



**2024-25 BUDGET ACT AGREEMENT**  
**June 27, 2024**

**TO:** CSAC Board of Directors  
County Administrative Officers

**FROM:** Graham Knaus, CSAC Chief Executive Officer  
Jacqueline Wong-Hernandez, CSAC Chief Policy Officer

**RE:** **2024-25 Budget Act Agreement**

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In a strong and unexpected show of cohesion, the Senate, Assembly, and the Administration made comparatively quick work of the negotiations to settle the details of the 2024 Budget Act. This year, the Governor and the Legislature faced the first truly difficult year for budget deliberations in more than a decade, after a prolonged period of economic recovery following the height of the Great Recession. Leaning on [relatively recent memory](#), the magnitude of the state's budget problem and reconciliation of the differences between the Governor's May Revision budget proposal and the Legislature's Joint Budget Plan seemed like a formidable task for a scant two-week window of time. It would have been understandable, although unwelcome, for negotiations to linger into early July or beyond. Regardless of the tidiness of the timing, budget negotiations throughout 2024 were notably marked by reflexive, lugubrious accounts of fiscal fortitude and wistful glances at the future.

County leaders and CSAC approached this cuts budget with a clear vision for preserving core services, and precision advocacy to protect counties. Given the limited experience at the state level with managing significant fiscal crises, the state needed county expertise and ground truth from their primary intergovernmental partner to balance the budget in a manner that meets our collective responsibility for the safety and wellbeing of Californians. Thus, although the final budget agreement includes many significant budget reductions, the 2024 Budget Act recognizes the vital role of county governments and protects the public services that counties deliver. The final spending agreement for the 2024-25 state budget retains the fundamental architecture of the Legislature's budget proposal. This includes adoption of CSAC's mantra throughout 2024: preserve core social safety net programs and continue funding for the Homeless Housing, Assistance and Prevention (HHAP) program. While not the permanent solution we had hoped for, HHAP funding continues next year at the same funding level of \$1 billion.

In addition to the HHAP funding, CSAC advocated for several of the key wins for counties in the 2024 Budget Act, including:

- **\$103 million** in 2024-25 for the Victim Services Program to provide financial assistance and support to victim services providers to ensure all victims of crime in California receive the support they need.

- **\$40 million** in 2024-25 for the Public Defender Pilot Program for counties to implement recently chaptered legislation related to a wide range of post-conviction services.
- **\$73.5 million** to backfill insufficient Educational Revenue Augmentation Funds (ERAF) for affected counties and rejected a proposal that would have resulted in a loss of approximately **\$130 to \$180 million** in excess ERAF for affected counties.
- **\$184.1 million** preserved for local public health workforce and infrastructure.
- **More than \$600 million** preserved for various CalWORKs programs including the Single Allocation, Family Stabilization, and Enhanced Subsidized Employment.
- Adopts **CSAC-supported language** that requires the state to work with counties to review the budgeting methodology for county IHSS administration.
- **\$160 million** preserved for various Child Welfare and Foster Care programs including the Family Urgent Response System and Bringing Families Home.
- **More than \$100 million** preserved for various Adult Protective Services (APS) programs including APS Expansion and Home Safe.
- **\$315 million** preserved for the Multifamily Housing Program for grants to a broad variety of affordable housing projects.
- **\$560 million** preserved for the Regional Early Action Planning 2.0 Program for grants for a broad variety of projects that further the state's housing and climate goals.

### By The Numbers: 3 Budget Bills, 19 Trailer Bills, and 9 Ballot Measures

On the heels of sending the Legislature's Joint Budget Plan for 2024-25 to the Governor's desk earlier this month, the 2024-25 spending package compromise was released over the weekend via the introduction of [SB 108](#). SB 108 will amend the budget bill passed by the Legislature 12 days ago ([AB 107](#)) and will reflect the compromised spending priorities in 2024-25. The 2024 Budget Act includes total expenditures of \$297.9 billion in 2024-25 (\$211.5 billion of which is state General Fund) after accounting for \$46.8 billion in budget-balancing solutions to address the deficit. The Budget Act draws down \$5.1 billion in 2024-25 and \$7.1 billion in 2025-26 in reserves to bridge the budget gap. The balance of the Rainy Day Fund in 2024-25 is projected to be \$17.6 billion, with overall reserves of \$22.2 billion. Rainy Day Fund reserves are just under the cap of 10% of the state's General Fund revenue, which lawmakers propose to increase to 20% via a future constitutional amendment on the statewide ballot.

Speaking of the statewide initiative process—considerations of legislative and administrative priorities were not the only driving force behind the expeditious budget-balancing negotiations. The timing and content of the finalized 2024 Budget Act can in part be explained by the looming presence of more than a dozen statewide initiatives that are eligible for the 2024 election ballot in November. Strategic investments or omissions from the state budget are a longstanding tool for the state to negotiate with proponents of statewide ballot measures to withdraw their initiatives. The June 27 deadline for propositions to qualify to appear on the November ballot undoubtedly added significant pressure to the outcome of spending deliberations in June. Even for the heavy hitters in California governance, there is no stronger motivation to be decisive than a rapidly approaching deadline.

As noted previously, the final spending agreement for the 2024-25 state budget retains the fundamental architecture of the Legislature's budget proposal. With the erosion of many cuts proposed by the Administration in May, and the need for the Governor to retain some budgetary bargaining chips to bump ballot measures, even some seasoned state budget pundits to ponder: how is the budget balanced? Of course, the answer can be found in the details of the roughly 2,000 pages of budget trailer bills.

For example, a deviation from the Legislature’s budget proposal that represents a minor win for the Administration includes an agreement to partially redirect some of long-debated Managed Care Organization (MCO) tax revenues from Medi-Cal provider rate increases to offset existing expenditures for the Medi-Cal program. How did the Administration and the Legislature reach this compromise and fund both priorities? By introducing trailer bills ([SB 159](#) and [AB 160](#)) to increase the MCO tax rate for specified providers, thereby increasing the pool of forecasted revenues to play with.

The budget-balancing solutions package also includes savings in 2024-25 by delaying implementation of recently signed [SB 525](#) (Chapter 890, Statutes of 2023), which would increase the minimum wage for health care workers, among creating other fiscal pressures in the health care sector. As you may recall, in 2023 CSAC immediately identified the fiscal pressures created by SB 525 and ardently worked with the author and sponsors to amend the bill to include realistic timelines to implement wage increases for healthcare employees that recognize the unique financial challenges for California counties. It would seem that the delay of SB 525 is acknowledgement of CSAC’s fiscal arguments, albeit nearly a year later.

Of course, the 2024-25 budget bill is accompanied by 17 other trailer bills that include the implementation language for specific appropriations and reductions, listed in the table below as well as described in more detail in specific policy sections of this document. The sections below reconcile the differences between the legislative and administrative budget priorities and synthesize the final 2024-25 state spending proposal and the implications for counties.

*If you have questions regarding the Budget Action Bulletin, please e-mail Jessica Sankus, CSAC Principal and Fiscal Policy Analyst, at [jsankus@counties.org](mailto:jsankus@counties.org).*

2024-25 Budget Bills and Trailer Bills		
Trailer Bill	Topic	Status*
<a href="#">AB 107</a>	Budget Bill (Legislative Budget Plan)	Chaptered
<a href="#">SB 108</a>	Budget Bill Junior – Budget Act of 2024	Enrolled
<a href="#">SB 109</a>	Budget Bill Junior – Amends the Budget Act of 2023	Enrolled
<a href="#">SB 153</a>	K – 12 Education	Enrolled
<a href="#">SB 154</a>	Proposition 98 Suspension	Chaptered
<a href="#">SB 155</a>	Higher Education	Enrolled
<a href="#">SB 156</a>	Resources	Enrolled
<a href="#">SB 159</a>	Health	Enrolled
<a href="#">AB 160</a>	Managed Care Organization Tax	Enrolled
<a href="#">AB 161</a>	Human Services	Enrolled
<a href="#">AB 162</a>	Developmental Services	Enrolled
<a href="#">SB 163</a>	Early Learning and Child Care	Enrolled
<a href="#">SB 164</a>	General Government	Enrolled
<a href="#">AB 166</a>	Housing	Enrolled
<a href="#">SB 167</a>	Taxation	Chaptered
<a href="#">AB 168</a>	Public Safety	Assembly Floor
<a href="#">AB 169</a>	Juvenile Justice	Enrolled
<a href="#">AB 170</a>	Courts	Enrolled
<a href="#">AB 171</a>	Labor	Enrolled
<a href="#">AB 173</a>	Transportation	Enrolled
<a href="#">SB 174</a>	Public resources: California Environmental Quality Act (CEQA): exemptions: native fish and wildlife: Capitol Annex.	Enrolled
<a href="#">SB 175</a>	Revenues	Enrolled

*\*As of 4pm on Thursday, June 27*

## THE STATE'S FISCAL CONDITION

### High risk, high reward? Or just too much risk?

Although California voters rejected two ballot measures that would have legalized sports betting in California in November 2022, gambling is still alive and well in California. To balance the state budget and preserve their priorities, the Administration and the Legislature entered into some wagers that may or may not pay off in the coming years. In this era of always having your cake and eating it too, boldly creative solutions seem to be normalized.

Nonetheless, the finalization of the 2024 Budget Act may be an appropriate moment to reflect and recalibrate the state's barometer for risk tolerance in light of an uncertain economic future. Included below are several budgetary maneuvers included in the 2024 Budget Act deal for which the state is taking a calculated risk in the interest of balancing the budget:

### Greenhouse Gas Reduction Fund Shifts

The package of budget-balancing solutions included in the 2024 Budget Act deal relieves pressure from the General Fund by shifting certain expenditures from the General Fund to special funds. This includes shifting \$5.2 billion for clean energy and other climate programs across five fiscal years from the General Fund to the Greenhouse Gas Reduction Fund (funds generated from Cap-and-Trade program auctions). Additionally, the Administration recently updated their methodology used to calculate the GGRF revenues that result from the Cap-and-Trade auctions. The less conservative methodology yields an increased estimate of future revenues. It is not clear whether the choice to increase the revenue projections is related to the need to shift expenditures from the General Fund to the GGRF, however, the timing is certainly convenient. In the event that actual Cap-and-Trade auction revenues fall short of these higher estimates, the funding for these programs will need to be reevaluated and reprioritized. Ultimately, the worst-case scenario is this fund shift maneuver may have simply prolonged the inevitable difficult decisions regarding how to prioritize funding for clean energy and other climate programs.

### Managed Care Organization Tax Revenues

Not unlike the GGRF revenue estimate, the Managed Care Organization (MCO) tax also received a "glow-up" in the 2024 Budget Act deal. The MCO tax is a tax on managed care organizations based on health insurance enrollment in the Medi-Cal program and in the commercial sector. The 2023 Budget Act, in addition to federal approval, authorized the MCO tax from April 2023 through December 2026. Although [CMS approved](#) California's MCO tax model in January 2024, in late 2023 the state acknowledged that the [federal government has indicated](#) it may not approve such a large MCO tax again. Three months later, the state submitted a modification to CMS to increase the amount of the tax. The revised MCO Tax model included in SB 136 (Chapter 6, Statutes of 2024) as part of the early budget action package is still pending CMS (federal) approval. The modified tax model is estimated to generate \$1.5 billion in additional net funding to the state over the next few years.

In total, the 2024 Budget Act reflects \$6.9 billion in 2024-25 and \$23.1 billion through 2026-27 in MCO tax funding to support the Medi-Cal program. To be clear, the MCO tax has been a tool to offset General Fund expenditures for the Medi-Cal program for years, and the state and stakeholders are consistently at odds regarding the appropriate use of the funding (level of offsetting existing General Fund cost pressures vs. augmentations for the Medi-Cal program). This year the stakes are higher, as this debate existed before the backdrop of [an initiative](#) that is eligible for the statewide ballot in November that would restrict the possible uses for MCO tax

revenues. If this measure passes, it would upset the apple cart of budget-balancing solutions by an unknown, but potentially significant amount. Any decreases to the General Fund offset for the Medi-Cal program will require more budget-balancing solutions to fill the gap.

**Assumptions about the performance of the market**

Because of the state’s reliance on personal income tax (PIT) revenue for an outsized portion of its budget and, by extension, capital gains tax revenue, our fiscal condition relies heavily on the performance of financial investments. To further compound the volatility, an outsized portion of PIT revenue – and corporate tax revenue – is due to [technology company equity](#). While those revenues can be robust given California’s role as a global leader in the technology sector, the state’s reliance on the revenue source add to the significant challenges in forecasting future revenue and, therefore, balancing our budget. While [recent performance](#) has been strong, with May’s PIT withholding arriving \$1.2 billion, or 17%, above projections, we note that markets are naturally unpredictable. The 2024 Budget Act is balanced based on the Administration’s forecast that revenues in the coming fiscal year will be higher than pre-pandemic levels in 2018-19 and will reflect a more typical annual growth pattern of five percent. Given the well-known predilection for boom-and-bust cycles of revenue volatility, it is difficult to accept that any revenue forecast can be described as “typical” with certainty.

**ADMINISTRATION OF JUSTICE***Victims of Crime Act (VOCA)*

The Crime Victims Fund (CVF) established by VOCA is an essential revenue stream for counties and community organizations to deliver a wide range of critical victim services. Deposits into the CVF are allocated to states from the U.S. Department of Justice, and in California, the Governor's Offices of Emergency Services (CalOES) administers grants. Since the CVF is financed by monetary penalties associated with federal criminal convictions, the amount of funding allocated to states is volatile. Over the years, Congress has made changes to stabilize the fund, but the CVF balance has reached a historic low. Given the anticipated catastrophic cuts, CSAC, along with a broad coalition of supporters immediately [uplifted](#) the need for state assistance. Coordinated efforts resulted in the inclusion of \$103 million one-time General Fund in the 2024 Budget Act for the Victim Services Program that will help county departments and community partners sustain life-saving victim services. Since the funding is one-time, CSAC will continue advocacy efforts, which include supporting legislation to supplement VOCA funding at the state level, and on the federal level, supporting the Crime Victims Fund Stabilization Act (H.R. 8061 and the recently introduced S. 4514).

*Public Defender Pilot Program*

Last year, CSAC alongside county public defenders and a wide array of criminal justice organizations advocated to reject cuts to the third and final year of the Public Defense Pilot Program, which was established in the 2021 Budget Act and funded at \$50 million per year. Ultimately, efforts were successful at preserving funding for the final year, but the amount was reduced by \$10 million. Unfortunately, this January the Governor once again proposed to eliminate the last round of funding for the program. CSAC yet again banded together with a diverse coalition and key legislators. By the end of final budget negotiations, the \$40 million funding was preserved. This moderate, short-term investment is not only critical for counties to implement recently passed legislation related to a wide range of post-conviction services, but it has notably yielded at least \$90 million in cost-savings to the state, based on projections from the Legislative Analyst's Office.

*Incompetent to Stand Trial (IST)*

Throughout the year, CSAC has worked tirelessly with the Department of State Hospitals (DSH) to effectuate additional changes to the IST Growth Cap and Penalty Program, with the end goal of lowering final penalty amounts for counties that exceed their growth cap. The proposed change incorporates a county's IST commitment rate in comparison to the statewide IST commitment rate. This proposed change was accepted by the Administration. With these changes, counties could save millions of dollars in years to come, if their IST commitment rate is lower than the statewide median IST commitment rate. Penalized counties for Year 1 of the program should have recently received their penalty invoices from DSH.

**Local Public Safety***Proposition 47 Savings Estimate*

Each year, state savings from the implementation of Proposition 47 are allocated through grants to public agencies for various recidivism reduction programs (such as mental health and substance use treatment services), truancy and dropout prevention, and victims' services. The 2024 Budget Act includes an estimate of savings due to passage of Proposition 47, projected to be \$94.8 million in 2024-25, nearly \$7 million higher than January's projections. Proposition 47,

approved by voters in 2014, requires misdemeanor rather than felony sentencing for certain property and drug crimes, and permits incarcerated persons previously sentenced for these reclassified crimes to petition for resentencing.

#### Post Release Community Supervision (PRCS)

The 2024 Budget Act eliminates funding for Post Release Community Supervision annually by \$4.4 million General Fund, which was provided to county probation departments to address the temporary increase in the number of individuals released from prison on PRCS as a result of Proposition 57 (2016).

#### Community Corrections Performance Incentive Grant

The Community Corrections Performance Incentive Grant, established by SB 678 (Chapter 608, Statutes of 2009), was created to provide incentives for counties to reduce the number of felony probationers sent to state prison. While the Governor's January Budget proposal included \$113.6 million General Fund in 2024-25 for probation departments, updated projections were not included in the May Revision. The 2024 Budget Act provides for an increase from the Governor's January Budget to a total of \$116.1 million General Fund in 2023-24 for county probation departments for the Community Corrections Performance Incentive Grant. The 2024 Budget Act also includes a reversion to the previous methodology for calculating incentive payments for counties beginning in 2024-25, as specified in existing statute, and a one-year freeze of the formula in 2024-25. Provisional budget bill language expresses the Legislature's intent to review the formula. Additionally, \$8 million in funding previously provided to counties to submit community corrections plans and reports to the state will no longer be annually appropriated.

### **Board of State and Community Corrections (BSCC)**

#### Medication Assisted Treatment (MAT) Grants

The 2024 Budget Act approves the Governor's proposal to revert \$10.5 million in 2023-24 for MAT funding.

#### Organized Retail Theft Vertical Prosecution Grant Program

The 2024 Budget Act includes a reduction of \$3.6 million one-time for vertical prosecution models.

#### Adult Reentry Grants

The 2024 Budget Act preserves \$111 million for the Adult Reentry Grant, including the proposed reversion of \$54.1 million in 2023-24, and the delayed funding proposed in the Governor's January Budget, ensuring community-based organizations can continue to provide critical community reentry services for those formerly incarcerated in state prison.

#### California Violence Intervention and Prevention (CalVIP Grant Program)

The 2024 Budget Act includes a reduction of \$9 million General Fund in 2024-25 and ongoing for the Cal VIP grant program, which will be replaced by the funding from the newly created Gun Ammunition Tax (Chapter 231, Statutes of 2023). Estimates indicate \$75 million will be available beginning in the budget year to support Cal VIP.

#### Local Detention Facility Oversight

The 2024 Budget Act provides \$3.3 million and 15 positions in 2024-25 and \$7.7 million and 35 positions ongoing to implement in-custody death reviews pursuant to SB 519 (Chapter 306, Statutes of 2023).



## Juvenile Justice

- The 2024 Budget Act provides \$210 million one-time General Fund for the Juvenile Justice Realignment Block Grant (JJRBG), established by SB 823 (Chapter 337, Statutes of 2020), for the treatment and rehabilitation of realigned youth in county care.
- The budget trailer bill, AB 169, also includes provisions to:
  - Maintain the current JJRBG funding formula for 2024-25.
  - Transfer all juvenile justice grant administration duties from the BSCC to the Office of Youth and Community Restoration (OYCR).
  - Require counties to report Secure Youth Treatment Facility data twice a year.
- The 2024 Budget Act appropriates \$2.2 million to reimburse cities and counties for costs associated with implementing SB 203 (Chapter 335, Statutes of 2020), which requires youths, 17 years of age or younger, to consult with legal counsel prior to custodial interrogation.

## Department of State Hospitals (DSH)

### Incompetent to Stand Trial (IST) Solutions

Jail-Based Competency Treatment (JBCT) and Community Based Restoration (CBR)/Diversion programs – The 2024 Budget Act includes a reduction of \$73.3 million one-time General Fund in 2023-24 and \$49.9 million General Fund in 2024-25 to reflect activation delays in JBCT and CBR/Diversion programs, as well as county stakeholder contracts that are not yet executed.

### Other IST Solutions Adjustments

The 2024 Budget Act reduces the DSH budget for IST Solutions by \$45 million in 2023-24 one-time to reflect updated implementation timelines for various initiatives. In addition, \$129.5 million is shifted from 2025-26 to 2026-27.

## California Department of Corrections and Rehabilitation (CDCR)

CDCR's budget continues to grow primarily due to rising maintenance, infrastructure, and staffing costs. Concurrently, the state's prison population continues to decline. This has created significant angst for legislators over the years, particularly in light of the budget deficit. The final budget deal includes a reduction of \$750 million over a 3-year window (2022-23, 2023-24, and 2024-25).

The 2024 Budget Act adopts the Governor's proposal to deactivate 46 housing units across 13 prisons, totaling about 4,600 beds, resulting in \$82 million in savings annually. The final budget also includes various health care, maintenance, and operational savings proposed by the Administration or the Legislature. In addition, the Administration's statewide operations cuts, including reduction of prior budget allocations linked to now-vacant positions, are slated to cut nearly \$400 million annually from the CDCR budget.

### *Other Items of Relevance Include:*

- *Adult Population Adjustment* – The 2024 Budget Act projects the average daily adult incarcerated population to be 90,860 in 2024-25, which is 825 fewer than projected at the time of the Governor's January Budget. The projected parolee average daily population is 41,287 in 2024-25, which is a decrease of 935 compared to the Governor's January Budget projection.
- *Chuckawalla Valley State Prison* – The 2024 Budget Act includes a reduction of \$77.6 million and 436.1 positions in 2024-25 and \$132.3 million and 743.2 positions ongoing

thereafter to reflect the maintenance of efforts to accelerate the closure of Chuckawalla State Prison to November 2024.

- *California Advancing and Innovating Medi-Cal Justice-Involved (CaAIM JI) Initiative* – The 2024 Budget Act maintains the Governor’s May Revision proposal for \$16.5 million in reimbursements for CDCR to continue the development of an information technology-based Medi-Cal billing system that supports CaAIM JI implementation.
- *Los Angeles County Fire Camp Contract* – The 2024 Budget Act rejects the Governor’s proposed \$2.4 million reduction for 2024-25 but approves the reduction of \$4.8 million in 2025-26 and annually thereafter for the fire suppression services contract with Los Angeles County.

### Judicial Branch

- *CARE Act Funding* – The 2024 Budget Act reverts \$17.5 million one-time General Fund for CARE Act implementation and makes various adjustments totaling \$59.1 million reduction annually beginning in 2024-25. Provisional budget bill language also updates the number of counties eligible to receive grants for legal representation.
- *Trial Court Trust Fund Unrestricted Fund Balance* – The 2024 Budget Act reverts a total of \$100 million one-time of the unrestricted fund balance of the Trial Court Trust Fund to the General Fund in 2024-25.
- *Trial Court Operations* – The 2024 Budget Act includes a \$98 million ongoing reduction to trial court operations reflecting the 7.95% state operations reduction and a one-time \$5 million reduction in operation savings from the Judicial Council in 2023-24.
- *Trial Court Trust Fund Backfill* – The 2024 Budget Act provides \$37.3 million General Fund in 2024-25 and annually thereafter to backfill the Trial Court Trust Fund for revenue declines expected in 2024-25.
- *Remote Access to Court Proceedings* – The 2024 Budget Act reappropriates \$5.1 million to support the implementation of AB 716 (Chapter 526, Statutes of 2021), which prohibits a court from excluding public access to the courtroom when remote access is available.

### Department of Justice (DOJ)

#### Adjustments for Some Recently Signed Legislation:

The 2024 Budget Act includes \$17.5 million (\$15.2 million General Fund) to implement the following signed legislation. It also includes a shift of \$840,000 in 2024-25 and \$814,000 in 2025-26 and 2026-27 from General Fund to the Unfair Competition Law Fund to implement AB 1076. Please note that these are some of the notable legislative changes and not an exhaustive list:

- Law Enforcement Hate Crimes Policies: Chapter 524, Statutes of 2023 (AB 449)
- Tribal Police: Chapter 638, Statutes of 2023 (AB 44)
- Dealers Record of Sale: Chapter 237, Statutes of 2023 (AB 574)
- Restorative Justice Program: Chapter 513, Statutes of 2023 (AB 60)
- Criminal Records Relief: Chapter 444, Statutes of 2023 (AB 567)

**Office of Emergency Services (CalOES)**

As described previously, the 2024 Budget Act includes \$103 million one-time General Fund in 2024-25 for the Victim Services Program to provide financial assistance and support to victim services providers to ensure all individuals impacted by crime in California receive the help they need.

## AGRICULTURE, ENVIRONMENT AND NATURAL RESOURCES

As described earlier in this document, the 2024 Budget Act builds on the reductions proposed in the Governor's May Revision including further 2025-26 cuts, as well as funding reductions to programs that were appropriated in previous budget years but have not been expended. These funds have been "swept" back into the General Fund as part of the budget solution. The final budget agreement sustains most of the program cuts in the Governor's May Revision but preserves several programs by shifting the funding source from the General Fund to the Greenhouse Gas Emission Reduction Fund (GGRF).

### Flood and Water Management

#### Major Reduction to Water Storage in Future Years Sustained

The final budget agreement includes the reduction of \$500 million in 2025-26 for water storage facilities in the Department of Water Resources (DWR) budget. This funding was intended to support significant additional water supply investments and provided a needed state commitment to balance local and regional water investments.

#### Reduction to Multi-Benefit Land Repurposing Sustained

The final budget agreement sweeps \$5.7 million from the Department of Conservation's Multi-Benefit Land Repurposing Program which was created to support the conversion of lands necessitated by the reduction of groundwater use under the Sustainable Groundwater Management Act.

#### Cuts to County Supported Water Programs

The final budget agreement cuts \$50 million for dam safety, maintaining \$50 million from the original \$100 million appropriation. The budget also cuts \$6.8 million from the Forecast Informed Reservoir Operations program which increased the capacity of medium-scale watersheds to more accurately predict and release water from reservoirs for all downstream beneficiaries.

#### Flood Programs State Matching Funds Sustained

The final budget agreement includes a number of flood programs, the majority of which are tied to federal matching funds for ongoing flood projects in the Central Valley including:

- \$31 million for systemwide flood risk; and
- \$33 million for urban flood risk and Central Valley Flood risk programs.

#### Per- and Polyfluoroalkyl Substances

Counties are on the front lines to clean up Per- and Polyfluoroalkyl Substances that have leached into the soil and water. The final budget agreement reverts \$101.6 million General Fund in prior year funds and reduction of \$30 million in 2024-25 for Per-and Polyfluoroalkyl support. This would maintain just under \$23 million that was previously allocated to the program.

### Forestry and Fire Protection

#### Fund Shifts Sustaining Fire Prevention Programs

The 2024 Budget Act sustains a number of fire programs through shifts from the General Fund to GGRF over several years. These include:

- \$20 million Prescribed Fire Liability Pilot program, sustaining this county-supported program.
- \$82 million for Wildfire and Forest Resilience program fire prevention grants.

- \$10 million for tribal wildfire and forest resilience grants. These grants support fire prevention and resilience on tribal lands.

#### Adding Five Firefighter Hand Crews

The 2024 Budget Act includes \$43 million General Fund and 226 positions for five new firefighter hand crews. Hand crews are requested annually and provide ongoing support for vegetation management, hazardous fuel reduction projects, and wildland fire suppression. Out-year funding was not included in the final budget agreement.

#### **Fire Insurance**

As of the time of publishing, the final budget agreement does not include the anticipated fire insurance trailer bill language that the Governor had suggested would accompany the 2024 Budget Act to address the state's insurance crisis. Negotiations on the language are likely to continue through the summer and CSAC anticipates that it will center on speeding up the rate filing process.

#### **Coastal Planning and Programs**

##### Sea Level Rise Planning and Grants Programs

The final budget agreement sustains \$2.1 million General Fund in the budget year and \$3.8 million ongoing (with 18 permanent positions) for state support of SB 272 (Chapter 384, 2023). SB 272 mandated that local governments incorporate sea level rise into Coastal Commission-approved local coastal plans by 2034. Notably, the 2024 Budget Act cuts \$221 million General Fund at the Coastal Conservancy that was used for Sea Level Rise adaptation grants.

##### Offshore Wind Permitting

The final budget agreement sustains \$1.5 million General Fund on a one-time basis for the Coastal Commission's continued role in offshore wind energy planning and management. The funds are anticipated to be used to review proposed lease areas for consistency with state and federal coastal acts, and to support engagement with state, tribal, federal and local partners.

##### Diablo Canyon

The final budget agreement sustains \$40 million in 2024 for the Diablo Canyon land conservation and economic development for Wild Cherry Canyon and delays and fund shifts the outstanding \$110 million to GGRF. This equals \$10 million in 2025-26, \$50 million in 2026-27, and \$50 million in 2027-28.

#### **Waste and Recycling**

##### Compost Permitting Pilot Program

Two years ago, the budget committed \$7.5 million for the Compost Permitting Pilot Program. Of that amount, \$7 million was to be allocated during this year's fiscal cycle and utilized to issue out as grants to local governments. The funding was intended to help local government entities and facilities locate and permit small- and medium-sized compost facilities and would serve as a tool to help local jurisdictions implement SB 1383's (Chapter 395, Statutes of 2016) goals of diverting organic waste away from landfills. The final budget agreement reverts \$6.7 million General Fund for the Compost Permitting Pilot Program, leaving \$800,000 of what was previously committed.

### **Farming, Ranching and Agriculture**

The final budget agreement includes a series of significant fund shifts and cuts to farming and agriculture support programs at the Department of Food and Agriculture (CDFA) across all sectors of farming and ranching. These include:

- \$18 million for drought and flood relief for small farmers by shifting funding from the General Fund to GGRF.
- \$14.4 million for the Farm to Community Food Hubs Program by shifting funding from General Fund to GGRF.
- \$20.6 million cut from the General Fund for the State Water Efficiency and Enhancement Program.
- \$2.1 million cut for the Fairs Reliance Grant Program.
- A delay of \$7 million for the Livestock Methane Reduction Program (GGRF) from 2024-25 to 2025-26.

### Wolf Livestock Compensation Program

The final budget agreement authorizes the Department of Fish and Wildlife to allocate federal funds and donations to pay for the deterrence of wolf presence near livestock, the impacts of wolf presence on livestock, and verified loss of livestock for participating ranchers.

### **Extreme Heat and Community Resilience**

During recent budget surplus years important investments were made in several programs designed to help local communities and residents through extreme heat and other emergency events. This year's projected budget shortfall led the Administration to propose substantial reductions to the programs in the Governor's May Revision.

The final budget agreement restores \$40 million for the Extreme Heat and Community Resilience Program by shifting funding to the GGRF, however, it does not include the \$70 million previously allocated for 2023-24 and then delayed to 2024-25.

To address revenue shortfalls, the final budget agreement sustains significant cuts to climate resilience and adaptation programs, including:

- \$75 million reduction for the Regional Climate Resilience Program at the Office of Planning and Research (which has been renamed the Office of Land Use and Climate Innovation pursuant to trailer bill SB 164).
- \$15 million reduction of the total \$25 million funding for the Climate Adaptation and Resilience Planning Grants at the Office of Land Use and Climate Innovation.

### **Climate Bond**

At the time of publishing, a final agreement on a Climate Bond is notably absent. CSAC has been monitoring conversations around the possibility of a climate and natural resources bond, especially as climate programs face a reduction of investments. Supporters continue to negotiate bond language as it is expected that the Legislature will request an extension of the Secretary of State's June 27th ballot deadline, though a final deal would likely need to happen by July 3 for inclusion in the November Ballot.

### **Cutting the Green Tape CEQA Streamlining**

CSAC has been working with local partners over the past few years to promote reasonable changes to expedite the permitting and compliance process for ecological restoration projects of all sizes, while ensuring that projects are designed and constructed in a manner that minimizes potential impacts. The final budget agreement includes trailer bill language that would extend,

through 2030, the Statutory Exemption for Restoration Projects. This is a CEQA exemption for all projects, regardless of size, whose purpose is to restore, protect or enhance native species of their habitat.

**GOVERNMENT FINANCE AND ADMINISTRATION****Educational Revenue Augmentation Fund (ERAF)**

The Governor's January Budget proposed statutory changes to make charter schools eligible to receive ERAF, which would diminish the portion of excess ERAF available to local agencies in counties with excess ERAF. While the provision would have resulted in no new funding for charter schools, it would have caused five impacted counties to lose approximately \$130-180 million in local revenue. Following tireless advocacy from CSAC against any erosion of local revenue streams, the 2024 Budget Act does not include the legislative proposal.

The Governor's January and May Revision budget proposals lacked an appropriation to backfill the insufficient ERAF amounts for Alpine, Mono, and San Mateo counties. The three counties would collectively require an appropriation of \$73.5 million to be held harmless under the Vehicle License Fee reduction made in 2004. The 2024 Budget Act includes the funds needed to hold the three counties harmless.

**Property Tax Postponement Program**

The 2024 Budget Act provides \$7.5 million for the Property Tax Postponement Program fund and \$2.8 million to the State Controller's Office for staff and overhead costs to operate the program. The State Controller projects the program was at risk of insolvency in 2025-26 without General Fund support.

**California Jobs First**

In addition to adopting the \$150 million reduction in funds over three years as proposed in the Governor's May Revision, the final budget agreement reverts \$25 million appropriated in the 2021 Budget Act and transfers authority for overseeing the program from the Office of Planning and Research (now renamed as the Office of Land Use and Climate Innovation pursuant to trailer bill SB 164) to the Governor's Office of Business and Economic Development. In total, the 2024 Budget Act leaves a total of \$150 million in the program, spread evenly with \$50 million annually from 2024-25 through 2026-27.

**Health Care Minimum Wage Delayed**

The 2024 Budget Act provides for a delay of the implementation dates of the required minimum wage increases for healthcare workers required by SB 525 (Chapter 890, Statutes of 2023). See *the Health and Human Services portion for additional details*.

**Broadband****Middle-Mile Broadband Initiative**

The 2024 Budget Act maintains \$250 million for the Middle-Mile Broadband Initiative (MMBI) in 2024-25. The Governor's January Budget proposed to increase funding for the MMIB by \$250 million in 2024-25 and \$1.3 billion in 2025-26, however, these investments were withdrawn by the Administration in the interest of balancing the budget. The 2024 Budget Act includes provisional language that allows the Department of Finance to increase the appropriation for the MMBI by up to \$250 million in 2024-25 if specified criteria are met. These funds must be spent through December 31, 2026, with payments made through December 31, 2028, for state operations, local assistance, and capital outlay expenditures. The availability of funds is dependent on several requirements of the Department of Technology, including providing a report on aspects of the MMBI to the Chairperson of the Joint Legislative Budget Committee, the relevant fiscal and policy



committees of each house of the Legislature, and the Legislative Analysts' Office, on or before October 1, 2024.

*Last-Mile Broadband*

The 2024 Budget Act deal delays \$550 million for the Broadband Last Mile grants program from 2024-25 to 2027-28.

*Broadband Loan Loss Reserve Program*

The 2024 Budget Act deal preserves \$50 million General Fund in 2024-25 for the Broadband Loan Loss Reserve Program. To address the state's budget deficit, the Legislature had proposed to eliminate the program entirely by cutting \$750 million that was originally allocated to the program. The Broadband Loan Loss Reserve Program funds costs related to the financing of the deployment of broadband infrastructure by local government agencies or nonprofit organizations.

## HEALTH AND HUMAN SERVICES

Despite the significant program and service reductions initially proposed in the Governor’s January and May Revision proposals, the final budget agreement largely protects critical investments in health and human services programs that support our state’s most vulnerable communities.

The final budget agreement does include specified delays, deferrals, and targeted, yet modest, reductions to health and human services programs. In addition, the final budget agreement maintains the Governor’s January proposal to withdraw \$900 million from the Safety Net Reserve to fund existing benefits and services within Medi-Cal and CalWORKs.

CSAC advocated for the preservation of core safety net services that counties deliver to vulnerable Californians as a top budget priority. Counties strongly opposed January Budget and May Revision cuts to CalWORKs, child welfare/foster care, Adult Protective Services (APS), and public health. The final budget agreement largely protects these programs and rejects most of the proposed cuts. County voices that highlighted how these services are vital for the residents of our communities were essential in helping ensure this funding was included in the final budget agreement.

### HEALTH

#### Notable Health and Behavioral Health Budget Solution Outcomes

To address the projected budget shortfall, in addition to the solutions approved under early action and the \$900 million withdrawal from the Safety Net Reserve, the final budget agreement includes the following notable outcomes on proposals in the areas of health and behavioral health:

- *Managed Care Organization (MCO) Tax* – preserves some, but not all, of the \$6.7 billion in provider rate increases proposed for elimination over multiple years in the Governor’s May Revision budget-balancing proposal. The 2024 Budget Act 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 the MCO tax. This is in addition to the approximately \$300 million in provider rate increases that became effective January 1, 2024. On the revenue side, the 2024 Budget Act provides for an amendment to the MCO tax to allow the state to collect additional revenue to offset state health care costs. See *the Medi-Cal section for details on the provider rate increases and investments.*
- *Health Care Worker Minimum Wage Increases Delayed* – includes trigger language to delay the effective dates of the minimum wage increases for specified health care workers pursuant to SB 525 (Chapter 890, Statutes of 2023) until one of two events occur: 1) the Department of Finance determines that state cash receipts during the first quarter of the fiscal year are at least three percent higher than the projected amount, or 2) the Department of Health Care Services (DHCS) begins data collection necessary to implement a January 1, 2025, Hospital Quality Assurance Fee waiver with the federal government. The final budget agreement also revises provisions defining a “covered health care employee” and “covered health care facility” subject to the wage increases.
- *State and Local Public Health Infrastructure Funding Largely Retained* – protects \$276.1 million General Fund of the \$300 million in ongoing funding for critical investments in

state and local public health workforce and infrastructure that was proposed for full elimination in the May Revision. Local health departments retain \$184.1 million (\$15.9 million reduction), and the Department of Public Health retains \$92 million (\$8 million reduction), representing a modest eight percent reduction consistent with other department/agency reductions taken statewide. CSAC, as part of a coalition of county and public health advocacy organizations, advocated for the preservation of this vital funding.

- *Healthcare Workforce Reductions Partially Restored* – restores \$108.9 million for workforce programs at the Department of Health Care Access and Information (HCAI) to maintain award commitments but allocates those dollars to the fiscal years in which those programs were originally authorized. The May Revision proposed elimination of \$300.9 million in 2023-24, \$302.7 million in 2024-25, \$216 million in 2025-26, \$19 million in 2026-27, and \$16 million in 2027-28 for various healthcare workforce initiatives overseen by HCAI. Additionally, the 2024 Budget Act includes \$40 million supported by MCO tax revenues to strengthen and support the development and retention of the Medi-Cal workforce in 2026-27.
- *Behavioral Health Continuum Infrastructure Program (BHCIP) Reduction* – adopts the May Revision proposal to revert \$450.7 million (\$70 million in 2024-25 and \$380.7 million in 2025-26) in General Fund expenditure authority from the last round (Round 6) of BHCIP, while maintaining \$30 million one-time General Fund in 2024-25. Additional BHCIP rounds will be supported by Proposition 1 bond funding.
- *Behavioral Health Bridge Housing (BHBH) Funding Reduction* – adopts the May Revision proposal to reduce BHBH Program funding by \$340 million total (\$132.5 million in 2024-25 and \$207.5 million in 2025-26), while maintaining \$132.5 million General Fund in 2024-25 and \$117.5 million in 2025-26. This leaves slightly over \$1 billion in funding for this program to address the immediate housing and treatment needs of individuals with serious behavioral health conditions who are experiencing unsheltered homelessness.
- *Protects Medi-Cal Expansion Regardless of Immigration Status and Restores IHSS Benefit* – maintains the expansion of Medi-Cal benefits to all Californians regardless of immigration status, including the In-Home Supportive Services benefit for beneficiaries in this population at any age that was proposed for elimination in the May Revision.
- *Temporary Suspension of Medi-Cal County Administration Increases* — instead of a permanent freeze to funding levels as proposed in the Governor’s May Revision, the final budget agreement includes a temporary suspension of the cost of doing business increases for county Medi-Cal eligibility administration from 2024-25 until 2027-28, for county administration of Medi-Cal eligibility functions.
- *Children and Youth Behavioral Health Initiative (CYBHI) Investment Reversion* — reverts unspent General Fund expenditure authority of \$28.8 million from 2023-24 for the CYBHI Public Education and Change Campaign.
- *Health Enrollment Navigators for Clinics Funding Restored* – eliminates \$18 million General Fund from the Health Enrollment Navigators Project but retains \$8 million in

remaining funding for Health Enrollment Navigators for Clinics in 2024-25 that was proposed for elimination in the Governor's May Revision. These funds are provided to counties and community-based organizations for Medi-Cal outreach, enrollment, and retention activities.

### **Proposition 1 – Behavioral Health Services Act (BHSA)/Behavioral Health Infrastructure Bond Act (BHIBA): Initial Funding for County and State Implementation**

Proposition 1, which voters approved at the March 2024 statewide primary election, seeks to address the behavioral health and homelessness crises facing our state through significant reforms to our existing mental health system and \$6.4 billion in critically needed investment in our state's behavioral health infrastructure.

The final budget agreement maintains the May Revision proposal providing \$85 million (\$50 million General Fund and \$35 million federal funds) in 2025-26 for county behavioral health administrative costs for initial planning and implementation of specified portions of the BHSA. CSAC continues its ongoing engagement with the Administration and county partners in the development of the policies, guidance, and fiscal estimates needed to ensure counties are best supported to implement this complex, multi-year initiative.

The 2024 Budget Act also includes resources for the following entities responsible for Proposition 1 implementation efforts: DHCS, the Department of Health Care Access and Information, the Behavioral Health Services Oversight and Accountability Commission, and the Department of Housing and Community Development (HCD). Of note, the housing budget trailer bill (AB 166) limits HCD administrative costs to up to three percent of all bond proceeds allocated to HCD as specified under Proposition 1.

### **Community Assistance, Recovery and Empowerment (CARE) Act**

The final budget agreement includes funding consistent with the Governor's May Revision proposal supporting statewide implementation of the CARE Act. In total, General Fund support for state and county activities consists of \$71.3 million in 2023-24, \$91.3 million in 2024-25, \$106.9 million in 2025-26, and \$107.7 million in 2026-27 and annually thereafter. Overall funding for the program has declined primarily to account for updated assumptions reflecting lower caseload/utilization to date experienced by the eight counties that have implemented the program.

CSAC will continue to advocate for an adequate level of ongoing funding as Cohort 2 counties enter the implementation phase by October 2024 to provide counties with the resources needed to successfully implement this new program. CSAC continues to engage with the Administration, which has committed to continue monitoring utilization trends and make corresponding updates to the caseload assumptions based on actual data.

### **California Advancing and Innovating Medi-Cal (CalAIM)**

Consistent with the Governor's January and May Revision proposals, the final budget agreement maintains the multi-billion-dollar commitment to continue efforts to transform the healthcare delivery system through CalAIM, to strengthen the Medi-Cal program by offering Californians more equitable, coordinated, and person-centered care.

### **Medi-Cal**

The final budget agreement continues to support implementation of significant investments made to date in the Medi-Cal program, including fully funding the expansion of benefits to adults regardless of immigration status. The 2024 Budget Act includes \$1.4 billion (\$1.2 billion General

Fund) in 2023-24, and \$3.3 billion (\$2.8 billion General Fund) in 2024-25 to implement the expansion to income-eligible adults aged 26-49 regardless of immigration status, which took effect on January 1, 2024.

#### MCO Provider Tax

As enacted through the early action budget agreement in [SB 136](#) (Chapter 6, Statutes of 2024), DHCS submitted a request to modify the MCO tax proposal to the federal Centers for Medicare and Medicaid Services (CMS) in March 2024. The modified tax model increases the amount of the tax and is estimated to generate \$1.5 billion in additional net funding to the state over the remaining duration of the tax.

In total, the 2024 Budget Act reflects \$6.9 billion in 2024-25 and \$23.1 billion through 2026-27 in MCO tax funding to support the Medi-Cal program. The final budget agreement includes the following additional updates to the MCO tax proposal:

#### Additional MCO Tax Revenue

DHCS will be submitting a request to further modify the MCO tax proposal to increase the amount of the tax to generate additional revenue to offset existing state health care costs by \$689.9 million in 2024-25, \$950 million in 2025-26, and \$1.3 billion in 2026-27.

#### Revised Set of Provider Rate Increases and Investments

The 2024 Budget Act 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 the MCO tax. This is in addition to the approximately \$300 million in provider rate increases that became effective on January 1, 2024, for primary care, obstetric care, and non-specialty mental health services.

The Governor's May Revision proposed to eliminate \$6.7 billion in provider rate increases initially planned over multiple years as a budget-balancing solution. The Legislature's budget plan restored the planned provider rate increases but delayed implementation of specified increases for one year. The final budget agreement not only reduces the previously planned total amount for provider rate increases, but also redistributes previously planned rate increases and provides increases to a revised set of providers, programs, and investments entitled the "Medi-Cal Provider Payment Increases and Investment Act," some components of which require federal approval.

The final budget agreement does not include increases to designated public hospitals or behavioral health facilities as initially proposed but funds numerous other investments including multi-year continuous Medi-Cal coverage for eligible children aged 0 up to 5 years beginning in 2026, subject to federal approval. The agreement also includes \$40 million one-time to strengthen and support the development and retention of the Medi-Cal workforce in 2026-27.

<b>Increases Included in Final Budget Agreement Funded by Increased MCO Tax</b>	
<b>Effective as of January 1, 2024:</b>	
	Physician/Non-physician Health Professional Services
<b>Effective on or after January 1, 2025:</b>	
	Physician Emergency Department Services (no longer includes facilities)
	Family Planning and Abortion Services
	Ground Emergency Medical Transportation
	Air Ambulances*
	Community-Based Adult Services (CBAS)*
	Congregate Living Health Facilities*
	Pediatric Day Health Centers*
	Community Health Workers
<b>Effective on or after January 1, 2026:</b>	
	Physician/Non-Physician Health Services
	Services/Supports for FQHCs/RHCs
	Private Duty Nursing*
	Continuous Coverage for Children Aged 0 up to 5*
	Non-Emergency Medical Transportation*
<i>*New/not included in initial proposal</i>	

Of note, most items within this set of provider rate increases and investments would be repealed if the qualified ballot measure *Protect Access to Healthcare Act of 2024* ([A.G. No. 23-0024](#)) is approved by the voters at the November 2024 statewide election.

### **Health Care Worker Minimum Wage Increase (SB 525) Delay**

The final budget agreement includes trigger language to delay the effective dates of the minimum wage increases for specified health care workers pursuant to [SB 525](#) (Chapter 890, Statutes of 2023), until one of two events occur:

- 1) If, on or before October 15, 2024, the Department of Finance notifies the Joint Legislative Budget Committee (JLBC) that the Department of Finance has determined that state cash receipts during the first quarter of the fiscal year (July 1 – September 30, 2024) are at least 3 percent higher than the projected amount as of the 2024 Budget Act, specified minimum wage increases will be effective October 15, 2024.
- 2) If DHCS notifies the JLBC that DHCS has begun the data collection necessary to implement a January 1, 2025, Hospital Quality Assurance Fee waiver with the federal government, which would fund increases to supplemental Medi-Cal program payments to hospitals, specified minimum wage increases will be effective the earlier of January 1, 2025, or 15 days after the date of the notification.

Further, the final budget agreement also revises statutory provisions defining a “covered health care employee” and “covered health care facility” subject to the minimum wage increases.

## Public Health

### State and Local Public Health Infrastructure Investments Largely Protected

The final budget agreement maintains \$276.1 million in ongoing General Fund support to the state and local health jurisdictions for critically needed public health priorities such as modernizing local public health infrastructure and bolstering public health staffing. The May Revision proposed to fully eliminate the \$300 million in ongoing funding, which CSAC in coordination with a broad coalition of local partners actively engaged with the Administration and Legislature to restore. Local health departments retain \$184.1 million (\$15.9 million reduction), and the Department of Public Health retains \$92 million (\$8 million reduction), representing a modest eight percent reduction consistent with other department/agency reductions taken statewide.

With regard to current year funding, although the Governor's May Revision proposed to revert \$52.5 million (\$41.5 million in state operations and \$11 million in local assistance support) back to the General Fund, the final budget agreement reverts only the state operations funding and retains the \$11 million for local assistance. However, any unspent local funds in 2022-23 and 2023-24 will revert to the General Fund.

### Syndromic Surveillance Program

The 2024 Budget Act authorizes the Department of Public Health to develop and administer a syndromic surveillance system to timely detect, monitor, and investigate diseases. Subject to an appropriation, trailer bill SB 159 authorizes the Department of Public Health to designate an existing system or create a new electronic health system to rapidly collect, evaluate, share, and store syndromic surveillance data. General acute care hospitals with emergency departments will be required to submit specified data electronically, unless the hospital reports its data to a local health department which in turn reports that data to the Department of Public Health.

### Transition to Health Care Program for Children in Foster Care (HCPCFC)

The final budget agreement adopts the proposed May Revision transition and end of the Child Health and Disability Prevention Program and includes provisional language in budget bill SB 108 to provide county flexibility on fund use and reporting of county expenditures during the budget year for administration of HCPCFC and the California Children's Services (CCS) Compliance Monitoring and Oversight Program.

The Governor's January proposal split the \$33.9 million CHDP budget between \$13.1 million for standalone HCPCFC and \$20.8 million for the CCS Monitoring and Oversight Program. However, counties anticipate that more than \$13.1 million statewide will be needed to retain the administrative and medical support to HCPCFC to ensure foster children are provided with adequate health and social services. To provide for county flexibility, the final budget agreement authorizes counties to deviate from the established staffing methodology/allocation by providing a report to DHCS by October 1, 2024, articulating the proposed use of funds to support HCPCFC and CCS Compliance Monitoring and Oversight Program activities. This report is required to be approved through a county's Board of Supervisors prior to submission.

### Increase in Directed Payments to Public Hospitals

The final budget agreement adopts the May Revision proposal to increase directed payments to public hospitals, including designated public hospitals and district and municipal public hospitals, through programs such as the Enhanced Payment Program and Quality Incentive Pool. Trailer bill SB 159 authorizes the assessment of an administrative fee on intergovernmental transfers

related to these directed payment programs. Collectively, these actions are estimated to result in ongoing General Fund reimbursements to provide additional support to public hospitals.

#### Children's Hospital Directed Payments

No sooner than July 1, 2024, SB 159 appropriates \$115 million annually from the General Fund for new directed payments for children's hospitals. 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. However, SB 159 authorizes DHCS to reduce the reimbursement amount by up to \$75 million annually if the ballot measure *Protect Access to Healthcare Act of 2024* ([A.G. No. 23-0024](#)) is approved by the voters at the November 2024 statewide election and if children's hospitals receive increased reimbursement rates or payments under certain provisions.

On June 25, Governor Newsom and the California Children's Hospital Association publicly announced they had reached an agreement on the expansion of health care for children in the state to help support medical care for critically ill children and those fighting the most serious and life-threatening diseases. Based on this agreement reflected in SB 159, the proponents of the qualified initiative *Affordable, Life-Saving Healthcare for Critically Ill Children* ([A.G. No. 23-0029](#)), which has qualified for the November 2024 ballot, have agreed to withdraw the measure.

#### Nonhospital 340B Community Clinic Directed Payments

SB 159 requires DHCS to establish a directed payment program for qualifying nonhospital 340B community clinics to earn payments from contracted Medi-Cal managed care plans, subject to an appropriation by the Legislature. Further, on or after January 1, 2026, the directed payment amounts are to be increased utilizing MCO tax revenues, as specified. The statutory sections specifying the payment increases will become inoperative if the ballot measure *Protect Access to Healthcare Act of 2024* ([A.G. No. 23-0024](#)) is approved by the voters at the November 2024 statewide election.

#### Integration of the Initiative to Advance Precision Medicine into CalHHS

The State Government budget trailer bill (SB 164) integrates the California Initiative to Advance Precision Medicine into the California Health and Human Services Agency (CalHHS) from the Office of Planning and Research (which has been renamed the Office of Land Use and Climate Innovation pursuant to SB 164). Moving the California Initiative to Advance Precision Medicine within the CalHHS will support broadening its scope to include technologies relevant to pandemic prevention. According to the Administration, precision medicine, particularly when used with advanced diagnostic tools for infectious diseases, has the potential to alleviate the burdens of future pandemics by enabling early detection, faster response, and more effective countermeasures.

Due to the provisions of SB 164, the proponents of the initiative proposing an income tax increase for pandemic spending, the *California Pandemic Early Detection and Prevention Act* ([A.G. 21-0022](#)), which has qualified for the November 2024 ballot, withdrew the measure.

#### Opioid Settlement Funds

The final budget agreement authorizes expenditure authority from the Opioid Settlements Fund of \$4 million for the California Bridge Program, which provides grants to hospitals and emergency departments to expand substance use disorder and mental health services. However, the final budget agreement allows for the funding to instead be used for the Naloxone Distribution Project



if DHCS receives federal grant funds of at least \$4 million annually for three years for activities under the California Bridge Program.

## HUMAN SERVICES

In response to proposed cuts to core safety net services proposed in the January Budget and May Revision, CSAC mobilized with county partners to advocate for the full funding of these vital programs that protect and uplift vulnerable Californians. The final budget agreement protects these programs and largely rejects the proposed cuts while reducing some funding to match actual expenditures of the program. County voices that highlighted how these services are vital for the residents of our communities were essential in helping ensure this funding was included in the final budget agreement.

### CalWORKs

#### Single Allocation

The CalWORKs Single Allocation is funding that the state provides to counties to administer the CalWORKs program and funds local eligibility activities, employment and supportive services for CalWORKs recipients. The final budget agreement rejects the Administration's previously proposed reduction of the Eligibility Administration component of \$40.8 million in 2023-24 and ongoing. The final budget agreement also rejects the Administration's previous proposal of a one-time reduction of \$272 million to the Employment Services component of Single Allocation. The funding for the Single Allocation in 2024-25 does include caseload adjustments and does not include an increase in intensive case management hours that was previously set to occur, with final funding about \$45 million lower than 2023-24.

#### Home Visiting

The CalWORKs Home Visiting Program supports the positive health development and outcomes for pregnant and parenting families to improve the rate of exits out of poverty. The final budget agreement includes multi-year reductions to Home Visiting to more closely align with actual utilization of the program. Specifically, the final budget reduces funding by \$30 million in 2023-24, \$25 million in 2024-25 and 2025-26, with full funding restored in 2026-27.

#### Mental Health and Substance Abuse Services

The final budget agreement rejects the Governor's May Revision proposal to eliminate all funding for CalWORKs Mental Health and Substance Abuse Services. Instead, the final budget temporarily reduces funding to the program over multiple years to more closely align with actual utilization of the program. Specifically, the final budget reduces funding by \$30 million in 2023-24, \$37 million in 2024-25, and \$26 million in 2024-25, with full funding restored in 2026-27.

#### Family Stabilization

The final budget agreement rejects the Governor's May Revision proposal to eliminate the Family Stabilization program beginning in 2024-25, and includes full funding for the program.

#### Expanded Subsidized Employment (ESE)

The final budget agreement reduces funding to ESE over two years to hold funding to the statewide spending level in 2022-23. Specifically, the final budget reduces funding to ESE by \$30 million in 2023-24 and \$37 million in 2024-25, with full funding restored in 2025-26. AB 161 includes language to require counties to submit updated plans and new outcome reporting metrics, including utilization of funds, employment placements and industry sector data, and

average earnings of participants. Counties must specify how funds will be utilized to prioritize subsidized employment placements that offer opportunities for participants to obtain skills and experiences in their fields of interest.

#### Maximum Aid Payment (MAP)

The final budget agreement includes a 0.3 percent increase in the MAP, effective October 1, 2024, as proposed in the May Revision. This reflects the revenues available for an increase in the Child Poverty and Family Supplemental Support Subaccount.

#### TANF Pilot Program

The final budget agreement includes language that allows for up to \$2.4 million General Fund to be spent should California be selected for the federal pilot project authorized by the Fiscal Responsibility Act of 2023 that allows up to five states to be selected to test alternative performance metrics within the TANF program. The human services trailer bill (AB 161) includes language that requires CDSS to work with stakeholders on the application and to consider policy changes that align with the application.

### **In-Home Supportive Services (IHSS)**

#### IHSS Backup Provider System

The final budget agreement rejects the Governor's May Revision proposal to eliminate the IHSS Permanent Backup Provider System. Rather, the agreement reduces funding by \$3 million in 2024-25 to reflect lower utilization.

#### IHSS Regardless of Immigration Status

The final budget agreement rejects the Governor's May Revision proposal to eliminate eligibility for IHSS services to individuals who were part of the full scope Medi-Cal expansion to undocumented individuals.

#### IHSS County Administration

AB 161 contains a County Welfare Directors Association (CWDA) sponsored and CSAC supported request related to the budgeting methodology for county IHSS administration. The language will require the California Department of Social Services to work with county representatives and other stakeholders to review county workload and administrative costs during the development of the budget for 2025-26 and every subsequent three years.

### **Child Welfare and Foster Care**

#### Foster Care Rate Reform

AB 161 enacts the new foster care permanent rate structure. The final language does not include the trigger that was proposed in the May Revision, but instead would implement the new rates on July 1, 2027, one year later than originally proposed. The agreement also provides \$20.5 million (\$13.3 million General Fund) for automation changes to support the new rate structure. Under the new rate structure, a child will fall under a certain rate tier based on their age and their Child and Adolescent Needs and Strengths (CANS) assessment. The rate will include three components (care and supervision, strengths building, and immediate needs) and follow the child, not the placement. Other key provisions outlined in AB 161 include annual adjustments based on the California Necessities Index (CNI), requirements for implementing the immediate needs program, requirements to create a schedule to transition children already in foster care when the rates are

implemented to the new rate structure, and establishment of the strengths building program component.

#### Foster Care Caregiver Approvals

The final budget agreement rejects the Governor's May Revision proposal to eliminate \$50 million ongoing for county child welfare agencies to complete approvals for foster caregivers and instead maintains full funding. AB 161 extends the timeframe from 90 days to 120 days for Resource Family Approval application processing in alignment with the timeframe for emergency caregiver funding.

#### Family Urgent Response System (FURS)

The final budget agreement rejects the Governor's January Budget proposal to eliminate \$30 million ongoing for FURS and instead maintains full funding for this program that provides immediate crisis support to foster youth and caregivers.

#### Supervised Independent Living Program (SILP) Supplement

The final budget agreement includes the Governor's January Budget proposal to eliminate \$25.5 million (\$18.8 million General Fund) ongoing for a housing supplement for foster youth placed in a SILP starting in 2025-26 (\$258,000 will be provided in 2024-25). Rather, increased housing supports will be provided directly to youth placed in a SILP through the implementation of the new foster care rates.

#### Housing Navigation and Maintenance Program

The final budget agreement rejects the Administration's proposal to reduce funding by \$13.7 million ongoing for the Housing Navigation and Maintenance Program. This program helps young adults between 18 to 21 years secure and maintain housing, with a priority given to young adults in the foster care system.

#### Excellence in Family Finding, Engagement, and Support Program

AB 161 contains language that will assist small counties in accessing funding for the Excellence in Family Finding, Engagement, and Support Program. For those counties that do not have sufficient caseload for a full-time family finding worker, they will now be able to submit a written request for authorization to use program funding for a portion of a full-time position for family finding activities.

### **Child Support**

#### Local Child Support Agency Funding

The final budget agreement reduces local child support agency funding by \$6 million in 2023-24, 2024-25, and 2025-26. This is less than the \$10 million reduction proposed in the Legislature's budget plan and is intended to more closely align with actual utilization of the program.

#### Child Support Full Pass-Through

The final budget agreement includes Supplemental Report Language related to infrastructure and other components necessary to implement the full pass-through of child support to families currently receiving CalWORKs.

## Child Care

### Subsidized Child Care Slot Expansion

The final budget agreement delays the multi-year expansion of subsidized child care slots originally committed to through the 2021 Budget Act by two years, delaying the goal to increase subsidized child care slots by 200,000 until 2028. Approximately 119,000 subsidized child care slots have been added to date. The final budget agreement fully funds approximately 11,000 general child care slots beginning October 1, 2024, for which award letters were issued for this spring.

### Emergency Child Care Bridge Program

The Emergency Child Care Bridge Program facilitates the placement of children within the foster care system into a stable child care setting. The final budget agreement rejects the proposed ongoing reduction of \$34.8 million General Fund included in the Governor's May Revision, preserving total General Fund funding for the program at \$83.4 million ongoing.

## Adult Protective Services (APS)

### APS Expansion

The Adult Protective Services Expansion was enacted in 2021 and lowered the population served by APS from 65 to 60 years of age. In addition, it allowed for increasing social worker staffing to provide long-term case management for individuals with more complex needs. The final budget agreement rejects the proposed ongoing \$39.3 million cut that would have gone into effect 2024-25. Instead, the final budget includes the full funding of \$70 million General Fund for APS Expansion in 2024-25.

### APS Training

The final budget agreement rejects the almost complete elimination of funding to support APS training included in the Governor's May Revision. Rather, the final budget includes \$9.4 million (\$4.6 million General Fund) for APS training in 2024-25.

## Aging Services

### Older Californians Act Senior Nutrition

The final budget agreement rejects the Governor's May Revision proposal to eliminate Older Californians Act Modernization funding for senior nutrition by \$37.2 million in 2024-25, 2025-26, and 2026-27.

### Older Adult Behavioral Health Initiative

The final budget agreement includes a reduction for the Older Adult Behavioral Health Initiative of \$35.4 million General Fund over three years (\$5.4 million in 2023-24, \$20 million in 2024-25, and \$10 million in 2025-26) as proposed in the Governor's May Revision. Additionally, the agreement reduces funding for the media campaign component by \$8 million General Fund in 2023-24.

## Nutrition Assistance

### California Food Assistance Program Expansion

The California Food Assistance Program (CFAP) provides CalFresh food benefits for non-citizens who do not qualify for federal benefits. The 2022 Budget Act included funding to expand CFAP to

all income-eligible Californians, age 55 years or older, regardless of their immigration status. The final budget agreement includes the two-year delay in CFAP expansion, as proposed in the Governor's May Revision, until October 1, 2027.

*Electronic Benefits Transfer (EBT) Theft*

AB 161 includes language that prevents CalFresh recipients from incurring any loss of nutrition benefits to EBT theft and requires CDSS to establish a protocol to use state funds to replace stolen nutrition benefits. AB 161 also requires counties to replace eligible, electronically stolen benefits as soon as administratively feasible, but no later than ten business days following the receipt of the replacement request.

*CalFresh Minimum Nutrition Benefit Pilot*

The CalFresh Minimum Nutrition Benefit Pilot Program would provide eligible CalFresh recipients with a minimum monthly benefit of \$50 over 12 months, increasing from \$23. The final budget agreement rejects the May Revision proposal to eliminate the program and instead provides \$15 million for the pilot in 2024-25.

*Work Incentive Nutrition Supplement Program*

The Work Incentive Nutrition Supplemental (WINS) Program provides \$10 per month supplemental food benefits to working families who receive CalFresh benefits but do not receive CalWORKs benefits. The final budget agreement rejects the May Revision proposal to reduce funding for WINS by \$25 million in 2025-26, which would have eliminated the program. Rather, the final budget includes full funding for WINS.

## HOMELESSNESS

CSAC continued to advocate for ongoing and sustainable homelessness funding consistent with the [AT HOME](#) plan, which also calls for clear accountability at all levels of government. In this difficult budget year, the path for additional funding for the Homeless Housing, Assistance and Prevention (HHAP) program was uncertain, as no funding beyond the current Round 5 was included in the Governor's January budget proposal or May Revision. The final budget agreement includes the \$1 billion for Round 6 of HHAP that was contained in the Legislature's budget plan. The strong and sustained advocacy from counties about how critical this funding is to the progress we are collectively achieving at the local level was essential in securing this funding.

### HHAP Program

The final budget agreement provides \$1 billion for a Round 6 of the HHAP program, which provides flexible funding to counties, large cities, and continuums of care (CoCs) to address homelessness in local communities. Unfortunately, the 2024 Budget Act also adopted a proposal from the Governor's May Revision budget to cut \$260 million from HHAP Round 5 supplemental funding that was originally bonus funding in prior HHAP rounds.

The housing trailer bill (AB 166) outlines the implementation of Round 6 of the HHAP program. Round 6 continues many of the core elements of [Round 5](#). This includes the funding distribution (city/CoC/county breakdown, point-in-time count allocation methodology, supplemental Homekey funding) and collaboration requirements (regional homelessness action plan, joint application, identification of roles and responsibilities, signed MOU). In addition, contained in AB 166 are changes to program administration, regional plans, funding, and accountability. The list below outlines the key changes for HHAP Round 6 that differ from the prior round.

#### Program Administration

- The administration of the HHAP program is transferred from the California Interagency Council on Homelessness (Cal-ICH) to HCD effective July 1, 2024.
- The Round 6 application must be made available by January 31, 2025, and due no later than 180 days from when it is made available.
- Final report deadlines are added for all HHAP rounds.
- The annual HHAP report will now be due on April 1 instead of January 1 of each year.
- The HHAP quarterly fiscal reports of funds expended and obligated must now be submitted monthly.

#### Regional Plans

- An update to the Round 5 regional plan can meet the requirement for a Round 6 regionally coordinated homelessness action plan.
- Federally recognized tribal governments in the region are now included on the list of entities who will be invited to the regional plan development meetings.
- The identification of roles and responsibilities in the regional plan must now include roles related to the Behavioral Health Services Act.
- The Round 5 requirement for a description of key actions to improve performance metrics has been modified to now require the inclusion of a system performance and improvement plan that describes key actions that will be undertaken to improve the system performance measures that are submitted.
- This system performance plan must describe how each jurisdiction is utilizing other local, state, and federal funding as key actions and must specifically address an extensive list

of homelessness programs, human services programs, health programs, and behavioral health programs. Some of this new requirement replaces the prior round requirement of describing how the region is connecting individuals to a list of various wraparound services and health and human services programs.

### Funding

- In order to utilize Round 6 funding for new interim housing other than interim housing for youth or for non-housing solutions, the region must demonstrate how sufficient resources from other sources are being used to sustain existing interim housing and planned portfolio of permanent affordable housing.
- The eligible uses of funding are slightly modified and reorganized. There is now a new homelessness prevention category that captures existing eligible uses and a new non-housing solutions category that captures existing eligible uses.
- The allocation for tribal applicants is increased from two percent to three percent.
- The one percent amount set aside in Round 5 for planning for and preparing the regional action plans is not included in Round 6.

### Accountability

- In a section of the code related to housing element enforcement, the HHAP program is added to the list of programs where the Attorney General can be notified for taking action against local jurisdictions for violations of state law.
- In order to receive HHAP Round 6 funding, an applicant needs to meet earlier HHAP rounds obligation and expenditure deadlines (fully obligated Rounds 1-3, fully expended Round 1, expended at least 50% and obligated at least 75% of first disbursement of Round 4).
- In order to receive the second half of Round 6 funding, a city or county must have a compliant housing element.
- If HCD determines that a grantee has made insufficient progress on key actions or failed to improve on at least half of the region's system performance measures, HCD may require a corrective action plan as part of regional plan update. The regional plan update, including corrective action plan if applicable, must be approved prior to the disbursement of the second half of Round 6 funding.

### **Encampment Resolution Funding**

The final budget agreement provides \$150 million in 2024-25 and \$100 million in 2025-26 for the Encampment Resolution Funding program, which provides competitive grants to address homeless encampments and provide support for residents to move toward permanent housing. Half of the funding is reserved for projects that address state rights-of-way. AB 166 outlines administration and accountability for these grants. Administration of the program is transferred from Cal-ICH to HCD and the program is added to the list of programs where the Attorney General can be notified for taking action against local jurisdictions for violations of state law similar to HHAP. Monthly and annual reports that detail uses of funding, how many individuals are served, and housing exits will be required.

### **Bringing Families Home (BFH) Program**

BFH provides housing-related supports to child welfare involved families and those at risk of homelessness. The final budget agreement rejects the Governor's May Revision proposal to revert \$80 million General Fund from 2022-23. Instead, the final budget delays \$40 million until 2025-26 and another \$40 million until 2026-27. The human services budget trailer bill (AB 161) also includes language to extend the county match waiver of funds through June 30, 2027.

### **Home Safe Program**

Home Safe helps prevent homelessness for victims of elder and dependent adult abuse and neglect served by APS. The final budget agreement rejects the Governor's May Revision proposal to eliminate \$65 million General Fund for Home Safe. Instead, the final budget reappropriates up to \$92.5 million General Fund for Home Safe from 2022-23, available for expenditure until June 30, 2026. AB 161 extends the grantee match waiver of one-time funds appropriated for Home Safe until June 30, 2026.

### **Housing and Disability Advocacy Program (HDAP)**

HDAP serves people who are homeless or at risk of homelessness and are likely eligible for disability benefits and housing supports. The final budget agreement reappropriates up to \$100 million General Fund from 2022-23, available for spending until June 30, 2026. The agreement also approves the May Revision proposal to revert \$50 million General Fund from 2022-23. AB 161 permanently removes the baseline match requirement for grantees of funds from HDAP, effective July 1, 2024, and extends the waiver requirement to seek reimbursement of federal funds to June 30, 2026.



## HOUSING, LAND USE, AND TRANSPORTATION

The General Fund resources provided in the past few years for housing and transportation have been unprecedented both in amount and duration. The 2024-25 budget reductions, fund shifts, and delays signal the end of substantial General Fund investments in those areas. In the housing policy area, the Administration and Legislature will likely continue to highlight awards and investments that were provided to housing programs in earlier budgets while downplaying the reality that future resources will not be forthcoming. Nonetheless, CSAC celebrates the restoration of funding to the Multifamily Housing Program and the Regional Early Action Planning (REAP 2.0) grant program.

In the transportation space, the past years of General Fund augmentations have also been notable. The current and future lean budget years ahead will likely see a return to limiting transportation investments to funding streams that are dedicated for that purpose.

### HOUSING AND LAND USE

The 2024 Budget Act maintains most of the reductions proposed in the Governor's May Revision. Additionally, the final budget agreement reduces the remaining balances from several programs that support affordable housing, including the Veterans Housing and Homelessness Prevention (VHHP) Program, the Infill Infrastructure Grant (IIG) Program, and the Foreclosure Intervention Housing Preservation Program (FHIPP), while restoring funding for the Multifamily Housing Program and REAP 2.0 grant program.

#### Multifamily Housing Program

The Governor's May Revision proposed to eliminate the Multifamily Housing Program. The 2024 Budget Act deal restores \$315 million for the Multifamily Housing program that was provided in past budgets. The program provides competitively awarded grants to a broad variety of affordable housing projects.

#### REAP 2.0 Grants

The final budget agreement restores \$560 million of the original \$600 million appropriated for the REAP 2.0 program in the 2021 Budget Act. Additionally, the program funding will be allocated in three ways. First, \$480 million will be allocated on a population formula basis to Metropolitan Planning Organizations (MPO). The budget provides \$30 million for a competitive program for projects in jurisdictions that are not part of an MPO and tribes. Finally, a separate \$30 million competitive program will fund projects that increase infill housing production and reduce per capita vehicle miles traveled. CSAC was a strong advocate for the restoration of REAP 2.0 funding.

#### Homeless Housing, Assistance and Prevention program (HHAP)

The final budget agreement includes \$1 billion in Round 6 of the HHAP program. The housing trailer bill (AB 166) includes additional reporting requirements and requires a city or county to have a state-approved Housing Element as a precondition for receiving the second half of their Round 6 HHAP awards. *For more information on HHAP, please see the Homelessness Section on Page 28.*

#### Adaptive Reuse Program Eliminated

The Governor's January Budget did not make changes to the Adaptive Reuse Program, preserving the appropriation of \$127.5 million General Fund made in last year's budget. However,

the final budget deal reverts this remaining funding back to the General Fund, eliminating the program.

### **Infill Infrastructure Grant (IIG) Program**

The 2024 Budget Act adopted a \$235 million cut to the IIG program. This reduction leaves the program with \$689 million in funding provided over the past three budgets. The IIG program funds housing projects on infill parcels with priority given to sites in downtown areas as well as transit oriented projects.

### **Foreclosure Intervention Housing Preservation Program Eliminated**

The 2024 Budget Act cuts the remaining \$236.5 million in 2023-24 for this program, in addition to the \$237.5 million proposed in the Governor's January Budget, eliminating the program.

### **CalHome**

The 2022 Budget Act included \$350 million one-time General Fund (\$250 million in 2022-23 and \$100 million committed for 2023-24) for the Department of Housing and Community Development's CalHome program, to provide local agencies and nonprofits grants to assist low- and very-low-income first-time homebuyers with housing assistance, counseling and technical assistance. The Governor's January Budget proposed to remove \$100 million one-time General Fund in 2023-24. The 2024 Budget Act includes a total cut of \$152.5 million, leaving \$198 million for the program.

### **Veterans Housing and Homelessness Prevention Program Eliminated**

The final budget agreement maintains the past proposal to revert \$76.3 million appropriated in the past budgets for the Veterans Housing and Homelessness Prevention Program. This action effectively ends General Fund support for the program, thus eliminating the program.

### **Low-Income Housing Tax Credits**

The 2024 Budget Act maintains a one-time additional \$500 million in state supplement Low-Income Housing Tax Credits (LIHTC), which supports affordable housing production. The LIHTC program provides investments to a variety of affordable housing projects, helping to leverage federal affordable housing resources in the process. By statute, the state must allocate a specified amount to state LIHTC each year. In recent years, the state budget has also included a \$500 million supplement to the statutory threshold. The Governor's January Budget did not include such a supplement for 2024-25.

## **TRANSPORTATION**

After years of unprecedented General Fund allocations to transportation programs, the 2024 Budget Act deal maintains the Governor's May Revision reduction proposals. The final budget retains \$1.3 billion in General Fund sources and \$582 million in Greenhouse Gas Reduction Fund (GGRF) resources for transportation programs.

A large portion of the funding provided for specific transportation programs in past budgets has been shifted from General Fund resources to be funded from the GGRF, which is supported by revenues from the state's Cap-and-Trade auctions. The Legislature and Administration have adopted an increased estimate of future revenues that Cap-and-Trade auctions will produce. If actual Cap-and-Trade auction revenues fall short of these higher estimates, the funding for these programs will again be in jeopardy and require legislative action to restore the amounts promised in this budget.

### **Transit and Intercity Rail Capital Program (TIRCP)**

The TIRCP funds capital projects that support state and local intercity rail, bus, ferry, and rail transit systems. The final budget agreement provides \$1.5 billion General Fund and \$463 million GGRF resources for formula TIRCP. Additionally, the final budget agreement provides \$1.4 billion General Fund and \$133.2 million GGRF resources for competitive TIRCP.

### **Zero Emission Transit Capital Program**

The 2023 Budget Act established the Zero Emission Transit Capital Program and appropriated \$1.1 billion in GGRF and Public Transit Account resources from 2023-24 to 2026-27. The final budget agreement retains \$220 million in GGRF resources to fund this program in 2024-25 and shifts \$690 million of the GGRF funding provided to 2026-27 and 2027-28. The funding will be allocated to regional transportation planning agencies by a population-based formula and another formula based on revenues to fund zero-emission transit equipment and operations.

### **Active Transportation Program (ATP)**

The 2024 Budget Act provides \$100 million in General Fund resources for the ATP. The ATP is a competitive transportation grant program that funds projects which increase the use of active modes of transportation, such as walking and biking.

## **PUBLIC WORKS**

### **Zero Emission Vehicle Fueling Infrastructure Grant Program**

The 2024 Budget Act maintains the Governor's May Revision proposal that reduces \$143.9 million from the Zero Emission Vehicle Fueling Infrastructure Grant Program. This leaves the program with \$119.5 million in GGRF funds to provide grant funding to counties to support the implementation of California Air Resources Board's (CARB) Advanced Clean Fleets (ACF) regulations. Beginning January 1, 2024, CARB began to require that all public fleet owners begin replacing their medium and heavy-duty fleet vehicles with Zero-Emission Vehicles (ZEV). The most common types of compliant ZEV's utilize either battery-electric components or hydrogen fuel cell technology. State funding is necessary to provide resources to counties to acquire the ZEV medium and heavy-duty vehicles without increasing rates and fees. Additionally, counties need financial assistance to build out the necessary charging infrastructure to implement the ACF regulations.

CSAC is advocating for reasonable changes to the ACF regulations as well as funding for compliant vehicles and EV Charging Infrastructure. CSAC has also requested bond funding for ACF infrastructure within the 2024 Climate, Water, and Natural Resources Bond.

### **Caltrans Fleet Replacement Reporting Language**

After significant CSAC advocacy, the final budget agreement includes reporting language which requires Caltrans to report on a variety of data points related to their purchase of vehicles that comply with CARB's ACF regulations. The information provided by Caltrans will be highly valuable for county vehicle fleet managers to analyze and consider as they continue efforts to make their fleet purchases compliant with the ACF regulations.