

Governor’s Budget Proposal Highlights FY2024-25

On January 10th, Governor Newsom released his [January budget proposal for the 2024-25 fiscal year](#). The Governor’s proposal includes a \$291.5 billion balanced budget which reflects a \$208.7 billion General Fund and a \$37.9 billion shortfall. To address the budget shortfall and maintain fiscal stability, the Governor is proposing to use \$18.8B from reserves, revenue, and internal borrowing; reduce and shift \$11.9B from previous commitments; and delay \$7.2B in funding. While the budget proposal includes cuts and delays in funding across programs overall, the proposed budget maintains a commitment to previous promises and maintains funding for health care, mental health reform, homelessness, and public safety. In alignment with First 5 Alameda County’s [policy agenda](#), the Governor has continued his commitment to supporting the early care and education field by maintaining funding for previously promised investments including funding for existing child care slots, the agreement with Child Care Providers United, and transforming Medi-Cal and behavioral health reform.

The Governor’s January budget proposal marks the beginning of the budget process. The Legislature holds hearings on the Governor’s proposed budget and releases their own proposals. In May, the Governor releases the May Revise which is based on updates to the State’s revenue forecast. The final budget needs Legislative approval by June 15th and the Governor’s signature by June 30th.

AMOUNT	PROPOSAL	COMMIT	FUNDING	PG
Early Care and Education and Universal Transitional Kindergarten				
\$723.8M	Maintains funding to implement agreement between the state and Child Care Providers United.	2-year agreement	GF	67
	Maintains commitment to work towards a single rate structure and alternative methodology for estimating the cost of child care. California will submit a state plan to federal government by July 2024.			67
-\$10M	Delays Preschool Inclusion Grant until 2026-27	Unclear	GF	69
\$2.1B	Maintain existing 146,000 subsidized child care slots and working towards the goal of adding 200,000 new slots by 2026-27.	Unclear	Unclear	60
\$53.7M	CSPP reimbursement rate increases	One-time	GF	26
\$140.6M	To support CCPU bargaining agreement for CSPP	One-time	GF	26
\$206.3M	To support CCPU bargaining agreement for CSPP	One-time	Prop 98 GF	26
\$65M	0.76% COLA for categorical programs and the LCFF Equity Multiplier, includes Special Education, Child Nutrition, State Preschool.	Ongoing	Prop 98 GF	28
-\$550M	Delay in \$550 million for Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program to 2025-26	One-time	GF	28
\$122.2M	To fund universal school meals program in 2024-25	Ongoing	Prop 98 GF	29
Family & Economic Well-Being				
\$26.7M	0.8% increase to CalWORKs Maximum Aid Payment levels beginning October 1, 2024	Ongoing	Child Poverty and Family Subaccount	64
-\$40.8M	CalWORKs Single Allocation Program	Ongoing	GF	64
-\$71M	Reduction in CalWORKs family stabilization funding	Ongoing	GF	64
-\$47M	Reduction to CalWORKs employment services case management	Ongoing	GF	65
-\$134.1M	Reduction to CalWORKs Expanded Subsidized Employment	Ongoing	GF	65

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\$3.7B	For Supplemental Security Income/State Supplementary Payment including a 3.2-percent federal SSI cost-of-living adjustment and maintains the 9.2-percent SSP increase	Unclear	GF	65
\$225.4M	For project development and implementation of Child Welfare Services-California Automated Response and Engagement System (case management) Project	Ongoing and one-time	\$114.1M GF	66
\$12M	To make automation changes for a reformed foster care payment structure, with full implementation anticipated as early as 2026-27	Unclear	GF	66
-\$30M	Reduction to Family Urgent Response System	Ongoing	GF	66
-\$80M	Delays for Bringing Families Home Program	One-time	GF	68
\$36.7M	Provide access to free voice calling for incarcerated individuals	Ongoing	GF	80
-\$2M	Reduction of the TransMetro Bus contract which helps provide families assistance to visit incarcerated loved one	Unclear	GF	80
California plans to participate in a pilot to promote accountability and test alternative benchmarks for work and family outcomes in lieu of the Work Participation Rate for the CalWORKs program.				64
Health				
\$1.7B	Maintains recent rate adjustments for Developmental Service Providers and the quality incentives program. Returns implementation to original 2025-26 timeline	Ongoing	\$1B GF	60
\$3.4B	Maintains commitment to expanding full-scope Medi-Cal to all income-eligible Californians	Ongoing	\$2.9B GF	59
\$8B	Maintains funding to expand continuum of behavioral health treatment and infrastructure capacity and transform the system of services for children and youth	Unclear	Unclear	60
-\$140.4M	Delays last round of grants for Behavioral Health Continuum Infrastructure Program to 2025-26	One-time	GF	63
\$9.5M	Establishes the wellness coach benefit for children and youth in Medi-Cal effective January 1, 2025. Coaches will operate as part of a care team in school-linked settings and across the Medi-Cal behavioral health delivery system	Ongoing	\$4.1M GF	62
\$24.7M	Maintains funding in 2025-26 for 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.	Ongoing	\$8.6M GF	60

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\$2.8B	For targeted rate increases from MCO tax	Ongoing	\$1.2B Medi-Cal Provider Payment Reserve Fund	61
\$200M	For the California Reproductive Health Access Demonstration Waiver to support access to reproductive health services beginning no sooner than July 1, 2024.	One-time	\$100M GF	62
\$24.3B	For In-Home Supportive Services provider wage increases, a permanent provider back-up system, and the full-scope Medi-Cal expansion to IHSS undocumented recipients of all ages	Ongoing	\$9B GF	65
-\$329.5M	Delays funding for health care workforce initiatives, fellowships, and higher ed to 2025-26	One-time	\$140.1M GF and \$198.4M MHSA	69
California continues its commitment to health care delivery system transformation through CalAIM via a \$2.4B (\$811.1M GF) investment.				
The Administration is seeking early action by the Legislature to request the federal government approve an amendment to increase the MCO tax to achieve \$20.9B in total funding to the state, an increase of \$1.5B.				
Over the next year, DDS will develop a Master Plan for Developmental Services to establish a more quality-driven and consumer-friendly experience.				
No language included on authorization to begin implementation of Continuous Medi-Cal Eligibility for children 0-5.				
Thriving Neighborhoods				
\$1.1B	Homeless, Housing, Assistance & Prevention (HHAP) Grants over 2023-24 and 2024-25	Ongoing	GF	73
-\$65M	Delay in Home Safe Program to 2025-26	One-time	GF	68
-\$247.5M	Reduction to Foreclosure Intervention Housing Preservation Program over next three years	Ongoing	GF	72
-\$13.7M	Reduction in funding for housing navigators	Ongoing	GF	72
\$5M	Increase to extend the Broadband Infrastructure Grant program through 2029	One-time	Unclear	29
-\$164.3M	Decrease support for Local Library Infrastructure Grant Program and forgoes planned additional investments starting in FY25 through FY27	One-time	GF	38
-\$34M	Decrease for Statewide Library Broadband Services	One-time	GF	38
\$850M	For the Active Transportation Program	One-time	GF	41
-\$40.1M	Net reduction to the Extreme Heat and Community Resilience Program	One-time	GF	46
\$200M	For the California Violence Intervention and Prevention Grant Program	Over three years	GF	85
\$5M	Final year of \$15M over three years to fight internet crimes against children	One-time	GF	85