



To: CHEAC General Membership

From: [Michelle Gibbons](#), Executive Director
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RE: 2024-25 Budget Agreement

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Overview

After weeks of quiet negotiations behind closed doors, Governor Gavin Newsom, Senate President pro Tempore Mike McGuire, and Assembly Speaker Robert Rivas on Saturday morning [announced](#) the three parties had reached a final spending plan agreement for the 2024-25 budget year. The final agreement represents a \$297.7 billion spending plan and closes a roughly \$47 billion budget shortfall for 2024-25.

The Governor, as part of the final agreement, on Wednesday, [issued a proclamation](#) declaring a budget emergency exists in the state, allowing the state to utilize budgetary reserves to maintain

fiscal stability in the new year. In addressing the shortfall, the final budget agreement includes the following solutions:

- Reductions: \$16.0 billion
- Revenues: \$13.6 billion
- Reserves: \$6.0 billion
- Fund Shifts: \$6.0 billion
- Delays and Pauses: \$3.1 billion
- Deferrals: \$2.1 billion

Under the agreement, the Governor and legislative leaders seek to exercise prudence into future fiscal years. Over the coming weeks, the parties will work to: 1) establish a new temporary holding account for projected surpluses to ensure that a portion of large surpluses are held for at least one year to have greater certainty about budget conditions, and 2) place a constitutional amendment on a future state ballot to expand the maximum size of the rainy day fund and exclude certain deposits from the 1979 state appropriations limit (SAL).

Given the state's challenging budget climate in the coming fiscal years, the final agreement includes cuts to state government operations, including a 7.95 percent reduction in General Fund state operations budgets and permanent elimination of vacant positions. Taken together, these ongoing reductions total approximately 10 percent of state operations costs.

This memo outlines final agreement investments and budget actions of most interest to local health departments.

Public Health Workforce & Infrastructure

Future of Public Health (FoPH). Despite the Governor's May Revision proposal to eliminate the \$300 million ongoing Future of Public Health investment in state and local public health workforce and infrastructure, the final budget agreement maintains \$276.1 million General Fund in an ongoing basis. CDPH will realize an \$8 million reduction, reflecting a \$92 million ongoing investment. Local health departments will realize a \$15.9 million reduction, reflecting a \$184.1 million ongoing investment. These reductions align with the statewide 7.95 percent efficiency reductions.

At the time of publication, it is not yet known how reductions to ongoing funds will be implemented across local health departments. CHEAC will engage with CDPH to gather more information.

Additionally, the Governor's May Revision proposed a current year reversion of \$52.5 million, consisting of \$41.5 million in state operations and \$11 million in local assistance. The final budget agreement excludes the local assistance amount and instead reverts only the state operations amount of \$41.5 million. However, please note that any unspent local funds from 2022-23 and 2023-24 do not rollover for future use; instead funds automatically revert to the General Fund.

CHEAC and the California Can't Wait Coalition [expresses gratitude](#) to the Legislature and Administration for maintaining a level of commitment to state and local public health workforce and infrastructure despite the state's difficult budget climate.

Public HERO Initiative Funding. The final budget agreement does not include cuts or changes to one-time public health workforce training and development programs secured through the Public Health Equity and Readiness Opportunity (Public HERO) Initiative in the 2022 Budget Act.

Public Health Programs

CalCONNECT. The Assembly's 2024-25 Budget Agreement Floor Report reflects the Administration's commitment stated in previous budget hearings to dedicate federal funds to continue the operations of the CDPH CalCONNECT IT system for the upcoming budget year. At this time of this writing, how much federal funding is available to support CalCONNECT is not clear. CHEAC will continue to engage with CDPH to better understand how the system will be continued.

Syndromic Surveillance. The final budget agreement includes provisions authorizing CDPH, upon an appropriation, to designate an existing syndromic surveillance system or create a new syndromic surveillance system to facilitate the reporting of electronic health data for public health surveillance activities. Specified entities, defined as general acute care hospitals with emergency departments, are required to report data electronically as near as possible to real-time to the CDPH syndromic surveillance system and/or to the local health department syndromic surveillance system, as applicable.

The agreement includes provisions requiring CDPH to provide guidance and technical assistance to local health departments that participate in or maintain their own syndromic surveillance system to ensure system interoperability by July 1, 2027. CDPH is additionally required to provide local health departments access to and use of a secured, integrated electronic health system housing syndromic surveillance data. The final agreement also retains authority for local health department syndromic surveillance systems to require additional data beyond CDPH requirements. For additional details, reference the [Health Trailer Bill Summary \(SB 159\)](#).

Proposition 56 State Dental Program Account – General Fund Backfill. The final budget agreement eliminates the statutory requirement for an ongoing General Fund backfill to the CDPH Office of Oral Health. Recall, the 2021 Budget Act included trailer bill language requiring a state General Fund backfill in the event of a decrease in tobacco tax revenue to ensure the State Dental Program account receives a minimum of \$30 million annually. This account supports CDPH Office of Oral Health and local oral health programs operated by LHDs and partners.

CalWORKs Home Visiting Program. The final budget agreement reduces the CalWORKs Home Visiting Program by up to \$30 million in 2023-24 and reduces the program by up to \$25 million in 2024-25 and 2025-26, with funding restored in 2026-27. This limited-term reduction is intended to more closely align funds to actual utilization in the program and avoid adverse impacts to

children and families served. This agreement rejects the Governor's May Revision proposal to reduce \$47.1 million General Fund ongoing for the CalWORKs Home Visiting Program.

CDPH IT Investments. The final budget agreement reverts and reduces several investments in CDPH information technology systems and initiatives:

- **Disease Surveillance Readiness, Response, Recovery, and Maintenance:** The final budget eliminates \$6.9 million General Fund in 2025-26 and ongoing for various CDPH disease surveillance and IT systems. With this reduction, CDPH still maintains approximately \$54.9 million ongoing for this purpose.
- **IT, Data Science, and Informatics Framework for 21st Century:** The final budget reduces \$10 million in 2025-26 and ongoing for its Information Technology, Data Science, and Informatics Framework for a 21st Century Initiative. This funding was included in the 2022 Budget Act and provided CDPH with \$18.1 million General Fund in 2023-24 and ongoing; with the reduction, approximately \$8.1 million remains for these purposes.

JUUL Settlement. The final budget agreement adopts the Governor's May Revision proposal to allocate \$5.6 million of settlement funds from the case *People of the State of California v. JUUL Labs, Inc.* CDPH will use the one-time funds for activities to help address, prevent, and reduce youth use of electronic cigarette products.

Flavored Tobacco Enforcement. The final budget agreement includes \$2.2 million General Fund in 2024-25 and \$1.9 million in 2025-26 and ongoing to implement flavored tobacco product enforcement as mandated by AB 935 (Chapter 351, Statutes of 2023).

AIDS Drug Assistance Program (ADAP). The final budget agreement authorizes CDPH to spend up to \$23 million from the ADAP Rebate Fund to implement various actions that seek to improve ADAP operations and services to residents living with HIV/AIDS. CDPH is authorized to increase the cap for specified health insurance premium payment programs, modify drug formularies, and allocate funds to specified programs and services for individuals living with HIV or AIDS. For additional information, please reference the [Health Trailer Bill Summary \(SB 159\)](#).

Clinical Dental Rotations. The final budget agreement adopts the Governor's January proposal to shift \$9.7 million from the General Fund to the Proposition 56 State Dental Program Account for clinical dental rotations for both 2023-24 and 2024-25. For additional details, see the [Health Trailer Bill Summary \(SB 159\)](#).

Alzheimer's Disease Program. The final budget agreement adopts the Governor's May Revision proposal to revert \$2.5 million General Fund from 2023-24 appropriated to support the CDPH Alzheimer's Disease Program.

Various Special Fund Loans to General Fund. The final budget agreement reflects a series of CDPH special fund budgetary loans to the state's General Fund to address the state's budget deficit, including but not limited to, the following loans of interest to LHDs:

- **Childhood Lead Poisoning Prevention Fund** – \$18 million loan to the General Fund using resources that are not required for currently projected operational or programmatic purposes.
- **AIDS Drug Assistance Program Fund** – Recall, the Administration has proposed a \$500 million loan to the General Fund. The final budget reflects this loan and includes a \$23 million set-aside for ADAP enhancements (see below).
- **Infant Botulism Treatment and Prevention Fund** – \$17 million loan to the General Fund using resources that are not required for currently projected operational or programmatic purposes.
- **Health Statistics Special Fund** – \$17 million loan to the General Fund using resources that are not required for currently projected operational or programmatic purposes.
- **Birth Defects Monitoring Fund** – \$5 million loan to the General Fund using resources not required for currently projected operational or programmatic purposes.
- **Occupational Lead Poisoning Prevention Fund** – \$3 million loan to the General Fund using resources not required for currently projected operational or programmatic purposes.
- **Gambling Addiction Program Fund** – \$2.7 million loan to the General Fund using resources not required for currently projected operational or programmatic purposes.
- **Domestic Violence Training and Education Fund** – \$1.6 million loan to the General Fund using resources not required for currently projected operational or programmatic purposes.

COVID-19

DHCS COVID-19 Vaccination. The final budget agreement reflects a modification to existing statute ([WIC 14124.12](#)) to no longer require COVID-19 vaccines to be reimbursed at 100 percent of the Medicare rate and instead aligns the Medi-Cal reimbursement with existing reimbursement structures for vaccines administered in accordance with the Medi-Cal state plan.

CDCR COVID-19 Response. The final budget reverts \$24.3 million General Fund in 2023-24 from the California Department of Corrections and Rehabilitation (CDCR) for COVID-19 response activities within the CDCR system and rejects the request for \$38.3 million ongoing General Fund beginning in 2024-25 for COVID-19 prevention and mitigation activities in prisons. The budget

agreement also approves an ongoing reduction of \$4.1 million to reduce COVID-19 testing protocols at CDCR reception centers.

Climate Health Programs

Climate & Health Surveillance Program. The final budget agreement reflects a reduction of \$3.1 million General Fund, leaving \$6.9 million in 2024-25 and ongoing for the CDPH Climate and Health Surveillance Program. Funded through the 2022 Budget Act, this program aims to provide near real-time notification for public health departments, first responders, and communities for emerging or intensified climate-sensitive morbidity and mortality.

Regional Climate Resilience. The final budget agreement reflects a \$75 million reduction (of \$100 million) for the Regional Climate Resilience Program at the Office of Planning and Research (now Governor's Office of Land Use and Climate Innovation).

Extreme Heat and Community Resilience. The final budget agreement restores \$40.1 million (\$25.1 million Green House Gas Reduction Fund (GGRF); \$15 million General Fund) to a proposed \$110 million cut to the [Extreme Heat and Community Resilience](#) program operated through the Office of Planning and Research (now Governor's Office of Land Use and Climate Innovation). The remaining \$70 million of the proposed cut remains, leaving the program with a total \$105.1 million. The program funds local, regional, and tribal projects, including creating extreme heat action plans and providing passive or low-energy cooling strategies.

Regional Climate Collaboratives. The final budget agreement reduces funding for Regional Climate Collaboratives program at the Strategic Growth Council within the Office of Planning and Research (now Governor's Office of Land Use and Climate Innovation) by \$9.8 million, maintaining \$10 million previously allocated to this program.

Climate Adaptation and Resilience Planning Grants. The final budget agreement reduces funding for Climate Adaptation and Resilience Planning Grants within the Office of Planning and Research (now Governor's Office of Land Use and Climate Innovation) by \$15 million, maintaining \$10 million total. This program is intended to fill local, regional, and tribal planning needs relative to climate resilience and infrastructure readiness.

Managed Care Organization (MCO) Tax

The final budget agreement expands the MCO tax to all Medicare providers, generating an additional \$689 million in General Fund revenues in 2024-25, \$950 million in 2025-26, and \$1.3 billion in 2026-27. The agreement includes \$133 million in 2024-25, \$728 million in 2025-26, and \$1.2 billion in 2026-27 for new targeted Medi-Cal provider rate increases and investments from MCO tax revenues. These provider increases are in addition to approximately \$300 million in provider rate increases that took effect January 1, 2024.

Of note, the final agreement reflected above contains language to make rate increases in the budget inoperable if a measure on the November 2024 General Election ballot related to MCO taxes is approved by voters.

The MCO tax agreement funds the following:

Continuous 0-5 Medi-Cal Eligibility. The final budget agreement includes funding to implement continuous Medi-Cal eligibility for children ages 0-5, effective January 1, 2026.

Medi-Cal Rate Increases. The final budget agreement includes various rate increases. Rate increases starting January 1, 2025, include:

- Abortion and Family Planning Services
- Physician Emergency Department Services
- Ground Emergency Transportation
- Air Ambulances
- Community-Based Adult Services
- Community Health Workers
- Congregate Living Health Facilities
- Pediatric Day Health Centers

Rate increases starting January 1, 2026, include:

- Evaluation & Management Codes for Primary Care and Specialist Office Visits, Preventative Services, and Care Management (95 percent of Medicare)
- Obstetric Services (95 Percent of Medicare)
- Non-Specialty Mental Health Services (87.5 percent of Medicare)
- Vaccine Administration (87.5 percent of Medicare)
- Vision (Optometric) Services (87.5 percent of Medicare)
- Other Evaluation and Management Codes (80 percent of Medicare)
- Other Procedure codes commonly utilized by Primary Care, Specialist, and ED providers (80 percent of Medicare)
- Federally Qualified Health Centers/Rural Health Clinics
- Private Duty Nursing
- Non-Emergency Medical Transportation

Medi-Cal Workforce Pool, Labor Management Committees. Provides \$40 million in 2026-27 for Medi-Cal Workforce Pool – Labor-Management Committees.

Medi-Cal & Health Care Programs

Child Health and Disability Prevention Program (CHDP), Health Care Program for Children in Foster Care (HCPCFC), and CCS Monitoring and Oversight (CCS M&O) Program Transitions. The final budget agreement provides roughly \$33.9 million (the prior CHDP budget amount) to reimburse counties for the costs of administering HCPCFC and CCS M&O activities, given the sunset of CHDP on July 1, 2024. The final agreement provides county flexibility in 2024-25 to deviate from the DHCS established allocation staffing methodology for those programs. Counties will be permitted to shift funds as needed to operationalize HCPCFC requirements and CCS M&O readiness activities, upon providing a report, approved by the county's Board of Supervisors, to DHCS on the proposed use of funds. For additional details, see [Budget Bill Jr. Summary \(SB 108\)](#).

Proposition 56 Supplemental Payments Backfill. The final budget agreement reflects \$145.4 million in General Fund savings by using \$145.4 million from MCO tax revenues to support Medi-Cal family planning, women's health, and physician services supplemental Proposition 56 payments in 2024-25.

Health Enrollment Navigators. The final budget agreement includes \$8 million for the DHCS Health Enrollment Navigators at Clinics. It also eliminates the DHCS Health Enrollment Navigators Program (\$18 million) which provides funding to counties and community-based organizations to serve hard-to-reach potentially eligible Medi-Cal populations.

Medi-Cal Adult Acupuncture Benefit. The final budget agreement retains the optional Medi-Cal benefit for acupuncture services. The Governor's May Revision previously proposed eliminating this benefit.

IHSS for Undocumented Individuals. The final agreement reached between the Governor and legislative leaders rejects the Governor's May Revision proposal to reduce \$94.7 million ongoing by eliminating the In-Home Supportive Services (IHSS) undocumented expansion for IHSS coverage for all ages. The benefit corresponds to the Medi-Cal expansion to undocumented residents that took effect earlier this year.

Quality Sanctions Revenues for Medi-Cal. The final budget agreement approves utilization of revenues collected from quality sanctions assessed on Medi-Cal managed care plans to support existing costs in the Medi-Cal program, estimated at \$1 million in 2024-25.

Medi-Cal County Administration Increases. The final budget agreement adopts the Governor's May Revision proposal to freeze the cost of doing business adjustments for local county administration allocations for Medi-Cal eligibility until July 1, 2028. The freeze results in \$20.4 million savings, growing to \$88.8 million in 2027-28.

Children's Hospital Directed Payments. The final budget agreement adopts new directed payments to children's hospitals in the amount of \$230 million total funds annually (\$115 million

federal funds, \$115 million state funds). According to DHCS, the directed payments will support access to critical hospital services for California's most vulnerable children being treated for the most serious and life-threatening diseases.

Shortly ahead of the budget vote, the Governor and the California Children's Hospital Association [announced](#) agreement to withdraw the "Affordable, Life-Saving Healthcare for Critically Ill Children" initiative eligible for the November 2024 ballot.

Public Hospital Funding. The final budget agreement reflects \$111 million in savings from the Intergovernmental Transfer Administration Fee for Enhanced Payment Program (EPP) and Quality Incentive Pool (QIP) directed payments to public hospitals and health systems. This proposal was advanced by the Administration at the Governor's May Revision.

Major Risk Medical Insurance Program. The final budget agreement adopts the Governor's May Revision proposal to eliminate the state's Major Risk Medical Insurance Program (MRMIP) that provides health insurance to residents unable to obtain coverage in the individual health insurance market due to pre-existing conditions. This proposal would provide state savings of \$78.9 million in 2024-25 and \$2.7 million in 2025-26 and ongoing. The final agreement includes language to assist in the transition of eligible caseload of the MRMIP program.

DHCS Equity and Practice Transformation Payments to Providers. The final budget agreement adopts the Governor's May Revision proposal to reduce funding for DHCS Equity and Practice Transformation Payments by \$111.3 million (\$43.8 million in 2024-25 and \$67.5 million in 2025-26).

DHCS Free Clinic Augmentation. The final budget agreement retains the \$2 million ongoing General Fund investment in free clinics throughout the state. This funding was originally appropriated as part of the 2021 Budget Act and was proposed to be eliminated in the Governor's May Revision.

Specialty Dental Clinic Grant Program. The final agreement retains \$48.8 million General Fund in 2025-26 for the specialty dental clinic program administered by the California Health Facilities Financing Authority (CHFFA). This rejects the Administration's previous proposal to delay and revert these funds.

DHCS Indian Health Grant Program. The final budget agreement retains the \$23 million ongoing General Fund investment in the DHCS Indian Health Program. The Governor's May Revision proposed eliminating this program.

Health Care Affordability Reserve Fund. The final budget agreement provides a loan of \$62 million in 2024-25 from the Covered California Health Care Affordability Reserve Fund to the General Fund. Additionally, the agreement delays repayment of the \$600 million loan from the Health Care Affordability Reserve Fund from the General Fund, originally authorized in the 2023 Budget Act, from 2025-26 to phased increments of \$200 million each in 2026-27, 2027-28, and 2028-29. The Health Care Affordability Reserve Fund was established to reduce premium costs

for certain enrollees in Covered California beyond the level of support received from existing federal premium subsidies.

Covered California Individual Mandate Penalty Transfer. The final budget agreement transfers \$109 million in individual mandate penalty revenues to the General Fund in 2025-26. Recall, this penalty was implemented in 2020 and levies a fine against residents without qualifying health insurance coverage. Penalties collected under this requirement are used toward making Covered California health insurance coverage more affordable. The final agreement does not permit further ongoing transfers as proposed by the Governor's May Revision.

Health Workforce Investments

Health Care Worker Minimum Wage (SB 525) Implementation Delay. The final budget agreement includes provisions to delay the effective date of the required wage increase for health care workers pursuant to SB 525 (Chapter 890, Statutes of 2023) until one of two conditions are met: 1) state cash receipts for the first quarter of the fiscal year exceed three percent of the projected amount; or 2) DHCS begins data retrieval necessary to implement a January 1, 2025, Hospital Quality Assurance Fee waiver with the federal government.

HCAI Health Workforce Programs and Initiatives. The final budget agreement reduces budgeting for health care training programs administered by the Department of Health Care Access and Information (HCAI) by \$746 million over five years, retaining \$108.9 million to enable programs that are currently being implemented to continue without disruption. The final agreement retains funding for the Song-Brown Primary Care Residency Program, the Song-Brown Nursing Program, the Health Professionals Career Opportunity Program, and the California Medicine Scholars Program. The Governor's May Revision previously proposed making significant reductions to these programs.

Nursing Program Support. The final budget agreement modifies the Governor's budget proposal to provide \$60 million one-time Proposition 98 General fund, each year for five years, beginning in 2024-25, to expand nursing programs. The final agreement includes trailer bill language to develop a grant program to distribute funding, with priority given to programs in an underserved nursing area or that expand existing AN-to-BSN partnership programs.

Nutrition Programs

Women, Infants, and Children (WIC) Program. The final budget agreement provides 18 positions and federal fund expenditure authority of \$3 million in 2024-25 for efforts to enhance WIC services for participants by leveraging modern technologies for enrollment, nutrition services and education, communication with families, and workforce development and training.

California Food Assistance Program Expansion. The final budget agreement adopts the Governor's May Revision proposal to delay for two years the planned California Food Assistance

Program expansion automation to begin 2026-27 and benefits beginning in 2027-28. This pause and delay results in savings of \$31.2 million General Fund in 2024-25 and \$114.6 million General Fund in 2025-26.

CalFresh Minimum Nutrition Benefit Pilot. The final budget agreement rejects the Governor's May Revision proposal to eliminate \$15 million General Fund one-time for the CalFresh Minimum Nutrition Benefit Pilot. This program will provide eligible CalFresh recipients with a minimum monthly benefit of \$50 (instead of the current minimum of \$23) for 12 months beginning in 2024-25.

CalFresh Reimbursement. The final budget agreement includes trailer bill language proposed by the Administration that requires the CDSS to establish a protocol to use state funds to promptly replace Supplemental Nutrition Assistance Program (SNAP) nutrition benefits that are taken by an unauthorized contact, withdrawal, removal, or use of benefits. Counties are required to replace stolen benefits as soon as administratively feasible, but no more than 10 business days following the receipt of the replacement request.

CDSS CalFresh Fruit & Vegetable EBT Pilot Project. The final budget agreement appropriates \$10 million General Fund to continue the CDSS CalFresh Fruit & Vegetable Pilot Project.

CDFA California Nutrition Incentive Program. The final budget agreement rejects the Governor's proposed \$33.2 million General Fund reversion 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 final budget agreement maintains California universal meals commitment by providing a one-time increase of \$120.8 million and \$179.4 million in ongoing Proposition 98 to provide two free daily meals to all students. The final agreement additionally adopts trailer bill enabling the state to draw down additional federal school meal funding.

Behavioral Health

Children and Youth Behavioral Health Initiative (CYBHI). The final budget agreement enacts several reversions and reductions to various activities to the state's Children and Youth Behavioral Health Initiative (CYBHI), including the following that may be of interest to local health departments:

- **CDPH Public Education and Change Campaign.** The final budget agreement reduces the CYBHI Public Education and Change Campaign by \$25.4 million of the \$73.8 million budgeted, retaining \$48.4 million for this campaign in 2023-24, \$34.7 million in 2024-25, and \$13.7 million in 2025-26. This funding was appropriated in the 2021 Budget Act to support a statewide public education and change campaign to improve behavioral health literacy and awareness, deploy culturally specific

campaigns to reduce stigma and disparities, and enhance capacity of existing educational efforts.

- **CDPH Youth Suicide Reporting and Crisis Response Pilot Program.** The final budget agreement reverts \$7.5 million General Fund for the CDPH Youth Suicide Reporting and Crisis Response Pilot Program and does not provide authorization to exempt the funding from the state's public contracting requirements. The Governor's May Revision previously sought to revert \$13.5 million in 2023-24 and \$1.5 million in 2024-25. Established through one-time funding in the 2022 Budget Act, the pilot intended to support models for rapidly and comprehensively responding to youth suicide events by providing crisis services and follow-up in school and community settings. Participating jurisdictions include Alameda, El Dorado, Humboldt, Kern, Los Angeles, Riverside, Sacramento, San Diego, San Joaquin, and Solano.
- **DHCS CYBHI Evidence-Based and Community-Defined Program Grants.** The final budget agreement eliminates \$47.1 million in 2024-25 for the DHCS CYBHI Evidence-Based and Community-Defined Behavioral Health Program Grants. This funding, allocated over multiple rounds, included a round for early childhood wraparound services such as enhanced home visiting programs and services. This funding elimination concludes the CYBHI Evidence-Based and Community-Defined Grant Program.
- **DHCS CYBHI Services and Supports Platform.** The final budget agreement eliminates funding for the DHCS CYBHI Services and Supports Platform, providing savings of \$359.6 million. The Administration previously proposed reducing only \$140 million at May Revision.

DHCS Naloxone and MAT Distribution. The final budget agreement reflects \$39 million savings in the DHCS Naloxone Distribution Project (NDP) from lower naloxone drug costs due to CalRx. Additionally, the final budget adds \$8.3 million special funds to expand the distribution of naloxone products through the DHCS NDP and eliminates \$22 million in continued funding for the DHCS Medication Assisted Treatment (MAT) project which funds startup grants for new treatment facilities.

Behavioral Health Continuum Infrastructure Program. The final budget agreement delays General Fund expenditures for the Behavioral Health Continuum Infrastructure Program, using Proposition 1 Behavioral Health Services Act funding instead in 2024-25. The net savings result of this delay is \$326 million in 2024-25 and \$709.8 million in 2025-26. The Governor previously proposed eliminating \$450.7 million one-time (\$70 million in 2024-25 and \$380.7 million in 2025-26) from the last round of the Behavioral Health Continuum Infrastructure Program while maintaining \$30 million one-time General Fund in 2024-25.

Behavioral Health Bridge Housing Program. The final budget agreement reduces funding for the Behavioral Health Bridge Housing Program by \$340 million (\$132.5 million in 2024-

25 and \$207.5 million in 2025-26). This action aligns with the Governor's May Revision proposal.

CalWORKs Mental Health and Substance Abuse Services. The final budget agreement rejects the Governor's May Revision proposal to reduce \$126.6 million ongoing for the CalWORKs Mental Health and Substance Abuse Services. Instead, the final budget agreement modifies the action to reduce funding by up to \$30 million in 2023-24, up to \$37 million in 2024-25, and up to \$26 million in 2025-26. This limited-term reduction is intended to more closely align funds to actual utilization in the program and avoid adverse impacts for parents and families served.

BSCC Medication Assisted Treatment Grants. The final budget agreement reduces \$10.5 million in 2023-24 for competitive grants to counties to use for various purposes related to the treatment of substance use disorders and provision of medication-assisted treatment and rejects proposed trailer bill related to this item. This program is administered by the Board of State and Community Corrections.

Housing and Homelessness

Homeless Housing, Assistance, and Prevention Program (HHAP). The final budget agreement provides \$1 billion for Round 6 of the HHAP program. The agreement emphasizes expanded accountability of the funds through the proposed Housing and Homelessness Accountability and Results Partnership Unit (HHARP) within the Business, Consumer Services, and Housing Agency. The final agreement additionally includes trailer bill language to strengthen accountability mechanisms and clarify eligible uses of HHAP funds.

Additionally, the final budget agreement adopts the Governor's May Revision to reduce \$260 million one-time in 2025-26 for HHAP Round 5 supplemental grant funding.

Multifamily Housing Program. The final budget agreement restores \$315 million for the Multifamily Housing Program. The Governor's January Budget and May Revision originally proposed eliminating \$325 million in 2023-24 and 2024-25 for this program; ultimately, only \$10 million will be reduced pursuant to the final budget agreement.

Housing Navigators. The budget agreement restores \$13.7 million ongoing for the Housing Navigation and Maintenance Program. Recall, in January, the Governor proposed the elimination of this funding.

Veterans Housing and Homelessness Prevention Program. The final budget agreement cuts \$76.3 million from the Veterans Housing and Homeless Program.

State Administration & Budget Management

Vacant Position Funding Reduction and Position Elimination. The final budget agreement adopts the Governor's May Revision proposal to permanently eliminate various vacant positions throughout the state government. Beginning in 2024-25, approximately 10,000 vacant positions will be eliminated.

Ongoing Reductions to State Operations. The final budget agreement additionally reflects an across-the-board reduction to state operations spending by approximately 7.95 percent, beginning in 2024-25, to nearly all department budgets. This reduction includes personnel, operating costs, and contracting.

Other Programs & Initiatives

Office of Planning & Research Reorganization. The final budget agreement reorganizes the Governor's Office of Planning and Research as proposed by the Administration at the Governor's May Revision. The office will be reorganized into the following:

- **Office of Land Use and Climate Innovation** – Refocuses the purpose and intent of the Office of Planning and Research to reflect state planning and policy development, land use and resiliency, and sustainability.
- **Office of Service and Community Engagement** – Consists of the Office of Community Partnerships and Strategic Communications (OCPSC), California Volunteers, and the Youth Empowerment Commission.
- **Precision Medicine Initiative to CalHHS** – The California Initiative to Advance Precision Medicine will be transferred from the Office of Planning & Research to the California Health & Human Services Agency (CalHHS). The initiative supports research projects and connects health and medicine stakeholders throughout the state. Of note, pursuant to statutory changes to transfer the program to CalHHS, the initiative is also expanded to include aspects of infectious disease pandemic response and prevention. CalHHS is authorized to receive nonstate funds for demonstration projects related to preventing or mitigating future disease outbreaks and pandemics.

On Wednesday, the Governor's Office issued an [announcement](#) indicating that the upon the passage of the final budget agreement reflecting this reorganization, Californians Against Pandemics, the proponents of the November ballot initiative to create the California Institute for Pandemic Prevention, would withdraw their proposal from the ballot. See the [General Government Trailer Bill Summary \(SB 164\)](#) for additional detail.

Juvenile Justice Programs Transfer. The final budget agreement enacts statutory changes to transfer administration of 2011 juvenile realignment grants from the Board of State and

Community Corrections (BSCC) to the Office of Youth and Community Restoration (OYCR) within the California Health and Human Services Agency (CalHHS). These changes will effectuate the transfer of the administration of juvenile grants from BSCC to OYCR. The final budget provides \$210 million one-time General Fund in 2024-25 for local juvenile justice activities.

Violence Prevention. The final budget agreement approves a \$9 million General Fund reduction in 2024-25 and ongoing for the California Violence Intervention and Prevention (CalVIP) grant program operated by the Board of State and Community Corrections. This funding will be replaced by revenues from the newly created firearm ammunition tax (Chapter 231, Statutes of 2023) which is anticipated to generate \$75 million in the budget year for this program.

Firearm Relinquishment Program Reductions. The final budget agreement reverts \$9.4 million to the General Fund from the Judicial Council Firearm Relinquishment Grant Program.

Outdoor Equity Grants. The final budget agreement reflects a \$75 million reduction for outdoor environmental education and access programs administered through the Outdoor Equity Grants Program, pursuant to Chapter 675, Statutes of 2019 (AB 209).

Active Transportation Program. The final budget agreement restores \$200 million General Fund for the Active Transportation Program with \$100 million available in 2024-25 and \$100 million available in 2025-26. The remaining \$400 million reduction, as proposed by the Administration, is subject to future budget action and appropriation.

Budget-Related Bills

Trailer bills of most interest to our local health departments are detailed below:

2024-25 Budget Bills of Interest		
2024 Budget Act – Legislative Budget (<i>enacted June 26</i>)		AB 107
Amendments to 2024 Budget Act (Budget Bill Jr.)	CHEAC Summary	SB 108
Amendments to 2023 Budget Act (Budget Bill Jr.)	CHEAC Summary	SB 109
Health	CHEAC Summary	SB 159
MCO Taxes	CHEAC Summary	AB 160
Human Services	CHEAC Summary	AB 161
General Government	CHEAC Summary	SB 164
K-12 Education	CHEAC Summary	SB 153
<i>Updated as of June 27, 2024</i>		

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 accessed here: <https://calbudgetcenter.org/resources/a-guide-to-the-california-state-budget-process/>.

Budget Links:

Governor’s 2024-25 Budget: <https://ebudget.ca.gov/>

Senate Budget & Fiscal Review Highlights of Budget Act Agreement:

<https://sbud.senate.ca.gov/system/files/2024-06/budget-act-of-2024-key-highlights.pdf>

Assembly Budget Highlights of Budget Act Agreement:

<https://abgt.assembly.ca.gov/system/files/2024-06/floor-report-of-the-2024-25-budget-june-22-2024.pdf>

Next Steps. The Budget Bill Jr. (SB 108) and subsequent budget trailer bills now head to the Governor for his signature, which is expected in the coming days ahead of the new fiscal year beginning July 1, 2024. Despite advancing a series of budget trailer bills, negotiations on remaining outstanding budget trailer bills are likely to continue into August. CHEAC will continue to keep local health departments apprised of relevant developments.

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.