



To: CHEAC General Membership

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Date: January 8, 2021

RE: Governor's 2021-22 Budget Proposal

Today, Governor Gavin Newsom unveiled his \$227.2 billion (\$164.5 billion General Fund) budget plan for 2021-22. In a press conference this morning, Governor Newsom reflected upon the past year, highlighting significant economic and budgetary impacts ushered in by the ongoing COVID-19 pandemic. Governor Newsom reminded residents of the historic projected budget deficit expected last year but expressed optimism in the upcoming fiscal year, declaring that “California is poised for economic recovery.”

The Governor's proposed FY 2021-22 budget includes \$34 billion in budget resiliency actions, consisting of various budgetary reserves and discretionary surpluses. Specifically, the Governor's budget reflects \$15.6 billion in the state's Rainy Day Fund for fiscal emergencies, \$450 million in the state's Safety Net Reserve, \$2.9 billion in the state's operating reserve, and \$3 billion in the Public School System Stabilization Account. The Governor's budget also continues progress in paying down state retirement liabilities, investing \$3 billion in additional payments required by Proposition 2 in 2021-22 and nearly \$6.5 billion over the next three years.

Despite the state's projected budgetary surplus, expenditures are projected to grow faster than revenues over future years. A structural deficit of \$7.6 billion is projected in 2022-23 which is expected to grow to over \$11 billion by 2024-25.

In the days leading up to today's budget unveiling, Governor Newsom previewed several key proposals including \$4.5 billion in pandemic-related economic supports for small businesses, supports for lower-income Californians, and protections for renters. Proposals for immediate action in January include:

- **Safe School Reopening** – \$2 billion for the safe reopening of schools beginning in February 2021, with a priority for returning the youngest children and those with the greatest learning needs. The Administration has released trailer bill language related to this proposal which can be found [here](#). Additional details may be forthcoming.
- **Small Business Grants** – \$575 million for grants to small businesses and small non-profit cultural institutions disproportionately impacted by the COVID-19 pandemic. This

proposed investment is in addition to \$500 million already made available to small businesses as of last month, bringing the total supports for small businesses over \$1 billion.

- **Small Business Fee Waivers** – \$70.6 million for immediate and targeted fee relief for pandemic-impacted industries, including restaurants, bars, and personal services.
- **Golden State Stimulus** – \$2.4 billion for the Golden State Stimulus program, a \$600 state payment to low-income workers who were eligible to receive the earned income tax credit in 2019.
- **Eviction Moratorium** – The Administration is seeking an extension of AB 3088 (Chapter 37, Statutes of 2020) which protected most tenants from evictions due to the COVID-19 pandemic through January 31, 2021. According to the Newsom Administration, an extension would allow the state to implement new federal resources while allowing individuals and families to remain housed.

While the budget includes several COVID-19-related proposals, it is important to note that no new funding investments for local public health departments were included in the Governor's proposed budget. Additional details around the Governor's 2021-22 budget proposals of interest to CHEAC Members are detailed below:

**Federal Relief Funds.** The Governor's budget proposal highlights the most recent federal relief bill, the Coronavirus Response and Relief Supplemental Appropriations Act, and estimates roughly \$100 billion anticipated for California. The Governor's budget proposal does note that the federal relief bill did not include new funding for state and local governments as was received through the Coronavirus Relief Funds, but instead extended the deadline to spend those funds through December 31, 2021. The Administration included the chart below with estimated funding California expects to receive. Additionally, earlier this week, the CDC shared the allocations from for states and large jurisdictions, which can be found on page 9 of the following link: <https://www.cdc.gov/coronavirus/2019-ncov/downloads/php/funding-update.pdf>.

**Potential Estimates for California  
 Coronavirus Response and Relief Supplemental Appropriations Act**  
 (Dollars in Billions)

Cost Areas	Available Nationwide	California Estimate
<b>Individuals and Families</b>	<b>\$326.4</b>	<b>\$42.4</b>
Unemployment Insurance Benefits	\$120.0	\$20.0
Economic Impact Payments (\$600 per person)	\$166.0	\$18.3
Food Assistance	\$13.0	\$1.3
Rental and Utility Assistance	\$25.0	\$2.6
Funeral/Burial Assistance	\$2.4	\$0.2
<b>Test, Trace, Vaccinate</b>	<b>\$54.1</b>	<b>\$2.2</b>
Testing and Contact Tracing	\$19.5	\$1.8
Testing in Rural and Underserved Communities	\$2.8	TBD
Vaccine Development	\$19.7	-
Vaccine Manufacturing and Distribution	\$8.8	\$0.4
Strategic National Stockpile (PPE)	\$3.3	-
<b>Health/Mental Health</b>	<b>\$10.3</b>	<b>\$0.7</b>
Provider Relief	\$3.0	\$0.2
Increase Medicare Provider Payments	\$3.0	TBD
Mental Health and Substance Use Disorders	\$4.3	\$0.5
<b>Business and Transportation Support</b>	<b>\$408.1</b>	<b>\$50.1</b>
Small Business Support/Paycheck Protection (excluding airlines)	\$310.0	\$45.2
Live Venues	\$15.0	TBD
Child Care/Head Start	\$10.3	\$1.0
Agriculture (Farmers, Ranchers)	\$13.0	\$0.6
Loans to Underserved Communities	\$15.0	TBD
Airlines (Paycheck Protection) and Airport Improvements	\$18.0	\$0.4
Transit/Bus/Amtrak	\$17.0	\$2.0
State Highways	\$9.8	\$0.9
<b>Education</b>	<b>\$81.1</b>	<b>\$10.1</b>
Primary and Secondary	\$54.3	\$6.8
Governor's Emergency Education Relief (GEER) Funds	\$1.3	\$0.2
GEER - Private Schools	\$2.8	\$0.2
Higher Education	\$22.7	\$2.9
<b>Broadband/Telehealth</b>	<b>\$7.0</b>	<b>TBD</b>
<b>Totals</b>	<b>\$887.0</b>	<b>\$105.5</b>

**COVID-19 Vaccine Distribution.** The Governor's budget proposal includes roughly \$300 million for vaccine distribution and a public awareness campaign. The Governor indicated that this funding is independent of the \$350 million in federal funding that is anticipated and noted that the Legislature would have the discretion to decide if the federal support would backfill the General Fund amount proposed or be an additional investment for vaccine distribution.

**California Department of Public Health (CDPH).** The Governor's proposed budget includes \$4.2 billion (\$1.1 billion General Fund) for CDPH. This includes over \$820 million to continue and build upon various COVID-19 emergency response measures such as enhanced laboratory capacity and testing, surveillance, response and prevention, coordination with local partners and the Valencia Branch Laboratory. The budget reflects over \$1 billion in 2020-21 of state and federal support for COVID-19 response provided through previous federal funding and emergency funds processed in fall 2020.

**Proposition 99 Health Education Account.** The Governor's budget proposal reflects a decrease of \$6.2 million in the Proposition 99 Health Education Account for 2021-22. The decrease includes \$413,000 in state administration, \$5.2 million in media campaigns, and \$750,000 for evaluation. Alternatively, the budget proposes an increase of \$227,000 in competitive grants, a decrease of \$1.5 million for state operations, and an increase of \$1.7 million for local assistance.

**Proposition 56 Tobacco Prevention and Control.** The Governor's budget proposal reflects a decrease of \$15.7 million for CDPH's Tobacco Control Program. The decrease includes \$4.7 million in media campaigns, \$500,000 in state administration, \$1 million for evaluation, \$4.5 million in competitive grants (\$1.5 million for state operations and \$3 million for local lead agencies), and \$5 million in local assistance for local lead agencies.

**Proposition 56 State Dental Program Account.** The Governor's budget proposal reflects an increase of \$86,000 in state operations for assistance to local health jurisdictions.

**Women, Infants, and Children (WIC) Program.** The Governor's proposed budget includes an increase of \$161 million expenditure authority in local assistance in FY 2021-22 and \$113.7 million in FY 2020-21. The increases reflect projected growth in WIC program participation.

**Health Equity.** With COVID-19 highlighting stark inequities among people of color, the budget proposes several initiatives to address health inequities:

- **Health Plan Equity and Quality Standards** – The budget indicates that a proposal will come in the spring for an investment for the Department of Managed Health Care (DMHC), in collaboration with other entities, to establish a priority set of quality measures for health plans, including full service and behavioral health plans. The proposal will include quality and health equity benchmark standards and enforcement actions for plans deemed non-compliant.
- **Managed Care Plan Re procurements** – As Medi-Cal and Covered California plan contracts are renewed, the Administration will work to include a focus on health disparities and cultural competency in the contract language.

- **Analysis of COVID-19 Impacts** – \$1.7 million General Fund in 2021-22 and \$154,000 General Fund in 2022-23 and ongoing for the California Health and Human Services Agency to conduct an analysis on COVID-19, health disparities, and health equity.
- **Community Navigators** – \$5.3 million (\$3.2 million General Fund) for the Department of Developmental Services (DDS) to contract with family resource centers to implement a statewide navigator model to provide education on resources, advocacy, and mentorship to parents being served by the regional center system. The budget also proposes one-time funding for an independent evaluation focused on improving the effectiveness of existing disparity projects.
- **Equity Dashboard** – \$4.1 million (\$3.7 million General Fund) in 2021-22 and \$2.1 million (\$1.6 million General Fund) ongoing for the Health and Human Services Agency to reorient the administration of its programs using data and the development of an equity dashboard.

**Health Care Affordability.** The Governor's budget proposes to establish the Office of Health Care Affordability. The purpose of the new Office is to increase cost and quality transparency, develop cost targets for the healthcare industry, enforce compliance through financial penalties, and fill gaps in market oversight for issues that may adversely impact market competition, prices, quality, access, and the total cost of care.

In addition, the Office will work on health care workforce issues, report on quality performance and equity metrics, advance payment models, and promote investments in primary care and behavioral health. The budget includes \$11.2 million from the Health Data and Planning Fund to establish the new Office. In the spring, the Administration proposes to recast the Office of Statewide Health Planning and Development (OSHPD) and the new Office of Health Care Affordability under the umbrella of a unified Department of Health Care Affordability and Infrastructure.

**AB 85 1991 Realignment Diversions.** The Governor's 2021-22 budget proposal estimates \$574.8 million will be redirected in FY 2021-22. The Governor's proposal also estimates a net true-up for FY 2018-19 of \$44.8 million, which includes roughly \$98.1 million owed to counties and \$142.9 million owed back to the State.

As a brief background, after the passage of the Affordable Care Act and Medi-Cal expansion, the State anticipated counties would be spending less on indigent care, given more individuals would qualify for insurance through Medi-Cal or Covered California. Under this assumption, the State enacted AB 85 (Chapter 24, Statutes of 2013), which diverted health realignment dollars from the counties to the State. The State diverted either: 1) 60 percent of health realignment funding received in a given year; or 2) a specified amount of health realignment funding based on a formula that considered county revenues and costs. The State estimates the redirection in the Governor's January budget proposal and updates those revisions in the May Revise. AB 85

includes a true-up mechanism two years after the close of the fiscal year to determine what the actual county diversion should have been, based on updated county data.

The county-by-county FY 2021-22 interim redirection figures are [available here](#). The county-by-county FY 2018-19 redirection summary is [available here](#).

**Medi-Cal.** The Governor's budget proposal includes \$117.9 billion (\$22.5 billion General Fund) in 2020-21 and \$122.2 billion (\$28.4 billion General Fund) in 2021-22. The budget assumes Medi-Cal caseload growth will increase approximately 10.1 percent from 2019-20 to 2020-21 and increase approximately 11.7 percent from 2020-21 to 2021-22. Medi-Cal is projected to cover approximately 15.6 million state residents, nearly 40 percent of the state's population, in 2021-22.

The budget includes lower expenditures in the Medi-Cal program in 2020-21 to the tune of \$1.2 billion General Fund compared to the 2020 Budget Act, largely due to reduced COVID-19 caseload costs, additional enhanced Federal Medical Assistance Percentage (FMAP), reduced costs associated with the state-only claiming adjustment, and additional Hospital Quality Assurance Fee (HQAF) savings.

Notably, the Governor's budget does not include any investments for expanding full-scope Medi-Cal eligibility to undocumented older adults, as was proposed in the Governor's 2020-21 budget proposal.

**Medi-Cal Rx.** The Governor's budget proposal includes costs of \$219.9 million (\$70.2 million General Fund) in 2020-21 and savings of \$612.7 million (\$238.2 million General Fund) in 2021-22 associated with the state's carve-out of the Medi-Cal pharmacy benefit from managed care to fee-for-service, effective April 1, 2021. Full annual savings are projected to be approximately \$1.2 billion (\$419 million General Fund) by 2023-24.

**Medi-Cal Coverage of Continuous Glucose Monitors.** The Governor's budget proposal includes \$12 million (\$4.2 million General Fund) in 2021-22 and ongoing to add continuous glucose monitors as a covered Medi-Cal benefit for adult individuals with type 1 diabetes, effective January 1, 2022.

**Medi-Cal Telehealth Flexibilities.** Building upon certain telehealth flexibilities authorized during the COVID-19 pandemic, the Governor's budget proposes \$94.8 million (\$34 million General Fund) ongoing to expand and make permanent specified telehealth services. The proposed budget also adds remote patient monitoring as a new covered Medi-Cal benefit, effective July 1, 2021, to expand access to preventive health services and improve health outcomes.

Additional information on proposed investments relative to telehealth flexibilities is anticipated in early February.

**California Advancing and Innovating Medi-Cal (CalAIM).** The Governor's budget once again proposes to undertake an ambitious initiative to transform Medi-Cal by building upon successes of waiver demonstration programs, including Whole Person Care, the Coordinated Care Initiative, Health Homes, and public hospital delivery system transformation.

The Governor's budget proposes to implement CalAIM effective January 1, 2022. The proposed budget includes \$1.1 billion (\$531.9 million General Fund) in 2021-22, growing to \$1.5 billion (\$755.5 million General Fund) in 2023-24. The investment is anticipated to provide for enhanced care management (ECM) and in lieu of services (ILOS), infrastructure to expand whole person care approaches statewide, and build upon existing dental health initiatives. The Administration proposes to phase out CalAIM infrastructure funding beginning in 2024-25, resulting in ongoing costs of approximately \$846.4 million (\$423 million General Fund) per year.

Anticipated expenditures for the budget year include:

- \$187.5 million (\$93.7 million General Fund) to implement Enhanced Care Management (ECM) services statewide
- \$47.9 million (\$24.0 million General Fund) to implement In Lieu of Services (ILOS) statewide
- \$300 million (\$150.0 million General Fund) to provide incentives to Medi-Cal managed care plans

The Administration's full CalAIM proposal is [available here](#).

**Proposition 56 – Tobacco Tax Initiative.** Proposition 56 was passed in 2016 and increased California's tax on cigarettes by \$2.00 per pack. Revenues backfill Proposition 99, Proposition 10, the Breast Cancer Fund, and state and local governments, along with new revenues directed to the California Healthcare, Research, and Prevention Fund. These new revenues are used for enhanced law enforcement, research, physician training, dental programs, and existing tobacco prevention and control programs. The bulk of new revenues, however, are dedicated to Medi-Cal program provider payments and program growth.

Please recall as part of the 2020-21 enacted budget, most of the supplemental Medi-Cal program provider payments were proposed to be suspended if sufficient revenues were unavailable (women's services were exempt). The 2021-22 budget proposal delays the suspension of these Proposition 56 Supplemental Payment programs by 12 months and includes \$3.2 billion (\$275.3 million General Fund, \$717.8 million Proposition 56 fund, and \$2.2 billion federal funds) for these programs.

The budget also assumes that the Proposition 56 suspensions will go into effect on July 1, 2022, with the exception of supplemental payments to intermediate care facilities for the developmentally disabled, freestanding pediatric subacute facilities, and Community Based Adult Services, that will be suspended December 31, 2022, due to the managed care calendar rate year. Supplemental payments for women's services will remain exempt from the suspension. In

addition, supplemental payments for the Behavioral Health Integration program, the AIDS waiver, Home Health, and Pediatric Day Health will be exempted as the Administration does not believe they will be deemed eligible for suspension by the federal government.

**Housing and Homelessness.** The Governor's proposed budget includes a series of investments and continued reforms to stimulate economic recovery and bolster long-term affordable housing production statewide. The Governor's budget proposals include:

- **Infill Infrastructure Grant Program** – \$500 million General Fund for the Infill Infrastructure Grant Program to support affordable housing construction and development. The Newsom Administration is requesting that the Legislature take early action on this item by allocating \$250 million for the Infill Infrastructure Grant Program in FY 2020-21.
- **Low-Income Housing Tax Credits** – \$500 million in low-income housing tax credits to support the further development of affordable housing and reduction of funding gaps in affordable housing units statewide.
- **Construction Apprenticeships** – \$8.5 million one-time General Fund to expand access to state-approved construction apprenticeships programs.
- **Local Accountability Actions** – The Governor's budget proposes to create a Housing Accountability Unit within the Department of Housing and Community Development (DHCD) to further facilitate local affordable housing production through monitoring, technical assistance, and enforcement of existing housing production laws. This item includes \$4.3 million General Fund to DHCD to help local governments in meeting planning and zoning requirements.

Building upon the successes realized under the state's Homekey program, the Governor's budget proposes \$1.75 billion in one-time General Fund to further develop a broader portfolio of housing needed to end homelessness. This includes:

- **Homekey Acquisitions** – \$750 million one-time General Fund to DHCD to continue to provide competitive grants to local governments to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings to convert them into interim or permanent long-term housing. The Newsom Administration is requesting early action to approve \$250 million one-time General Fund for FY 2020-21 to continue funding Homekey projects.
- **Behavioral Health Continuum Infrastructure** – \$750 million one-time General Fund, available over three years, to the Department of Health Care Services (DHCS) to provide competitive grants to counties for the acquisition and rehabilitation of real estate assets to expand the community continuum of behavioral health treatment resources. These resources seek to improve the comprehensive continuum of services, including short-term



crisis stabilization, acute needs, peer respite, and other clinically enriched long-term treatment and rehabilitation opportunities for persons with behavioral health disorders. The Administration anticipates this proposal will result in at least 5,000 additional beds, units, or rooms, and counties will be required to provide a match of local funds.

**Student Mental Health.** The budget includes one-time \$400 million (\$200 million General Fund) for DHCS to implement an incentive program through Medi-Cal managed care plans, in coordination with county behavioral health departments and schools, to increase the number of students receiving preventive and early intervention behavioral health services from schools, providers in schools, or school-based health centers. Additionally, the budget includes \$25 million in one-time Mental Health Services Fund, over five years, for the Mental Health Services Oversight and Accountability Commission to augment the Mental Health Student Services Act Partnership Grant Program. And finally, the budget proposes \$25 million in ongoing Proposition 98 General Fund to fund partnerships with county behavioral health departments to support student mental health services.

**Aging and Alzheimer's.** The Newsom Administration proposes a range of aging-related investments to increase opportunities for residents to age well over the next decade, including developing new strategies with the federal government to leverage Medicare to provide additional long-term services and supports. The Governor's proposed investments and actions include:

- **Senior Advisor Position** – Governor Newsom intends to appoint a Senior Advisor on Aging, Disability, and Alzheimer's to advance cross-cabinet initiatives and partnerships between governments, the private sector, and philanthropy. The Governor's budget proposes a \$5 million investment to implement the state's recently released Master Plan for Aging.
- **Medicare Innovation and Integration** – The Administration intends to release a proposal this spring to establish a new Office of Medicare Innovation and Integration to explore strategies and models to strengthen and expand low- and middle-income Californians' access to high-quality services and supports.
- **Expanded Facilities to Support Housing** – \$250 million one-time General Fund to CDSS to acquire and rehabilitate Adult Residential Facilities (ARF) and Residential Care Facilities for the Elderly (RCFE) with a specific focus on preserving and expanding housing for low-income seniors who are homeless or at-risk of becoming homeless.
- **Aging and Disability Resource Centers** – The Governor's budget delays suspension of and expands Aging and Disability Resource Centers (ADRCs) or "No Wrong Door" networks through an investment of \$7.5 million in 2021-22 and half-year funding of \$5 million in 2022-23. The investments are subject to suspension on December 31, 2022.

- **IHSS COVID-19 Back-up Provider System** – \$5.3 million one-time General Fund in 2021-22 to extend the back-up provider system and back-up provider wage differential to avoid disruptions in caregiving until December 2021.
- **Increased Geriatric Workforce** – \$3 million one-time General Fund to the Office of Statewide Health Planning and Development (OSHPD) to grow and diversify the pipeline for the geriatric medicine workforce.

The Governor's budget additionally proposes a comprehensive and coordinated approach to Alzheimer's with an emphasis on communities of color and on women who are disproportionately susceptible to Alzheimer's disease and other dementias. The following investments to the California Department of Public Health (CDPH) are proposed:

- \$5 million one-time General Fund for a public education campaign on brain health;
- \$4 million one-time General Fund for new caregiver training and certification;
- \$2 million one-time General Fund for expanded training in standards of care for health care providers;
- \$2 million one-time General Fund to communities to become dementia friendly; and
- \$4 million one-time General Fund for research to strengthen the state's activities on disparities and equity in Alzheimer's.

**Incompetent to Stand Trial (IST).** The Governor's budget proposal includes a series of investments to address a growing number of incompetent to stand trial (IST) commitments, including:

- **Community Care Demonstration Project for Felony IST** – \$233.2 million General Fund in 2021-22 and \$136.4 million General Fund in 2022-23 and ongoing to contract with three counties to provide a continuum of services to felony ISTs in the county. The proposal seeks to demonstrate the effectiveness of streamlining services to drive the improved outcomes for individuals with serious mental illness and is expected to serve up to 1,252 ISTs in the county continuum of care settings in 2021-22.
- **IST Diversion Program** – \$46.4 million one-time General Fund, available over three years, to expand the current IST Diversion program in current and new counties. The budget also includes five-year limited term funding of \$1.2 million General Fund annually to support research and administration of the program and authorizes the reappropriation of existing program funds set to expire in 2020-21.
- **Jail-Based Competency Treatment Program** – \$785,000 General Fund in 2020-21 and \$6.3 million General Fund in 2021-22 and ongoing to expand the Jail-Based Competency Treatment program to seven additional counties. The expansion is estimated to increase capacity by up to 31 beds in 2021-22.

**Office of Youth and Community Restoration.** The Governor's budget proposes \$3.4 million General Fund in 2021-22 and \$3.1 million ongoing General Fund to develop reports on youth outcomes in the juvenile justice system, staff a Child Welfare Council committee focused on improving outcomes among justice-involved youth, and create an Office Ombudsperson. Recall, this Office was established under the Budget Act of 2019 and is tasked with providing trauma-informed and developmentally appropriate services to youth in California's juvenile justice system.

**Farm to School Food Program.** The Governor's budget proposal includes \$10 million one-time General Fund to continue to Office of Farm to Fork's Farm to School program. According to the Administration, this investment would support California farmers and expand healthy food access by providing grants to schools to establish programs that coordinate local and California grown food procurement and utilization in school meals. The funding is also anticipated to support food and agriculture education in classrooms and cafeterias through experiential learning opportunities in school gardens, farms, and other culinary and agricultural pathways.

**Parks for All Initiative.** Last year, the Governor's budget proposed investments to advance the Parks for All Initiative, to expand the park system and improve access to its many parks. For 2021-22, the Governor proposes \$82 million in investments, including two investments targeting low-income and disadvantaged communities:

- \$12.7 million in ongoing Cannabis Tax Funds to the Natural Resources Agency for the Youth Community Access Grant Program, that funds projects and programs supporting youth access to natural and cultural resources with a focus on low-income and disadvantaged communities.
- \$585,000 ongoing State Park and Recreation Funds to continue community liaison programs that engage underserved and underrepresented communities in urban areas.

**Cannabis.** Recall that last year, the Newsom Administration proposed to consolidate responsibilities of the three current licensing entities – the Bureau of Cannabis Control, the Department of Food and Agriculture, and the Department of Public Health – into a single newly-created Department of Cannabis Control; however, with the COVID-19 pandemic, that consolidation was postponed. For the 2021-22 budget, the Administration again proposes to consolidate the three regulatory responsibilities into one department within the Business, Consumer Services, and Housing Agency by July 1, 2021. This approach, the Administration again contends, would improve access to licensing, simplify regulatory oversight of commercial cannabis activity, centralize enforcement, and align critical functions to build a successful legal cannabis market.

The Governor's budget estimates cannabis excise taxes to generate \$544 million in 2020-21 and \$658 million in 2021-22. The budget also estimates that \$443.1 million will be available to fund youth education, prevention, early intervention, and treatment; environmental protection, and public safety-related activities. The structure of the allocations is unchanged from 2020-21, and will be allocated as detailed below:

- Education, prevention, and treatment of youth substance use disorders and school retention – 60 percent (\$265.9 million)
- Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation – 20 percent (\$88.6 million)
- Public safety-related activities – 20 percent (\$88.6 million)

**Budget Links:**

Governor's 2021-22 Proposed Budget: <http://www.ebudget.ca.gov/>

CDPH Governor's Budget Highlights:

[https://www.cdph.ca.gov/Documents/CDPH\\_2021-22\\_GB-Highlights\\_1-8-2021.pdf](https://www.cdph.ca.gov/Documents/CDPH_2021-22_GB-Highlights_1-8-2021.pdf)

DHCS Governor's Budget Highlights:

[https://www.dhcs.ca.gov/Documents/Budget\\_Highlights/DHCS-FY-2021-22-Governors-Budget-Highlights.pdf](https://www.dhcs.ca.gov/Documents/Budget_Highlights/DHCS-FY-2021-22-Governors-Budget-Highlights.pdf)

Assembly Highlights of Governor's Proposed 2021-22 Budget:

<https://abqt.assembly.ca.gov/sites/abqt.assembly.ca.gov/files/Highlights%20of%20the%20Governors%20Proposed%202021-22%20Budget.pdf>

**Next Steps.** Over the coming weeks, the Legislature will begin hearing proposed budget items in addition to stakeholder proposals. The Assembly Budget Committee is scheduled to convene a budget overview hearing on Monday, January 11. The Senate Budget and Fiscal Review Committee will hold its budget overview hearing on Thursday, January 14.

**Questions.** For questions on the items highlighted above or other budget-related inquiries, please feel free to contact your CHEAC Staff via email.