and public safety. An	The Health and Human Services Agency will receive approximately \$39.4 million and could receive an additional \$13.1 million if additional federal funds are received.

additional \$250 million could become available upon receipt of additional federal funds.	
<b>PUBLIC SAFETY</b>	
<b>Budget Item</b>	<b>County Impact</b>
<b>Child Support Services</b> ( <i>Governor's Enacted Budget Summary, Page 2</i> )	
Revert funding for local child support agencies to 2018 level.	Reversion to 2018 funding level will result in a reduction in allocation of approximately \$2.6 million in state and federal revenue.
<b>2011 Realignment</b> ( <i>Governor's Enacted Budget Summary, Page 69</i> )	
The Enacted Budget includes \$750 million to backfill county realignment programs. An additional \$250 million could become available upon receipt of additional federal funds.	The Public Safety Group will receive \$8.5 million of the \$750 million and \$2.8 million of the \$250 million.

### **RESTORED FUNDING FROM THE MAY REVISION**

The final budget agreement between the Governor and the Legislature resulted in the restoration of funding for several proposed reductions or eliminations included in the May Revision. The following budget items were maintained in the Governor's Enacted Budget:

<b>HEALTH AND HUMAN SERVICES</b>	
<b>Budget Item</b>	<b>County Impact</b>
<b>Medi-Cal</b> ( <i>Governor's Enacted Budget Summary, Pages 55-56</i> )	
Funding for optional benefits, such as adult dental services, optometry, occupational and physical therapy, pharmacist services, and the Diabetes Prevention program.	No impact.
Multipurpose Senior Services Program (MSSP).	The County's current allocation is \$2.9 million with 19 full time employees, serving 550 clients annually.
\$20 million in one-time funding to hire behavioral health providers and peer navigators in emergency departments.	Unknown.
\$5 million in one-time funding for the Medi-Cal Interpreters Pilot Project.	Unknown.
\$15 million in one-time funding for the Medi-Cal Health Enrollment Navigators program.	The County Sheriff's Department contracts will continue to be funded.
\$10 million for caregiver resource center information technology improvements.	Unknown.
<b>CalWORKs</b> ( <i>Governor's Enacted Budget Summary, Page 57</i> )	
\$134.1 million for CalWORKs Expanded Subsidized Employment.	In FY 2019-20, the County's CalWORKs Expanded Subsidized Employment was \$6.5 million, with an estimated monthly average number of clients served of 355.
<b>In-Home Supportive Services (IHSS)</b> ( <i>Governor's Enacted Budget Summary, Page 57</i> )	
\$410 million in FY 2020-21 to avoid a 7-percent across-the-board reduction to IHSS service hours. The increased funding will be suspended on December 31, 2021, unless certain budget conditions are met.	Positive impact to clients because they won't lose out on services. No fiscal impact.
<b>Public Health</b> ( <i>Governor's Enacted Budget Summary or other source, Pages 54, 61</i> )	
\$52.5 million to provide payments to non-hospital clinics for 340B pharmacy services.	No impact.

\$4.5 million for the California Home Visiting Program (CHVP) and the Black Infant Health program.	Funding in San Diego County is \$0.4 million per year for three years.
<b>Department of Aging</b> ( <i>Assembly Committee on Budget Floor Report of the 2020-21 Budget, Page 41</i> )	
\$8.5 million for the Senior Nutrition program.	Will be able to maintain current services levels.
\$2 million for the State Long-Term Care Ombudsman Program.	Will be able to maintain current services levels.
<b>LAND USE AND ENVIRONMENT</b>	
<b>Budget Item</b>	<b>County Impact</b>
<b>State Parks</b> ( <i>Governor's Enacted Budget Summary, Page 95</i> )	
\$20 million to establish the Outdoor Equity Grants Program under AB 209 (2019).	Potential grant funding for the Department of Parks and Recreation Outdoor Programs.
<b>PUBLIC SAFETY</b>	
<b>Budget Item</b>	<b>County Impact</b>
<b>Child Support Services</b> ( <i>Governor's Enacted Budget Summary, Page 62</i> )	
Increases the amount of child support passed through to families from \$50 to \$100 for a family with one child and to \$200 for a family with more than one child, effective January 1, 2022.	No significant reduction to recovered cost revenue.

**OTHER HIGHLIGHTS**

<b>FINANCE AND GENERAL GOVERNMENT</b>	
<b>Budget Item</b>	<b>County Impact</b>
<b>State Payment In Lieu of Taxes (PILT) Funding</b> ( <i>CSAC Budget Action Bulletin, Page 12</i> )	
The Enacted Budget includes \$644,000 in funding for the State Department of Fish and Wildlife PILT program for payments to counties. The State PILT program is designed to offset adverse impacts to county property tax revenues that result from State acquisition of private property for wildlife management areas.	The County portion of the FY 2020-21 State PILT allocation is not yet known, but the County received \$20,591 for FY 2019-20, and anticipates a similar allocation.
<b>Unemployment Insurance</b> ( <i>Governor's Enacted Budget Summary, Pages 72-73</i> )	
Due to the COVID-19 pandemic, unemployment insurance (UI) claims have surged. Since mid-March, California's Employment Development Department has provided \$37 billion in UI claim benefits. The Governor's Enacted Budget includes an increase of \$38 billion to reflect the projected increase in UI benefit payments and also includes \$126.3 million and 777 positions to reflect additional federal funding and the projected workload increase to process UI benefit claims.	The County anticipates increases in UI claims due to the recent trends of claims and Notice of Wages used for UI claims. The total impact is unknown at this time, but the County does anticipate a fiscal impact as it relates to the share of unemployment claims responsibility.
<b>Elections</b> ( <i>Governor's Enacted Budget Summary, Pages 114-115, and State Budget Bill AB 100</i> )	
<ul style="list-style-type: none"> <li>• The Governor signed two executive orders to prepare for the November 2020 General Election during the COVID-19 pandemic:                             <ul style="list-style-type: none"> <li>○ Executive Order N-64-20, requires counties to send vote-by-mail ballots to all registered voters, and</li> </ul> </li> </ul>	The County anticipates the increase in election costs based on the Governor's executive orders to be partially offset by a portion of this funding. Details regarding specific allocation of funds have not been released.

<ul style="list-style-type: none"> <li>○ Executive Order N-67-20, allows consolidation of voting locations with three days of early voting (starting on the Saturday before election day) and with mail ballot drop-off locations (28 days).</li> <li>● The Enacted Budget includes \$111.6 million to prevent, prepare for, and respond to the impacts of the pandemic on the election and provide associated voter education and outreach.</li> </ul>	
<ul style="list-style-type: none"> <li>● State Budget Bill AB 100 allows counties to use remaining funds previously appropriated to replace voting systems for costs related to the administration of an election during the pandemic.</li> <li>● For eligible expenditures made on or after July 1, 2020, and before July 1, 2021, a county is not required to provide matching funds.</li> </ul>	<p>The County received \$17.6 million from the Budget Acts of 2018 and 2019. The Registrar of Voters has earmarked these funds for the recent purchase of its voting system.</p>
<b>HEALTH AND HUMAN SERVICES</b>	
<b>Budget Item</b>	<b>County Impact</b>
<b>CARES Act Funding</b> ( <i>Governor's Enacted Budget Summary, Page 69</i> )	
<p>\$1.3 billion to counties to support their COVID-19 efforts in public health, behavioral health, and other health and human services.</p>	<p>The County's share of the State's CARES Act is \$53.7 million. This is in addition to the \$334 million direct allocation from the federal government.</p>
<b>Medi-Cal Program</b> ( <i>Governor's Enacted Budget Summary, Pages 54 – 56 and CWDA State Budget Update #4, Page 5</i> )	
<p>Increase of \$67.7 million for county eligibility determination activities based on growth in the California Consumer Price Index (CPI) and an increase of \$25.4 million for increased caseload impacts resulting from COVID-19.</p>	<p>The County received \$5.2 million in funding for COVID-19, which is anticipated to continue for the budget year. Additionally, the County should receive CPI growth funding. Allocation methodology is still to be determined.</p>
<p>\$135.5 million to expand Medi-Cal to aged, blind and disabled individuals with incomes between 123 percent and 138 percent of the federal poverty level.</p>	<p>No impact.</p>
<p>\$34.3 million to expand benefits to postpartum individuals who are receiving health care coverage and who are diagnosed with a maternal mental health condition. Subject to suspension on December 31, 2021 unless certain revenue conditions are met.</p>	<p>No impact.</p>
<b>Medi-Cal Program</b> ( <i>CHEAC Memo, June 24, 2020, Pages 5 - 6</i> )	
<p>Full scope Medi-Cal to undocumented older adults as a priority for inclusion in the upcoming fiscal year if certain conditions are met.</p>	<p>County operations would likely be impacted to convert adults currently receiving restricted-scope Medi-Cal benefits to full-scope.</p>
<p>Delays the California Advancing and Innovating Medi-Cal (CalAIM) Initiative and removes funding for Enhanced Case Management/In-Lieu-of-Services and funding for Behavioral Health Quality Improvement Program.</p>	<p>Although there is no direct fiscal impact, opportunities to strategically rethink financing of behavioral health services and partnerships with Health Plans will be delayed.</p>
<b>CalWORKs Program</b> ( <i>Governor's Enacted Budget Summary, Page 57</i> )	
<p>2.4 billion for CalWORKs Single Allocation which funds employment services, county administration, childcare, and CalLearn.</p>	<p>The County anticipates additional CalWORKs Single Allocation funding to support CalWORKs administration. Allocation methodology is still to be determined.</p>

CalWORKs Outcomes and Accountability Review (Cal-OAR) has been made optional for counties in 2020-21.	No impact.
\$30 million one-time reduction to CalWORKs Home Visiting Program.	In FY 2019-20, the County was allocated \$3.5 million to participate in the pilot program.
<b>CalFresh</b> (CWDA State Budget Update #4, Page 4)	
CalFresh Administration Match Waiver - Increased funding and a waiver of a funding match enabling counties to draw down an additional \$80.1 million without County share for FY 2020-21 and FY 2021-22.	The County can draw down its allocated share of additional funding for administration activities without having to increase County dollars spent on CalFresh.
<b>In-Home Supportive Services (IHSS)</b> (Governor's Enacted Budget Summary, Page 58)	
Freeze IHSS County Administration Funding.	Despite increased caseloads, the County will receive no increase in funding allocation for the administration of IHSS.
<b>Child Welfare Services</b> (Governor's Enacted Budget Summary, Page 58, and CWDA State Budget Update #4, Page 10)	
\$32 million in one-time funding to temporarily extend foster care support for youth who turn 21 while in the extended foster care program.	State dollars will support eligible County youth in the extended foster care program.
Flexibilities in Resource Family Approval (RFA) and Non-Minor Dependent include allowing resource family updates to be done biennially rather than annually; changes State-county RFA review from annual to biennial; continues to allow virtual Supervised Independent Living Placement inspections.	These flexibilities would be expected to streamline operations to some extent, which could result in some cost savings.
\$4 million to provide transitional housing supplement for foster youth over 18 years of age.	Additional funding will be provided to support eligible County foster youth.
\$80 million one-time funding to reimburse counties for net unfunded Resource Family Approval costs for FY 2016-17 and FY 2017-18.	The County anticipates receiving a share of the additional funding available for the Continuum of Care (CCR) true-up. The actual amount is still unknown.
\$30 million for Family Urgent Response System (FURS). FURS is a state-level hotline and county mobile response to support resource families and foster children/youth. Subject to suspension on December 31, 2021 unless certain revenue conditions are met.	The County's allocation is estimated to be \$0.9 million.
<b>Public Health</b> (Governor's Enacted Budget Summary, Page 61)	
\$5.9 million to support laboratory staffing, testing capacity and the purchasing of equipment and laboratory supplies used for COVID-19 testing and other diseases.	Unknown.
\$5 million for STD, HIV, and hepatitis C virus prevention and control.	Unknown.
<b>Project Roomkey and Homekey</b> (Governor's Enacted Budget Summary, Pages 66 - 67)	
\$550 million of the State's direct allocation of federal Coronavirus Relief Fund (CRF) for Project Homekey to acquire hotels, motels, residential care facilities, and other housing that can be converted and rehabilitated to provide permanent housing for persons experiencing homelessness, and who are also at risk of COVID-19. Includes an	The State will provide grants to local jurisdiction to acquire these facilities, which will be owned and operated at the local level. The State funding can be used to support interim needs at these facilities and by their residents.

<p>additional \$50 million in state funding for acquisition of and to provide initial operating subsidies for Homekey sites.</p>	
<p><b>Homeless Housing, Assistance, and Prevention Program (HHAP)</b> (<i>Governor's Enacted Budget Summary, Page 67 - 68</i>)</p>	
<p>\$300 million for additional HHAP grants to be distributed based on the 2019 homeless point-in-times counts. \$130 million is for cities with populations of 300,000 or more, \$90 million is for Continuums of Care and \$80 million is for counties.</p>	<p>The County anticipates receiving \$4.8 million of the \$80 million in this round of funding.</p>
<p><b>Mental Health Services Act (MHSA) COVID-19 Flexibilities</b> (<i>State Budget Bill AB 81</i>)</p>	
<p>Authorizes temporary Proposition 63 MHSA flexibilities in response to COVID-19, including suspending the reversion of unspent funds for 2019 and 2020, ensuring access to prudent reserves, providing a one-year extension to obtaining final approvals for three-year plans, and increasing flexibility on spending within Community Services and Supports.</p>	<p>County flexibility in allocating MHSA funds to other components and the ability to use prudent reserves if needed allows us to maintain continuity of critical services in FY 2020-21.</p>
<p><b>Department of Aging</b> (<i>Assembly Committee on Budget Floor Report of the 2020-21 Budget, Page 42</i>)</p>	
<p>Ongoing authority to spend \$2.2 million from the federal Medicare Improvements for Patients and Providers Act (MIPPA) grant.</p>	<p>Unknown.</p>
<p><b>LAND USE AND ENVIRONMENT</b></p>	
<p><b>Budget Item</b></p>	<p><b>County Impact</b></p>
<p><b>California State Library</b> (<i>Governor's Enacted Budget Summary, Page 51</i>)</p>	
<p>\$1.75 million ongoing decrease to the Library Services Act funding.</p>	<ul style="list-style-type: none"> <li>• Proportional decrease to our local Library Cooperative, called Serra, which includes all public libraries in San Diego and Imperial County.</li> <li>• Potential defunding of the transportation contract we use to support interlibrary lending of library materials, which may reduce our ability to share our collection across the region.</li> </ul>
<p><b>Sustainable Groundwater Management Act</b> (<i>Governor's Enacted Budget Summary, Pages 93-94</i>)</p>	
<p>\$26 million of existing Proposition 68 funds for Sustainable Ground Water Management Act (SGWA) implementation.</p>	<p>Potential grant funding for the County and partner agencies for groundwater sustainability projects in the San Pasqual Valley, San Luis Rey Valley and Borrego Valley Groundwater Basins.</p>
<p><b>State Assembly Bill 617 (2017)</b> (<i>Governor's Enacted Budget Summary, Page 99</i>)</p>	
<p>\$50 million to support local air districts' implementation of AB 617 (2017), also known as the Community Air Protection Program (CAPP).</p>	<p>Funding for the San Diego Air Pollution Control District to implement CAPP to be determined.</p>
<p><b>Cap and Trade Expenditure Plan</b> (<i>Governor's Enacted Budget Summary, Page 100</i>)</p>	
<p>The Enacted Budget does not include funding for the Cap and Trade Expenditure Plan for the upcoming budget year, but the Administration and the Legislature will work together in the coming months to enact a Plan for FY 2020-21.</p>	<p>While funding for programs that protect vulnerable communities will be prioritized, it is unclear how funding to other Cap and Trade investments will be impacted.</p>

<b>California Department of Food and Agriculture (CDFA)</b> ( <i>Governor's Enacted Budget Summary, Page 108</i> )	
\$3.9 million ongoing decrease to the California Biodiversity Initiative.	This may result in potential funding reduction or withdrawal of some of the Department of Agriculture, Weights and Measures' weed management revenue contracts with CDFA in FY 2020-21.
<b>Climate Catalyst Revolving Loan Fund</b> ( <i>State Budget Bill AB 78</i> )	
Establishes a revolving loan fund to receive funds from non-state governmental entities and private sources for the purpose of making loans for climate catalyst projects.	Unknown.
<b>PUBLIC SAFETY</b>	
<b>Budget Item</b>	<b>County Impact</b>
<b>Community Power Resiliency</b> ( <i>Governor's Enacted Budget Summary, Page 17</i> )	
\$50 million one-time expenditure to support additional preparedness measures that bolster community resiliency during a deenergization event.	Potential funding for the County to continue critical services during power shutoff events.
<b>Office of Emergency Services (Cal OES)</b> ( <i>Governor's Enacted Budget Summary, Page 17</i> )	
An additional \$38.2 million to increase the amount of funding available through the California Disaster Assistance Act (CDAA).	Increase in CDAA funding could benefit the County by reducing the County's share of emergency response and recovery costs.
<b>Department of Forestry and Fire Protection</b> ( <i>Governor's Enacted Budget Summary, Page 18</i> )	
\$85.6 million to further enhance CAL FIRE's fire protection capabilities for the 2020 fire season and beyond.	Additional funding will increase CAL FIRE resources in support of the County's Fire Authority.
<b>Realignment of the Division of Juvenile Justice (DJJ)</b> ( <i>Governor's Enacted Budget Summary, Page 86</i> )	
The Administration continues to support the future closure of DJJ and action to carry out the transfer will be deferred until after the Legislature's summer recess.	As of May 2020, 51 San Diego County youth are housed in state DJJ facilities and four are awaiting transfer. The amount of funding to be provided to counties as part of the transfer of responsibilities is unknown at this time.
<b>Post-Release Community Supervision (PRCS)</b> ( <i>Governor's Enacted Budget Summary, Page 87</i> )	
\$12.9 million for county probation departments to supervise the temporary increase in the average daily population of individuals on PRCS as a result of the implementation of Proposition 57.	Unknown.
<b>Proposition 47 Savings</b> ( <i>Governor's Enacted Budget Summary, Page 87</i> )	
The Department of Finance estimates net savings of \$102.9 million for Proposition 47.	Unknown. Potential impact to Proposition 47 grant program funding available through a competitive process.
<b>Elimination of Certain Criminal Administrative Fees</b> ( <i>CSAC Budget Action Bulletin, Page 9</i> )	
\$65 million to implement statutory changes repealing various criminal administrative fees such as probation supervision, representation by counsel and diversion programs, among others.	Unknown.