



To: CHEAC General Membership

From: [Michelle Gibbons](#), Executive Director
[Jack Anderson](#), Senior Fiscal & Policy Analyst

Date: January 10, 2024
Note: 1991 Realignment AB 85 Charts Linked January 17, 2024

RE: Governor’s 2024-25 Budget Proposal

Contents

- Overview 1
- Public Health Workforce & Infrastructure..... 2
- Health Workforce Investments 2
- COVID-19 3
- Realignment..... 3
- Public Health Programs 4
- Nutrition Programs 5
- CalAIM..... 6
- Medi-Cal & Health Care Programs..... 6
- Behavioral Health..... 9
- Housing and Homelessness..... 9
- Substance Use Disorders 10
- Climate Health 10
- Other Programs & Initiatives 11
- Budget Resources 13

Overview

Today, Governor Gavin Newsom unveiled his proposed state budget for 2024-25, projecting a \$37.9 billion deficit. As a reminder, the Legislative Analyst’s Office projected a roughly \$68 billion deficit in their [December Fiscal Outlook](#). When addressing the differences in the two projections, the Governor shared that over the six-year budget picture, there is only a \$2.5 billion difference between the projections and that for the budget year, the Administration is less pessimistic than the LAO.

To close the gap, the Administration draws \$13.1 billion from reserves. This includes withdrawing a mandatory \$10.4 billion from the Budget Stabilization Account (BSA) and an additional \$1.8

billion discretionary withdrawal from the BSA (leaving a remaining balance of \$11.1 billion in BSA) and withdrawing the full balance of \$900 million from the Safety Net Reserve. The Governor's budget proposal also includes additional solutions to close the deficit, including \$8.5 billion in reductions and \$5.7 billion in support from revenue sources and borrowing from special funds.

Public Health Workforce & Infrastructure

Future of Public Health (FoPH). The Governor's January budget proposal maintains \$300 million ongoing General Fund investment to modernize and strengthen state and local public health infrastructure and workforce. This includes continuing to provide \$200 million General Fund for local FoPH allocations that local health departments receive. CHEAC [applauds the Newsom Administration](#) for maintaining its investment in the state's public health workforce and infrastructure.

Public HERO Initiative Funding. The Governor's budget proposal maintains the Public Health Equity and Readiness Opportunity (HERO) Initiative funds for public health workforce training and development funds provided in the 2022 Budget Act.

Health Workforce Investments

Health Care Workforce. Recall, the 2022 Budget Act committed over \$1.5 billion General Fund for health care and workforce development initiatives over multiple years. The Governor's January budget proposes to delay \$140.1 million General Fund to 2025-26 for the nursing and social work initiatives administered by Department of Health Care Access and Information (HCAI). The budget also delays \$189.4 million Mental Health Services Fund to 2025-26 for specified behavioral health workforce programs. The budget maintains \$974.4 million for those initiatives.

Health Care Worker Minimum Wage. The Governor's budget proposal notes that given the significant fiscal impact and economic and General Fund outlook, the Administration is seeking early action in January by the Legislature to add an annual "trigger" to make the minimum wage increase subject to General Fund revenue availability, clarify the exemption for state facilities and make other implementation clarifications. As a reminder, SB 525 (Chapter 890, Statutes of 2023) increased the minimum wage incrementally to \$25 an hour for specified health care workers, effective June 1, 2024.

Nursing Program Support. The Governor's budget proposes an increase of \$60 million one-time Proposition 98 General Fund to expand nursing programs and Bachelor of Science in Nursing partnerships develop, educate, and maintain the next generation of nurses through the community college system. The Governor's budget notes that this proposal is subject to future statutory changes.

Clinic Workforce Stabilization Retention Funding Reversion. Recall, the 2022 Budget Act provided \$70 million General Fund for the Clinic Workforce Stabilization Retention

Payment Program for payments to personnel of FQHCs, RHCs, and free clinics. The Governor's January budget proposes to revert \$14.9 million in unspent funds to the state General Fund instead of transferring unspent funds to HCAI for workforce programs as originally planned.

COVID-19

COVID-19 Current Year Savings. To address the state's budget problem, the Governor's January budget proposal includes a reversion of \$38.8 million General Fund in 2023-24 to align with estimated current year savings for COVID-19 prevention, mitigation, and response activities.

COVID-19 Website. The Governor's January budget proposes in 2024-25 to decrease \$900,000 General Fund in State Operations for the security and maintenance of the state's COVID-19 website.

CDCR COVID-19 Mitigation Costs. The Governor's budget proposal provides \$38.3 million ongoing General Fund to support the California Department of Corrections and Rehabilitation (CDCR) COVID-19 prevention and mitigation activities.

Realignment

1991 Realignment. The Governor's budget projects state sales tax and vehicle license fees to increase by 4.1 percent from 2022-23 to 2023-24 and by 1.7 percent from 2023-24 to 2024-25. Estimates of 1991 Realignment revenues included in the Governor's budget proposal can be [viewed here](#).

AB 85 1991 Realignment Diversions. The Governor's 2024-25 budget proposal estimates \$617.1 million will be redirected from counties in 2024-25.

Update as of January 17, 2024: County-by-county 2024-25 interim redirection figures are [available here](#). The summary of county-by-county preliminary final redirection figures for 2021-22 is [available here](#).

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 each 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.

Public Health Programs

Proposition 99 Health Education Account. For 2024-25, the Governor's budget proposal reflects a decrease of \$3.952 million in the Proposition 99 Health Education Account, including a decrease of \$1.978 million in State Operations and a decrease of \$1.974 million in Local Assistance due to updated Proposition 99 revenue projections. The decrease includes \$9,000 in State Administration, \$1.974 million in Competitive Grants (Local Assistance), \$1.324 million in Evaluation, and \$1.146 million in Media Campaign. These amounts are offset by an increase of \$501,000 in Competitive Grants (State Operations).

Recall, these funds are allocated to state and local government agencies, tribes, universities and colleges, community-based organizations, and other entities for implementation, evaluation, and dissemination of tobacco-related evidence-based health promotion and health communication activities.

Proposition 56 State Dental Program Account. For 2024-25, the Governor's budget proposes a decrease of \$7.554 million in the State Dental Program Account, including a decrease of \$1.834 million in State Operations and a decrease of \$5.720 million in Local Assistance as a result of updated Proposition 56 revenue projections.

Recall, these funds are used for the state dental program for the purpose of educating about, preventing, and treating dental diseases, including dental diseases caused by cigarettes and tobacco products.

Proposition 56 Tobacco Prevention and Control Programs Account. For 2024-25, the Governor's January budget proposal reflects an increase of \$15.45 million in Tobacco Prevention and Control Programs Account, including an increase of \$4.716 million in State Operations and an increase in \$10.734 million in Local Assistance as a result of updated revenue projections.

These modifications consist of increases of \$1.139 million in Media Campaign, \$14.665 million in Competitive Grants (Local Assistance), \$1.896 million in State Administration, \$1.657 million in Evaluation, and \$24,000 in Competitive Grants (State Operations), offset by a decrease of \$3.931 million in Local Lead Agencies.

Recall, these funds are utilized for a comprehensive statewide tobacco control program to reduce illness and premature death attributable to the use of tobacco products.

Clinical Dental Rotations Shift. The Governor's budget proposal reflects a shift of \$9.7 million General Fund to the Proposition 56 State Dental Program Account for clinical dental rotations for both 2023-24 and 2024-25. According to the Administration, clinical dental rotations are consistent with the State Dental Program Account's allowable activities.

AIDS Drug Assistance Program (ADAP). The Governor's January budget proposal reflects a decrease of \$44.1 million in Local Assistance for the ADAP Program in 2023-24 due to lower

medication expenditures and medical out-of-pocket expenditures. In 2024-25, the Governor's budget proposal reflects a decrease of \$32.1 million in Local Assistance due to lower medication expenditures and medical out-of-pocket expenses.

ADAP Rebate Fund Loan. To address the state's budget problem, the Newsom Administration proposes a budgetary loan of \$500 million from the ADAP Rebate Fund to the General Fund. This amount is not currently projected to be used for operational or programmatic purposes.

Problem Gambling Grants. The Governor's budget proposal includes an increase of \$200,000 in the Gambling Addiction Program Fund to expand services and provide grants to community-based organizations to expand prevention and treatment of problem gambling among priority populations.

SaPHIRE System. For 2024-25, the Governor's budget proposal includes an increase of \$26.9 million General Fund State Operations for maintenance and operations support of the Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) system. This system provides an alternative method for reporting of laboratory data to CDPH and CalREDIE.

Disease Surveillance IT Savings. Due to the anticipated savings, the Governor's January budget reflects a decrease of \$1.7 million General Fund State Operations in 2023-24 that supports Disease Surveillance Readiness, Response, Recovery, and Maintenance of IT Operations.

Nutrition Programs

Women, Infants, and Children (WIC) Program. For 2023-24, the Governor's January budget reflects an increase of \$7.2 million in Local Assistance for the WIC Program, consisting of an increase of \$34.9 million in the Federal Trust Fund and a decrease of \$27.7 million in the WIC Manufacturer Rebate Fund. Higher Federal Trust Fund expenditures are based on an increase in participation and a mandated increase to the fruits and vegetables benefit levels, offset by a decrease in the overall food inflation rate compared to the 2023 Budget Act. The decrease in the WIC Manufacturer Rebate Fund expenditures is attributed to a reduction in formula purchased per infant participant following the formula shortage and lower rebate per can of formula following the transition to a new formula contractor.

For 2024-25, the Governor's budget proposal reflects an increase of \$63.5 million in Local Assistance, consisting of an increase of \$90.4 million in the Federal Trust Fund and a decrease of \$26.9 million in the WIC Manufacturer Rebate Fund. Higher expenditure levels are attributed to an increase in current and budget year participation projections, an increased food inflation rate, and a mandated increase to the fruits and vegetables benefit levels. The decrease in rebate expenditures is attributed to lower projected rebate per can of formula following the transition to a new formula contractor.

WIC Modernization. The Governor's budget proposal reflects an increase of 18 positions and \$3 million in Federal Trust Fund State Operations to modernize the WIC program services and

operations. The additional state positions are to be funded by U.S. Department of Agriculture (USDA) WIC Grants.

California Nutrition Incentive Program. The Governor's budget proposal reverts \$33.2 million General Fund for the California Nutrition Incentive program, which encourages shoppers using nutrition benefits (including WIC) to purchase California-grown fruits and vegetables by providing an additional dollar that can be spent on fruits and vegetables for every benefit dollar spent.

Universal School Meals. The Governor's budget proposes an increase of \$122.2 million ongoing Proposition 98 General Fund to fully fund the universal school meal program in 2024-25.

CalAIM

Continued CalAIM Implementation. The Governor's budget proposal maintains approximately \$2.4 billion (\$811.1 million General Fund) in 2024-25 to continue the state's transformational CalAIM Initiative.

Transitional Rent Waiver Amendment. The Governor's budget proposal also maintains \$24.7 million (\$8.6 million General Fund) in 2025-26, increasing up to \$197.9 million (\$69.3 million General Fund) at full implementation, to allow up to six months of rent or temporary housing to eligible individuals experiencing homelessness or at risk of homelessness transitioning out of institutional care, a correctional facility, the child welfare system, or other transitional housing settings. Counties will have the option to implement this transitional rent benefit as part of the BH-CONNECT Demonstration.

Medi-Cal & Health Care Programs

Medi-Cal Budget & Caseload. The Governor's budget proposal estimates Medi-Cal expenditures to be \$157.5 billion (\$37.3 billion General Fund) in 2023-24 and \$156.6 billion (\$35.9 billion General Fund) in 2024-25. These estimates reflect a \$5.7 billion (3.7 percent) increase in total spending in 2023-24 and \$0.2 billion (0.5 percent) decrease in General Fund spending compared to the state's May 2023 Medi-Cal estimate. Between 2023-24 and 2024-25, the Newsom Administration anticipates total spending will decrease by \$0.9 billion total funds (0.5 percent) and General Fund spending will decrease by \$1.4 billion (3.8 percent). These adjustments are largely due to additional support from the MCO tax and updated programmatic timelines of various behavioral health initiatives.

The Governor's January budget estimates 14.8 million residents enrolled in Medi-Cal in 2023-24, an increase of 583,000 residents compared to the 2023 Budget Act. Moreover, Medi-Cal caseload has begun to decline due to the resumption of Medi-Cal eligibility redeterminations effective June 2023. Based on initial data, the Administration projects that Medi-Cal caseload will fall to 13.8 million residents following the redetermination period. The projection is highly uncertain and is anticipated to be refined in the May Revision for 2024-25 as more data becomes available.

Medi-Cal Expansion to Undocumented Residents. The Governor's budget proposal maintains \$1.4 billion (\$1.2 billion General Fund) in 2023-24, \$3.4 billion (\$2.9 billion General Fund) in 2024-25, and approximately \$3.7 billion (\$3.2 billion General Fund) ongoing, inclusive of In-Home Supportive Services (IHSS) costs, to expand full-scope Medi-Cal eligibility to income-eligible adults aged 26 to 49 regardless of immigration status.

Recall, this expansion took effect January 1, 2024. During a recent media appearance, Governor Newsom doubled down on his commitment to funding the full-scope Medi-Cal expansion using state General Fund resources.

Asset Limit Elimination. The Governor's budget proposal includes \$101.1 million (\$50.5 million General Fund) in 2023-24 and \$195.4 million (\$97.7 million General Fund) in 2024-25 to eliminate the Medi-Cal asset limit effective January 1, 2024. The budget additionally includes \$6.1 million in 2024-25 to reimburse county behavioral health departments for estimated increased behavioral health costs related to this state policy.

Managed Care Organization (MCO) Tax. Recall, the federal government in December 2023 [granted approval](#) to California's MCO tax, effective April 1, 2023, through December 31, 2026. Given the state's projected budget shortfall, the Newsom Administration has proposed seeking early action by the Legislature to request from the federal government an amendment to increase the tax on MCOs to achieve an additional \$20.9 billion in total funding to the state. This represents an increase of \$1.5 billion compared to the approved MCO tax.

The Governor's budget proposes \$12.9 billion to support the Medi-Cal program and maintain a balanced budget, as well as \$8 billion for targeted rate increases and investments in health services. The MCO tax helps maintain existing services in the Medi-Cal program and minimizes the need for reductions to Medi-Cal according to the Newsom Administration.

The Governor's budget proposes \$2.8 billion (\$1.2 billion Medi-Cal Provider Payment Reserve Fund) in 2024-25 and approximately \$6.5 billion (\$2.7 billion Medi-Cal Provider Payment Reserve Fund) in 2025-26 for targeted increases and investments consistent with the 2023 Budget Act. \$727 million (\$291 million Medi-Cal Provider Payment Reserve Fund) annually is dedicated for Medi-Cal provider rate increases effective January 1, 2024.

Managed Care Fund Loan. To address the state's anticipated budget problem, the Governor's budget proposes to utilize a \$22.9 million budgetary loan from the Managed Care Fund to the state General Fund from resources not currently projected to be used for operational or programmatic purposes.

Proposition 56 Provider Payments. Due to declining Proposition 56 revenues and the state's General Fund condition, the Governor's budget proposes to reduce funding for Proposition 56 supplemental payments for providers by \$193.4 million (\$77.1 million Proposition 56 funding) in 2024-25. The Budget includes \$907.4 million (\$192.6 million General Fund) for all supplemental payments, including \$465.2 million for physician services.

The Administration notes that certain providers currently receiving Proposition 56 supplemental payments, including physicians, will instead receive MCO tax rate increases.

California Children's Services (CCS). The Governor's budget proposal reflects decreased caseload for the CCS program. Per the Newsom Administration, CCS enrollees began shifting from CCS state only into Medi-Cal in late 2019-20 due to the economic impact of the COVID-19 public health emergency; the shift into Medi-Cal occurred through the end of 2020-21. Since June 2023, additional enrollment into CCS state only coverage has remained relatively flat. The Governor's budget proposal reflects a projected increase in CCS state only enrollment in 2024-25 due to the ending of the continuous coverage requirement.

Child Health and Disability Prevention Program (CHDP). As part of the CHDP transition approved in the 2022 Budget Act, the Governor's budget proposes to reallocate the entire CHDP budget of \$33.96 million to the Health Care Program for Children in Foster Care (HCPCFC) and the California Children's Services (CCS) Program. Specifically, the proposed budget provides \$13.13 million (\$6.56 million federal funds, \$6.56 General Funds) to create an administrative allocation for the standalone HCPCFC and the remaining amount to the California Children's Services (CCS) Monitoring and Oversight Initiative to support retention of local health department staff as a result of the CHDP transition. CHEAC is in the process of seeking clarification from the Newsom Administration regarding the specific amount of funds to be allocated to the CCS Monitoring and Oversight Initiative.

As a reminder, the CHDP program will sunset on July 1, 2024, or on the date DHCS certifies specified activities are completed, whichever is later. To replace the CHDP Gateway, the Department of Health Care Services (DHCS) will implement the Children's Presumptive Eligibility Program to allow applicable Medi-Cal providers to enroll children into Medi-Cal through the presumptive eligibility process, effective July 1, 2024.

Reproductive Health Services Waiver. The Governor's budget proposal maintains a one-time \$200 million (\$100 million General Fund) investment in 2024-25 for the California Reproductive Health Access Demonstration Waiver to support access to reproductive health services beginning no sooner than July 1, 2024. According to the Newsom Administration, by 2026-27, \$85 million General Fund is anticipated to be offset by Designated State Health Program (DSHP) federal funds.

RSV Vaccine Impacts. Recall, the federal government this past fall granted approval of two vaccines and one injectable drug to protect against respiratory syncytial virus (RSV) among older adults and pregnant individuals. Medi-Cal coverage of the vaccines and injectable drug are anticipated to result in costs of \$138.7 million (\$61.4 million General Fund) in 2023-24 and \$215.8 million (\$95.5 million General Funds) in 2024-25.

Medi-Cal Drug Rebate Fund Reserve Reduction. Typically, DHCS targets a reserve of approximately \$220 million in the Medi-Cal Drug Rebate Fund to cushion against drug rebate collection volatility that would otherwise be deposited in the state General Fund. The Governor's budget proposes to allow the full amount of projected drug rebate collections to

flow to the General Fund, instead of maintaining rebate transfers at 2023 Budget Act levels in 2023-24. The Newsom Administration targets a \$220 million reserve in 2024-25, resulting in General Fund savings of \$135.1 million in 2023-24 and \$27.6 million in 2024-25.

Chaptered Legislation Deferrals. To address the state's budget problem, the Governor's budget proposal defers consideration of resource requests associated with recently chaptered legislation to the May Revision, including, but not limited to, AB 425 (Chapter 329, Statutes of 2023) related to pharmacogenomic testing; AB 1163 (Chapter 832, Statutes of 2023) related to LGBT disparities reduction; SB 311 (Chapter 707, Statutes of 2023) related to Medicare Part A buy-in; and SB 496 (Chapter 496, Statutes of 2023) related to biomarker testing.

Specialty Dental Clinic Grant Program. The Governor's budget proposes to delay \$48.8 million General Fund to 2025-26 for the Specialty Dental Clinic Grant program at the California Health Facilities Financing Authority.

Behavioral Health

BH-Connect. The Governor's budget proposal maintains \$7.6 billion (\$350.4 million General Fund, \$87.5 million Mental Health Services Fund, \$2.6 billion Medi-Cal County Behavioral Health fund, and \$4.6 billion federal funds) through the term of the waiver for DHCS and CDSS to implement the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-Connect) Demonstration, effective January 1, 2025.

Children and Youth Behavioral Health Initiative Wellness Coaches. The proposed budget includes \$9.5 million (\$4.1 million General Fund) in 2024-25 increasing to \$78 million (\$33.8 million General Fund) annually in 2027-28 to establish wellness coaches as Medi-Cal benefit effective January 1, 2025. Wellness coaches will operate as part of a care team in school-linked settings and across the Medi-Cal behavioral health delivery system.

Behavioral Health Continuum Infrastructure Program. The budget delays \$140.4 million from 2024-25 to 2025-26, for a total of \$380.7 million for the final round of [Behavioral Health Infrastructure Program](#) grants in 2025-26.

Behavioral Health Bridge Housing. The budget shifts \$265 million from Mental Health Services Fund appropriated in the 2023 Budget Act to General Fund in 2024-25 and delays \$235 million General Fund original planned for 2024-25 to 2025-26, as the result of lower-than-projected MHSA revenues.

Housing and Homelessness

Housing & Homelessness Reductions. The budget proposal includes over \$1.2 billion in General Fund reductions over a multi-year period for various housing programs, and institutes delays for various homelessness programs, including:

- **Veteran Housing and Homelessness Prevention Program.** The budget proposal reverts \$50 million General Fund.
- **Housing Navigators.** The budget proposes a reduction of \$13.7 million General Fund ongoing.
- **Homeless Housing, Assistance and Prevention Program (HHAP).** The budget proposes to delay \$260 million General Fund HHAP Funding from 2023-24 to 2025-26, to align with when funds will be available for eligible applicants. The budget proposal continues to maintain a total of \$1.1 billion General Fund for HHAP 5 across 2023-24 and 2024-25. The Governor's budget proposal also defers all new, discretionary spending discussions to the spring for discussions with the Legislature on actual revenues. Lastly, the budget proposes a reversion of \$100.6 million in HHAP administrative set aside as General Fund savings.

Substance Use Disorders

Cannabis. Proposition 64 specifies the allocation of resources in the Cannabis Tax Fund. After meeting various allocation requirements, remaining funds are available for youth education, prevention, early intervention, and treatment; environmental protection, and public safety-related activities. Law requires these three accounts to be funded at a baseline of \$670 million; due to estimated revenue declines, the Governor's January budget includes \$150 million General Fund appropriation to backfill revenues, which has been fully allocated in 2023-24. The Governor's budget proposal estimates \$568.9 million will be available for allocation across the following programs:

- **Education, Prevention, and Treatment of Youth Substance Use Disorders and School Retention (60 percent)** – \$341.3 million
- **Clean-up, Remediation, and Enforcement of Environmental Impacts (20 percent)** – \$113.8 million
- **Public Safety-Related Activities (20 percent)** – \$113.8 million

Climate Health

Climate & Health Surveillance Program. The Governor's budget proposes to revert \$3.1 million in General Fund State Operations in 2023-24 for the Climate and Health Surveillance Program. This reversion, per CDPH, is due to anticipated savings from the program.

Extreme Heat and Community Resilience Program. To address the state's budget problem, the Newsom Administration proposes a net reduction of \$40.1 million for the [Extreme Heat and Community Resilience Program](#) operated through the Office of Planning and Research. The program funds local, regional, and tribal projects, including creating extreme heat action plans

and providing passive or low-energy cooling strategies. The net reduction includes a reversion of \$40.1 million General Fund and a shift of \$70 million General Fund to the Greenhouse Gas Reduction Fund. Funding shifted for the program is delayed to 2024-25. The Governor's budget proposal maintains \$95 million previously allocated to the program.

Regional Climate Resilience. To address the state's budget problem, the Governor's budget proposes to revert \$25 million General Fund and a reduction of \$50 million from the Regional Climate Resilience Program at the Office of Planning and Research. The Governor's budget proposal maintains \$25 million previously allocated to this program.

Regional Climate Collaboratives. The Governor's budget proposes to revert \$9.8 million General Fund for Regional Climate Collaboratives Program at the Strategic Growth Council within the Office of Planning and Research. Despite this reversion, the Governor's budget proposal maintains \$10 million previously allocated to this program.

Climate Adaptation and Resilience Planning Grants. The Governor's budget proposes a \$5 million General Fund reversion in 2023-24 for the Climate Adaptation and Resilience Planning Grants program at the Office of Planning and Research. Despite this reversion, the Administration notes \$20 million previously allocated to this program will remain available. The program is intended to fill local, regional, and tribal planning needs relative to climate resilience and infrastructure readiness.

Other Programs & Initiatives

HHS Accelerator Initiative. The Governor's budget proposal delays \$74 million General Fund until 2025-26 and 2026-27 for the Health and Human Services Innovation Accelerator Initiative. Recall, the 2023 Budget Act provided \$43 million in 2023-24 and \$32 million in 2024-25 in one-time General Fund to CalHHS to address major health challenges, such as the diabetes-related morbidity and mortality, disparities in maternal and infant mortality, and preventing and mitigating infectious disease.

Healthier at Home Pilot Reversion. The Governor's budget proposal reverts \$11.9 million General Fund in 2023-24 for the Healthier at Home Pilot Program at the California Department of Aging (CDA). Recall, \$12.5 million was included in the 2022 Budget Act to establish and evaluate aging in place pilots in Contra Costa, Fresno, Orange, Riverside, Sacramento, San Diego, Shasta, and Sonoma counties through the deployment of community health workers and registered nurses.

Migration Investments. Recall, California has funded humanitarian services for migrants released from short-term federal custody in the southern border region of the state, including a one-time General Fund investment of \$150 million in 2023-24. The Newsom Administration notes that it is unable to maintain its efforts to address humanitarian needs without federal support and that it continues to advocate to Congress for additional federal funding to local communities experiencing upticks in new arrivals. The Governor notes that the Administration will continue to

assess operational needs in humanitarian efforts for possible consideration in the May Revision budget.

Active Transportation Grants. The Governor's budget proposes a \$200 million reduction to the state's Active Transportation Program (ATP), leaving \$850 million of the \$1 billion originally included as part of one-time transportation investments made through previous budget acts. To ensure no impacts to previously awarded projects, the Newsom Administration proposes using the \$200 million in ATP funds that were expected to be available for allocation in future cycles to instead backfill projects awarded in Cycle 6 of the ATP. The Governor's budget also proposes a \$400 million day from 2021-22 to align the budget with current expenditure schedules; this delay is not anticipated to have a programmatic impact.

Outdoor Equity Grants Program. The Governor's budget proposal reduces \$25 million General Fund for outdoor environmental education and access programs through the Outdoor Equity Grants Program enacted through Chapter 675, Statutes of 2019. The Governor's budget proposal maintains \$90 million General Fund previously allocated for this program.

CalVIP Modifications. The Governor's budget proposes to reduce \$9 million in base funding for the California Violence Intervention and Prevention (CalVIP) program operated through the Board of State and Community Corrections (BSCC). The Newsom Administration notes that the reduction of base funding for this program will be replaced by funding from the newly enacted Gun and Ammunition Tax established through AB 28 (Chapter 231, Statutes of 2023). Beginning in 2025-26, the Administration notes that up to \$75 million will be continuously appropriated to BSCC annually to administer and award CalVIP grants which will be used in lieu of state General Fund.

Firearm Relinquishment Program Reductions. To address the state's budget problem, the Governor's budget proposal includes two General Fund reductions that would have otherwise been administered in the current year. These reductions include \$21 million for the Office of Emergency Services Gun Buyback Program and \$20 million (of the \$40 million appropriated) for the Judicial Council Firearm Relinquishment Grant Program.

Office of Community Partnerships and Strategic Communications. Recall, the Newsom Administration established the Office of Community Partnerships and Strategic Communications within the Governor's Office of Planning and Research (OPR) as part of the 2022 Budget Act to support public awareness and community engagement campaigns related to COVID-19, weather-related climate impacts, and other priority topics. The Governor's budget proposes to revert \$5 million in 2023-24 and reduce \$8 million in 2024-25 and 2025-26. The budget maintains \$60 million in 2023-24 and \$57 million in 2024-25 and 2025-26 to continue the Office's work.

Budget Resources

Budget Background

For additional information on the state budget process, we encourage CHEAC Members to view the California Budget & Policy Center (CBPC) "Dollars & Democracy: A Guide to the State Budget Process." This primer provides a succinct overview of key processes, dates, and participants in the California state budget. The resource can be [viewed here](#).

Budget Links:

Governor's 2024-25 Proposed Budget: <http://www.ebudget.ca.gov/>

CDPH Governor's Budget Highlights: https://www.cdph.ca.gov/Documents/CDPH-2024-25_Governor-Budget-Highlights.pdf

DHCS Governor's Budget Highlights: <https://www.dhcs.ca.gov/Documents/Budget-Highlights/DHCS-FY-2024-25-Governors-Budget-Highlights-01-10-2024.pdf>

Assembly Highlights of Governor's Proposed 2024-25 Budget: https://abgt.assembly.ca.gov/system/files/2024-01/highlights-of-governors-proposed-2024-25-budget_0.pdf

Next Steps. Over the coming weeks, the Legislature will begin hearing proposed budget items. Both the Senate Budget & Fiscal Review Committee and Assembly Budget Committee will convene overview hearings on the Governor's proposed budget on Tuesday, January 23. Budget subcommittees will review proposed investments in greater detail over the coming months, the Newsom Administration will issue an updated May Revision budget in early May.

Questions. For questions on the items highlighted above or other budget-related inquiries, please feel free to contact Michelle Gibbons (mgibbons@cheac.org) and Jack Anderson (janderson@cheac.org) via email.