CSAC BUDGET ACTION BULLETIN
CALIFORNIA STATE ASSOCIATION OF COUNTIES

GOVERNOR'S 2024-25 MAY REVISION BUDGET
May 14, 2024

TO: CSAC Board of Directors
County Administrative Officers

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

RE: **Governor's 2024-25 May Revision Budget Proposal**

As expected, the Governor's 2024-25 May Revision budget proposal grapples with an even larger gap between projected and actual revenues, increasing the state's budget problem by an additional $7 billion. What was unexpected, however, was the sparse budgetary detail delivered piecemeal between the lengthy press conference on Friday, May 10 and the statutory deadline of Tuesday, May 14. In that window of time, we learned that the Administration's proposed cuts, if enacted, would severely impact counties' ability to deliver on services and programs that Californian's rely upon: the social safety net, housing, homelessness services, public safety, and infrastructure.

Given the magnitude of the budget problem, it is important to acknowledge that none of the choices before lawmakers are easy. County leaders, however, are all too familiar with what to do when faced with a funding shortfall; make tough decisions on spending cuts while ensuring that the most critical priorities are maintained. As the state and county budgets are woven together, county leaders know that the state will need 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.

Changes in budget committee leadership in 2024 in both houses and the general climate in Sacramento shape the upcoming conversations as we prepare to work closely with the Administration and legislative leadership to right size the budget plan to preserve core county services and county workforce. Foremost, the Legislature faces 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, and there are few lawmakers with experience facing statewide fiscal crises.

Amidst the whirlwind of anxiety and handwringing over the size of the state's budget deficit, Governor Newsom and legislative leadership introduced in mid-March what they have labeled a package of "early action" budget-balancing solutions. By early April, Governor Newsom, Senate President pro Tempore McGuire, and Assembly Speaker Rivas had agreed to $17.3 billion worth of early budget actions to shrink the budget shortfall before the release of the May Revision to make future budget-balancing negotiations "more manageable." This package was not, however, composed of many tough decisions necessary to forge a path to a prudent and realistic budget that lives within our means but does not eliminate crucial services. Rather, the majority of the

$17.3 billion early action budget package included drawing upon $12.2 billion in reserves from the Budget Stabilization Account – the voter-created "rainy day fund."

Thus, the early action package of budget-balancing solutions doesn't soften the sting of the remaining $27.6 billion 2024-25 budget shortfall and $28.4 billion 2025-26 budget shortfall. It's also worth noting that this projected deficit still relies on the Legislature agreeing to reduce K-12 education funding in future years by counting money allocated to schools in 2022-23 and 2023-24 toward future years' Proposition 98 obligations. Acceptance of that proposal is built into the Administration's revenue assumptions; any reduction or rejection of that plan would result in a larger budget problem in future years.

In the coming weeks, the budget negotiations will begin in earnest, with the tight constitutional deadline for the Legislature to pass the budget bills by June 15. Budget committees and their subcommittees in the Assembly and Senate will hold hearings to review the Governor's May Revision budget proposals and craft the legislative vehicles that will eventually become law. As required by the State Constitution, the budget chair in each house of the California Legislature introduced the Governor's proposed budget bill in January (AB 1812 and SB 917). These bills will be amended to reflect the proposed revisions to the 2024-25 budget announced this week.

As county leaders, now is the time to make your community's voice heard by providing written comments or in-person testimony directly to these committees. We also encourage you to contact legislative staff and officials from your region to share the county perspective and your own budget priorities and areas of concern.

Your CSAC advocacy team has been working tirelessly for months to shape this year's budget. However, we are stronger together and by making our collective voices heard during the coming weeks we can help craft a budget that serves all of our communities.

We look forward to providing you updates, advocacy tools and analysis as the budget process evolves over the coming days.

The following pages provide statewide revenue and expenditure summary charts as well as specific budget proposals by policy area. For more detail on these and other items of importance, see the following policy sections below or contact CSAC legislative staff.

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

Budget Problem at the May Revision

Governor's January 2024-25 Budget	$37.9 billion
Increased Shortfall Since January	$7.0 billion
Early Budget Solutions Package (April 2024)	-$17.3 billion
Remaining Budget Problem as of 2024-25 May Revision	**$27.6 billion**

2024-25 May Revision General Fund Budget Summary
(Dollars in Millions)

	2023-24	2024-25
Prior Year Balance	**$46,260**	**$9,726**
Revenue and Transfers	$189,354	$205,249
Total Resources Available	**$235,614**	**$214,975**
Non-Proposition 98 Expenditures	$153,450	$124,368
Proposition 98 Expenditures	$72,438	$76,606
Total Expenditures	**$225,888**	**$200,974**
Fund Balance	**$9,726**	**$14,001**
Reserve for Liquidation of Encumbrances	$10,569	$10,569
Special Fund for Economic Uncertainties	-$843	$3,432
Public School System Stabilization Account	$2,590	-
Safety Net Reserve	$900	-
Budget Stabilization Account/Rainy Day Fund	$22,555	$19,429

**General Fund Expenditures by Agency – Year-over-Year Change
(Dollars in Millions)**

			Change from 2023-24	
	2023-24	2024-25	$ Change	% Change
Legislative, Judicial, Executive	$12,704	$7,582	-$5,122	-40.3%
Business, Consumer Services & Housing	$2,868	$631	-$2,237	-78.0%
Transportation	$1,041	$554	-$487	-46.8%
Natural Resources	$11,686	$5,410	-$6,276	-53.7%
Environmental Protection	$2,333	$624	-$1,709	-73.3%
Health and Human Services	$73,622	$70,194	-$3,428	-4.7%
Corrections and Rehabilitation	$15,312	$14,174	-$1,138	-7.4%
K-12 Education	$73,739	$76,323	$2,584	3.5%
Higher Education	$21,635	$21,830	$195	0.9%
Labor and Workforce Development	$1,248	$844	-$404	-32.4%
Government Operations	$4,770	$2,540	-$2,230	-46.8%
General Government:				
Non-Agency Departments	$2,770	$1,355	-$1,415	-51.1%
Tax Relief/Local Government	$595	$579	-$16	2.7%
Statewide Expenditures	$1,565	-$1,666	-$3,231	-206.5%
TOTAL	**$225,888**	**$200,974**	**-$24,914**	**-11.0%**

**2024-25 May Revision Total State Expenditures by Agency
(Dollars in Millions)**

	General Fund	Special Funds	Bond Funds	Total
Legislative, Judicial, Executive	$7,582	$5,168	$262	$13,012
Business, Consumer Services & Housing	$631	$1,341	$538	$2,510
Transportation	$554	$16,665	$86	$17,305
Natural Resources	$5,410	$3,040	$516	$8,967
Environmental Protection	$624	$4,723	$11	$5,358
Health and Human Services	$70,194	$40,452	$10	$110,657
Corrections and Rehabilitation	$14,174	$4,001	-	$18,175
K-12 Education	$76,323	$123	$16	$76,462
Higher Education	$21,830	$109	$599	$22,538
Labor and Workforce Development	$844	$1,163	-	$2,007
Government Operations	$2,540	$406	-	$2,946
Non-Agency Departments	$1,355	$1,989	$2	$3,346
Tax Relief/Local Government	$579	$3,626	-	$4,205
Statewide Expenditures	-$1,666	$2,333	$3	$670
TOTAL	**$200,974**	**$85,140**	**$2,043**	**$288,157**

General Fund Revenue Sources
(Dollars in Millions)

Revenue Source	2023-24	2024-25	$ Change	% Change
Personal Income Tax	$111,203	$116,304	$5,101	4.6%
Sales and Use Tax	$33,320	$34,045	$725	2.2%
Corporation Tax	$33,282	$37,759	$4,477	13.5%
Insurance Tax	$3,905	$4,016	$111	2.8%
Alcoholic Beverage Taxes and Fees	$417	$422	$5	1.2%
Cigarette Tax	$43	$41	-$2	-4.7%
Motor Vehicle Fees	$46	$46	$0	0.0%
Other	$7,985	$9,490	$1,505	18.8%
Subtotal	**$190,201**	**$202,123**	**$11,922**	**6.3%**
Transfer to the Budget Stabilization Account/Rainy Day Fund	-$847	$3,126	$3,973	469.1%
Total	**$189,354**	**$205,249**	**$15,895**	**8.4%**

2024-25 Revenue Sources
(Dollars in Millions)

Revenue Source	General Fund	Special Funds	Total	Change from 2023-24
Personal Income Tax	$116,304	$2,923	$119,227	$5,404
Sales and Use Tax	$34,045	$15,665	$49,710	$989
Corporation Tax	$37,759	-	$37,759	$4,477
Highway Users Taxes	-	$9,475	$9,475	$159
Insurance Tax	$4,016	-	$4,016	$111
Alcoholic Beverage Taxes and Fees	$422	-	$422	$5
Cigarette Tax	$41	$1,390	$1,431	-$42
Motor Vehicle Fees	$46	$12,432	$12,478	$448
Other	$9,490	$34,748	$44,238	-$2,903
Subtotal	$202,123	$76,633	$278,756	$8,648
Transfer to Rainy Day Fund	$3,126	-$3,126	-	-
TOTAL	**$205,249**	**$73,507**	**$278,756**	**$8,648**

REVENUE OUTLOOK

“Big Three” Tax Revenue
The Department of Finance estimates that the budget shortfall has grown by roughly $7 billion since the release of the January Budget proposal, adding to the $37.9 billion shortfall estimated by the Department of Finance in January. The primary reason for the additional shortfall is due to weaker-than-expected cash receipts for 2022-23 and 2023-24, with each of the “big three” revenue sources falling $10.5 billion below earlier projections collectively. Specifically, sales and use tax revenue is $2.3 billion lower, personal income tax revenue is $2.4 billion lower, and corporation tax revenue is $5.8 billion lower.

Economic Outlook and Future Revenue Estimates
The state’s fiscal condition, and performance of California’s economy, relies on a robust mix of stock market performance, strong labor markets, and a healthy demand for goods and services. Despite a significant state budget problem, and some experts questioning whether the state experienced a recession for periods in 2023, the May Revision does not predict a recession in the state’s near future. Nonetheless, the state faces many challenges in improving the vibrancy of its economy, including persistent inflation, labor force participation, and high housing and energy costs.

CSAC characterized the economic outlook shared in the January Budget proposal as mixed signals, with some cautious optimism tempered with uneven economic futures. Due to unrelenting inflation and underperforming revenue receipts in 2022-23 and 2023-24 than projected, the fiscal condition has worsened since the January Budget proposal.

Because of the state’s reliance on personal income tax 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. Persistent inflation continues to be a drag on economic conditions and, therefore, the fiscal health of our state. The underperformance of the state’s expected sales and use tax revenue is reflected locally. In the fourth quarter of 2023, typically the best quarter for sales and use tax revenue driven by holiday consumer demand, 41 counties generated less sales and use tax revenue compared to the same window of time in 2022.

These receipts are not surprising considering overall consumer sentiment, which includes fatigue and frustration with the stubbornly high cost of everyday essentials. According to the Public Policy Institute of California’s most recent statewide survey, “about six in ten Californians believe the state will have bad times financially during the next 12 months” and “strong majorities continue to say they are less comfortable making a major purchase and other household purchases compared to six months ago.” Another factor compounding the diminishment of sales tax revenue is the continuing shift in consumer spending from goods to services, of which virtually all are exempt from sales and use tax. Looking forward, sales and use tax revenues are expected to increase statewide in 2024-25 by only 1.8% on average.

The labor market is continuing the trend of “normalizing,” since the COVID-19 pandemic and shows signs of slow, steady growth in some areas, and some difficulties in other areas. The workforce growth remains relatively strong, with recent growth exceeding pre-pandemic growth. While the January Budget proposal projected that the state’s unemployment rate would rise to 5.2% by 2025, the rate is already up to 5.3% through March 2024, exceeding the national average of 3.8%. This rise is attributed largely to growth in the workforce and not to layoffs of currently employed workers.

The “boom and bust” nature of our state’s revenue is tied not only to market performance, but compensation for our workforce, particularly for higher wage earners. The administration reports that wages grew 4.3% in 2023 after a 0.7% contraction the year prior and are expected to remain around the same level for this year and next. Total wages and salaries are expected to grow by 4.5% over the next few years, however the pace and extent of that growth, like much of our economy and fiscal condition, will rely in large part on inflation and interest rates and other factors outside of the control of our state and its policymakers. The technology sector, long a source of the more highly compensated members of our state’s workforce, is expected to add fewer jobs in 2024 than it did last year, which could be a further limit on growth. The information sector, another sector with some of the highest earners in the state, also saw a decline in employment, but experienced strong average wage growth.

Over the next few years, the state’s economy is expected to remain in a slow growth state until inflation is tamed and interest rates are reduced, neither of which can be relied upon. Housing and energy costs remain significant drags on taming inflation and have declined slower than projected by the administration. Global conflict, upcoming federal elections, and pending ballot measures add to the uncertainty faced by our state and its communities.

ADMINISTRATION OF JUSTICE

Local Public Safety

Proposition 47 Savings Estimate
The May Revision includes an estimated total state savings of $94.8 million in 2024-25, which is nearly $7 million higher than January 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. 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.

Post Release Community Supervision (PRCS)
The May Revision eliminates the payments 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). The Governor's January Budget proposal had included an estimated $4.4 million General Fund for probation in 2024-25 to supervise the PRCS population.

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. The Governor's January Budget proposal included $113.6 million General Fund in 2024-25 for probation departments. Updated projections are not included in the May Revision.

Board of State and Community Corrections (BSCC)

Additional Adjustments to Address the Budget Shortfall:
- Medication Assisted Treatment (MAT) Grants – A reduction of $10.5 million in 2023-24 for competitive grants to counties for the provision of MAT to treat substance use disorders.
- Organized Retail Theft Vertical Prosecution Grant Program – A reduction of $3.6 million one-time for funding not awarded to district attorneys to utilize vertical prosecution models.
- Adult Reentry Grants – A one-time reduction of $57 million over three years for community-based organizations to provide reentry services for those formerly incarcerated in state prison.
- California Violence Intervention and Prevention (CalVIP Grant Program) – Proposed elimination of the CalVIP Grant Program to be funded through a newly established Gun Violence Prevention and School Safety Fund beginning in 2024-25.
- Cannabis Tax Fund Loan – A budgetary loan of $75 million from the Cannabis Tax Fund to the General Fund from resources not currently projected to be used for operational or programmatic purposes.

Local Detention Facility Oversight

- The May Revision proposes an increase of $3.2 million for the BSCC in 2024-25 and $7.6 million ongoing to implement in-custody, county jail death reviews pursuant to SB 519, Chapter 306, Statutes of 2023.

Juvenile Justice

- The May Revision includes statutory changes that will transfer administration of 2011 juvenile realignment grants from the BSCC to the Office of Youth and Community Restoration.
- The May Revision increases one-time reimbursements by $2.3 million to cities and counties for costs associated with 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 and the delivery of Miranda rights.

Department of State Hospitals

Incompetent to Stand Trial (IST) Solutions

- Jail-Based Competency Treatment (JBCT) and Community Based Restoration (CBR)/Diversion programs – A reduction of $73.3 million in 2023-24 one-time General Fund and $49.9 million in 2024-25 one-time General Fund 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 – A reduction of $45 million in 2023-24 one-time General Fund to reflect updated implementation timelines for various IST Solutions initiatives and $129.4 million General Fund is proposed to be shifted from 2025-26 to 2026-27. These funds have multiyear authority under current law, and over time the investments will move consistently with updated program activities.

California Department of Corrections and Rehabilitation (CDCR)

- Adult Population Adjustment – The May Revision reflects an estimated average daily adult incarcerated population of 90,860 in 2024-25, which is 825 fewer than projected in the Governor's January budget proposal. The projected average daily population of those on parole is 41,287 in 2024-25, which is a decrease of 935 compared to estimates included in the Governor's January budget proposal. These projections yield a net decrease of $21.2 million for staffing reductions in 2024-25, with varying amounts in the subsequent years.
- Chuckawalla Valley State Prison – A net reduction of $44.4 million one-time funding with the acceleration of the closure of Chuckawalla Valley State Prison in Riverside County from March 31, 2025, to November 30, 2024.
- Housing Deactivations – A reduction of $80.6 million ongoing for savings associated with deactivating various housing units within 13 of CDCR's state prisons.
- California Advancing and Innovating Medi-Cal Justice-Involved (CalAIM JI) Initiative – $16.5 million in reimbursements one-time for CDCR to continue the development of an information technology-based Medi-Cal billing system that supports CalAIM JI implementation.
- Los Angeles County Fire Camp Contract – A reduction of $2.4 million in 2024-25 and $4.8 million ongoing in savings after the state's elimination of the contract.
- Modifications to Pre-Release Reentry Funding – Adjustments to enable CDCR to utilize existing funding to offset increased costs associated with operating existing community

correctional reentry programs, while supporting the expansion of reentry programs based on projections of when new facilities will become operational. This proposal replaces the Governor's January Budget proposal for community correctional reentry centers.

Judicial Branch

- CARE Act Funding – A reversion of up to $17.5 million from projected savings from the trial courts for the implementation of the CARE Act (see Health and Human Services section for more on the CARE Act).
- Trial Court Trust Fund Unrestricted Fund Balance – A transfer of $25 million of unrestricted Trial Court Trust Fund dollars to the General Fund. The Governor's January budget proposed a transfer of $80 million, bringing the cumulative total to $105 million.
- Trial Court Operations – A reduction of $139.8 million General Fund, ongoing.
- Trial Court Trust Fund Backfill – A reduction of $45 million, ongoing.
- Remote Access to Court Proceedings – $5.1 million to be reappropriated 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:

- Law Enforcement Hate Crimes Policies: AB 449 (Chapter 524, Statutes of 2023) – to be increased by $1.9 million in 2024-25 and $1.7 million annually thereafter.
- Tribal Police: AB 44 (Chapter 638, Statutes of 2023) – to be increased by $1.3 million in 2024-25 and $1.2 million annually thereafter.
- Restorative Justice Program: AB 60 (Chapter 513, Statutes of 2023) – to be increased by $346,000 in 2024-25 and $271,000 annually thereafter.
- Criminal Records Relief: AB 567 (Chapter 444, Statutes of 2023) – to be increased by $333,000 in 2024-25 and $313,000 annually thereafter.

AGRICULTURE, ENVIRONMENT AND NATURAL RESOURCES

The May Revision builds on the reductions proposed in the Governor's January Budget including further 2024-25 cuts, as well as 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. In addition, the May Revision shifts some program expenditures from 2024-25 into future years.

There are several programs that the May Revision attempts to preserve by shifting the funding source from the General Fund to other funds. Most significantly, the May Revision includes an additional $1.7 billion in shifts across climate resilience programs from the General Fund to the Greenhouse Gas Reduction Fund (GGRF).

Flood and Water Management

Major Reduction to Water Storage in Future Years
The May Revision proposes a one-time reduction of $500 million in 2025-26 for water storage facilities in the Department of Water Resources 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
The May Revision proposes to sweep the funding 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 (SGMA). $5.7 million in the current year and $5.6 million appropriated in the 2021 Budget are proposed for reduction.

Emergency Water Programs Cut
The May Revision proposes to cut and sweep $11 million General Fund for the California Emergency Relief Fund's Water Tank Program and $21.5 million for the California Emergency Relief Fund's Save our Water Program. These programs were established to support communities affected by drought and water loss.

Flood Programs Sustained through Budget Shifts
The May Revision proposes to sustain a number of flood programs in 2024-25 by shifting funding on a one-time basis from the General Fund to the GGRF. These include:
- $102.5 million for habitat restoration.
- $39 million for systemwide flood risk.
- $87 million for urban flood risk and Central Valley Flood risk programs.

Tapping into Water Bonds and Federal Funds for Capital Investments
Finally, the May Revision proposes to fund several programs through reimbursement from bonds and federal funds (Proposition 50 of 2002, Proposition 1 of 2016, and Proposition 68 of 2018). These include:
- $3 million for water use efficiency grants from Proposition 50.
- $15 million for Cache Creek Channel and Levee Rehabilitation and $673,000 for grantee and technical support from Proposition 68.

- $5.2 million for Flood Control and Delta Levee Subventions and $2 million for San Joaquin River Restoration from Proposition 1.
- $50 million to support new construction and vegetation enhancement at the Salton Sea from the Federal Trust Fund.

Per- and Polyfluoroalkyl Substances
Counties are on the front lines to clean up Per- and Polyfluoroalkyl Substances that have leeched into our soil and water. The May Revision proposes a reversion of $100.7 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

Fire Prevention and Forest Resilience Postponed
The May Revision proposes to shift $26 million General Fund from 2024-25 to the 2027-28 fiscal year for major wildfire and forest resilience unit fire prevention projects, delaying fire prevention projects by three years.

Fund Shifts All Around … Sustaining Fire Prevention Programs
The May Revision proposes a shift of $120 million from the Timber Regulation and Restoration Fund (Timber Tax) to the Greenhouse Gas Reduction Fund (GGRF), to offset shifts from the GGRF to the General Fund. Programs proposed to be sustained through this three-way swap include:

- $20 million Prescribed Fire Liability Pilot program from the General Fund to the GGRF, sustaining this county-supported program.
- $40 million in g2024-25 and $42 million in 2027-28 for Wildfire and Forest Resilience program fire prevention grants.
- $10 million in 2025-26 for tribal wildfire and forest resilience grants. These grants support fire prevention and resilience on tribal lands. This is accompanied by a proposed reversion of $10 million in unexpended funds from the current year.

Adding Five Firefighter Hand Crews
The May Revision proposes to add $46.5 million from the General Fund with 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.

Regional Forest and Fire Capacity (RFFC) Program Cut and Postponed
The May Revision proposes to eliminate $20 million GGRF funds proposed for 2024-25 for the RFFC Program. The revised Cap and Trade Spending Plan shifts the $20 million for this program from 2024-25 to 2027-28. The RFFC program supports local and regional efforts to assess the resilience of their forests and communities, identify forest health and wildfire prevention priorities, build local partner capacity, and develop a pipeline of shovel ready fuels reduction projects.

Fire Insurance
During his press conference to announce the May Revision, Governor Newsom said that his administration intends to put forth Trailer Bill Language that will address the state's insurance crisis. We are still awaiting the final language, but anticipate that it will center on speeding up the rate filing process.

Coastal Planning and Programs

Sea Level Rise Planning and Adaptation (SB 272)
The May Revision proposes $2.1 million General Fund in the 2024-25 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.

Offshore Wind Permitting
The May Revision proposes $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.

Waste & Recycling

Compost Permitting Pilot Program
Two years ago, $7.5 million was committed for the Compost Permitting Pilot Program. $7 million was to be allocated during this year's fiscal cycle for 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 the goals set forth by SB 1383 (Chapter 395, Statutes of 2016) of diverting organic waste away from landfills.

The May Revision reverts $6.7 million for the Compost Permitting Pilot Program from the General Fund, leaving $800,000 of what was previously committed.

Wildlife Conservation Board Programs

The May Revision proposes to sustain programs within the Wildlife Conservation Board by shifting funding source from the General Fund to GGRF. These include the following changes in 2024-25:

- $101 million for streamflow enhancement programs, which change the amount and timing of water moving through streams to benefit fish and wildlife.
- $70 million for protection of fish and wildlife from changing ecosystem conditions.
- $42 million for nature-based solutions, which can include landscape level projects to protect natural features and processes supporting broad ecosystems.

Elimination of the Habitat Conservation Fund (HCF)
The May Revision proposes to revert $45 million back to the General Fund in the current year and $20 million ongoing by accelerating the sunset date for the fund which is scheduled to sunset in 2030. The HCF was created in 1990 through Proposition 117 to provide an annual transfer of funds from mainly General Fund for acquisition of deer and mountain lion habitat, and to support wetlands, habitat, open space and other environmental purposes.

Farming and Agriculture
The May Revision proposes a series of significant General Fund and GGRF reversions, cuts or eliminations to farming and agriculture support programs at the Department of Food and Agriculture (CDFA) across all sectors of farming and ranching. These include:

- $2.1 million for Fairs and Exposition Resiliency Program from the Budget Act of 2021.
- $5 million for relief for small farmers program which was created after devastating floods in 2023.
- $10 million for the farm to school incubator grant program from the Budget Act of 2022.
- $200,000 for technical assistance to underserved farmers from the Budget Act of 2022.
- $2.8 million for the State Water Efficiency and Enhancement Program (SWEEP) in 2023-24. A further $20.6 million per year in 2023-24 and 2026-27 from GGRF is proposed to be eliminated.
- $6.9 million for the Water Efficiency Technical Assistance Program from the Budget Act of 2021.
- A delay of $7 million for the Livestock Methane Reduction Program (GGRF) from 2024-25 to 2025-26.

Local Food Purchasing Assistance
The May Revision proposes to add a federal trust fund reimbursement to offset $25.8 million for local food purchasing assistance. This program is an agreement between the CDFA, Department of Social Services, California Association of Food Banks, and California Dairy Research Foundation for incentives to producers and landowners implementing climate-smart agriculture on working lands.

Extreme Heat & Community Resilience
During recent budget surplus years, important investments were made in several programs designed to help local communities and residents endure extreme heat and other emergency events. This year's projected budget shortfall has led the Administration to propose substantial reductions to the programs.

The May Revision proposes to eliminate funding for the Extreme Heat and Community Resilience Program; however, it maintains $70 million previously which was previously allocated for 2023-24 and then delayed to 2024-25.

To address revenue shortfalls, the May Revision also proposes significant cuts to climate resilience and adaptation programs, including:

- $50 million reduction for the Regional Climate Resilience Program at the Office of Planning and Research.
- $9.8 million reversion in 2023-24 funding for Regional Climate Collaboratives Program at the Strategic Growth Council.
- $5 million reversion in 2023-24 funding for the Climate Adaptation and Resilience Planning Grants at the Office of Planning and Research.

Climate Bond
CSAC has been monitoring conversations around the possibility of a climate and natural resources bond, especially as climate programs are facing a reduction of investments. The

Governor has not expressed interest in a climate and natural resources bond and, in fact, said that he believes the voters do not have an appetite for bonds. With a lack of commitment from the Administration and no consensus in the Legislature, the fate of any potential bond is firmly up in the air. If a climate and natural resources bond becomes a reality, CSAC will advocate for provisions that aid counties in complying with the state's climate mandates that must be fulfilled by counties, including implementation of SB 1383.

GOVERNMENT FINANCE AND ADMINISTRATION

Broadband

Middle-Mile, Last-Mile, and Loan Loss Reserve Programs
The May Revision proposes adjustments to prior investments to assist in closing the projected budget shortfall. SB 156 (Chapter 112, Statutes of 2021), a CSAC-supported measure made a historic $6 billion investment in broadband infrastructure. $2 billion of direct funding was previously allocated for last-mile network construction, while $3.3 billion was previously earmarked to construct a statewide open-access middle-mile network.

The May Revision eliminates the $1.5 billion the Governor additionally proposed in the January budget proposal, reducing the funding to the California Department of Technology for the Middle Mile Broadband Initiative by $250 million in 2024-25 and $1.3 billion in 2025-26. It also proposes to delay $200 million in 2025-26 for the Last-Mile Grant Program administered by the California Public Utilities Commission (CPUC). Finally, reductions to the CPUC's Loan Loss Reserve Program are proposed to completely eliminate the $500 million fund that provides credit enhancement for bonds, loans, and letters of credit related to financing local broadband infrastructure development: $175 million in 2023-24, $150 million in 2024-25, and $175 million in 2025-26.

Broadband Mapping
The May Revision proposes an increase of $1.3 million in one-time funding in 2024-25 and $1.2 million annually thereafter for CSAC-supported AB 286 (Chapter 645, Statutes of 2023), with an increased allocation for two additional permanent positions. The funding will help improve the CPUC's statewide broadband map with increased transparency, granularity, and accuracy for household broadband service data.

Broadband Equity, Access, and Deployment Program
The May Revision includes a proposed increase of $1.9 billion in one-time funding and an allocation of 31 permanent positions to implement the Broadband Equity, Access, and Deployment (BEAD) program. This reflects the anticipated amount of federal funds announced for California by the National Telecommunications and Information Administration in June of 2023.

California Lifeline Program
The May Revision proposes an increase of $30.9 million in ongoing funding for the California Public Utilities Commission (CPUC) for the Universal Lifeline Telephone Service Trust Administrative Committee Fund to implement the California Lifeline Program. Out of that increase, $2.2 million is allocated funding for a new contract for a Third-Party Administrator who will administer the CPUC's Foster Youth Line Program, which provides unlimited talk/text and up to 25 GB of free data with a participating service provider. The remaining $28.8 million was proposed based on the CPUC's estimation that program participation will increase as customers who were previously enrolled in the federal Affordable Connectivity Program (ACP) will transition back to the California Lifeline Program now that the ACP expired in April 2024.

CSAC supports the expansion of broadband infrastructure, increasing affordability and enhancing access to broadband for all Californians. Nearly 15 million Californians live in a broadband monopoly. Today, one in five Californians do not have fast, reliable, and affordable connectivity.

State resources and investments are an essential first step towards increasing connectivity and affordability and CSAC will continue to advocate for closing the digital divide.

Privacy

Internet Websites and Email Addresses
The May Revision proposes increases of $147,000 in 2024-25 and $147,000 in 2025-26 for the Department of Technology to conduct an inventory of all high-risk automated decision systems used by state entities per the CSAC-opposed AB 1637 (Chapter 586, Statutes of 2023). The enacted law requires local agencies to secure and migrate to a new ".gov" or ".ca.gov" domain no later than January 1, 2029 and requires all associated email addresses connected to reflect the updated domain within the same time frame.

Labor

Healthcare Minimum Wage Increase
The May Revision did not include the trigger mechanism previously mentioned in the Governor's January Budget that would allow the Governor to delay implementation of the increased minimum wages and salaries of healthcare workers as per SB 525 (Chapter 890, Statutes of 2023), during times of economic downturn. Please see the Health and Human Services section for more details.

Workers' Compensation
There is a proposed $300,000 increase in 2024-25 and 2025-26 for the CSAC-opposed SB 623 (Chapter 621, Statutes of 2023), which was a substantial expansion of California's current workers' compensation presumption for Post Traumatic Stress Disorder to public safety dispatchers and communications workers.

California Jobs First (Formerly the Community Economic Resilience Fund (CERF))
The May Revision proposes to reduce funding by $50 million annually beginning in 2024-25 through 2026-27.

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. After several months of discussions and budget subcommittee hearings, the trailer bill language was published on May 14.

The Governor's January Budget proposal 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 $72.9 million to be held harmless under the Vehicle License Fee reduction made in 2004.

HEALTH AND HUMAN SERVICES

The May Revision proposal includes $256.2 billion ($70.2 billion General Fund – nearly 35% of the state's overall General Fund budget expenditures) in 2024-25 for all health and human services programs that support our state's most vulnerable communities. The May Revision reflects a reduction of more than $3.4 billion General Fund compared to expenditure appropriations included in the Governor's January budget proposal.

Although the Governor's January Budget largely maintained funding for critical investments made in recent years, it included specified delays, deferrals, and targeted reductions to health and human services programs. In addition, the Governor's January Budget proposed to withdraw $900 million from the Safety Net Reserve to fund existing benefits and services within Medi-Cal and CalWORKs. Due to the larger projected budget shortfall, the May Revision proposes additional reductions beyond those proposed in the Governor's January Budget to health and human services investments, including cuts to critical public health infrastructure, workforce development, and social safety net programs.

Realignment
The Governor's May Revision includes updated revenue assumptions for 1991 Realignment and 2011 Realignment. For 1991 Realignment, while total revenues are projected to increase in 2023-24, only Vehicle License Fee (VLF) revenues are projected to have growth. For sales tax revenues, the projections indicate a slight decrease in 2023-24 and no caseload or general growth. The projections for 2024-25 indicate growth for both revenue sources. However, there is no general growth projected for sales tax, but rather only revenues to cover a portion of caseload growth. The Realignment revenue tables, including specific projections by subaccount, are included in the appendix at the end of this Budget Action Bulletin.

HEALTH

Proposed Health and Behavioral Health Budget Solutions
To address the larger projected budget shortfall, in addition to the solutions approved under early action and proposed in the Governor's Budget in January, the May Revision proposes the following notable proposals in the area of health and behavioral health:

- *Managed Care Organization (MCO) Tax* — reduction of $6.7 billion over multiple years from the Medi-Cal provider rate increases planned for January 1, 2025, as well as Graduate Medical Education and Medi-Cal labor workforce. On the revenue side, the May Revision proposes an amendment to the MCO tax to include health plan Medicare revenue in the total revenue limit calculation, which increases the allowable size of the tax resulting in an additional net state benefit of $689.9 million in 2024-25, $950 million in 2025-26, and nearly $1.3 billion in 2026-27. Overall, the May Revision includes an additional $9.7 billion in MCO tax funds over multiple years to support the Medi-Cal program.

- *Elimination of Public Health Infrastructure Funding* — elimination of $52.5 million in 2023-24 and $300 million General Fund ongoing for public health investments, including the entire $200 million in ongoing funding previously approved in the 2022 Budget Act for local health jurisdictions.

- *Healthcare Workforce Reductions* – elimination of $300.9 million in 202324, $302.7 million in 2024-25, $216 million in 202526, $19 million in 2026-27, and $16 million in 202728 for various healthcare workforce initiatives overseen by the Department of Health Care Access and Information (HCAI) including community health workers, nursing, social work, addiction psychiatry and medicine fellowships, Song-Brown residencies, Health Professions Career Opportunity Program, the Psychiatry Local Behavioral Health Program, and California Medicine Scholars Program. The May Revision also eliminates $189.4 million Mental Health Services Fund for programs that were proposed to be delayed to 2025-26 in the Governor's January Budget proposal.

- *Children and Youth Behavioral Health Initiative (CYBHI) Investment Reductions* — reduction of $72.3 million one-time in 2023-24, $348.6 million in 2024-25, and $5 million in 2025-26 for school-linked health partnerships and capacity grants for higher education institutions, the behavioral health services and supports platform, evidence-based and community-defined grants, public education and change campaign, and the youth suicide reporting and crisis response pilot.

- *Behavioral Health Continuum Infrastructure Program (BHCIP) Reduction* – elimination of $450.7 million one-time ($70 million in 2024-25 and $380.7 million in 2025-26) from the last round (Round 6) of BHCIP, while maintaining $30 million one-time General Fund in 2024-25.

- *Behavioral Health Bridge Housing (BHBH) Funding Reduction* – reduction of $340 million total ($132.5 million in 2024-25 and $207.5 million in 2025-26) for the BHBH Program, while maintaining $132.5 million General Fund in 2024-25 and $117.5 million ($90 million Mental Health Services Fund and $27.5 million General Fund) 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.

- *Equity and Practice Transformation Payments to Providers* – elimination of $280 million in one-time funding over multiple years for grants to Medi-Cal providers for quality, health equity, and primary care infrastructure. The May Revision maintains $70 million General Fund included in the 2022 Budget Act.

- *Medi-Cal Expansion Regardless of Immigration Status* – maintenance of the expansion of Medi-Cal to all Californians regardless of immigration status, but elimination of the In-Home Supportive Services (IHSS) benefit for beneficiaries in this population at any age. This benefit reduction results in General Fund savings of approximately $433 million, consisting of $338 million related to lower-than-expected utilization, and $95 million of actual utilization that would be reduced upon eliminating the benefit entirely.

- *Freeze Medi-Cal County Administration Increases* — reduction of $20.4 million in 2024-25, $42 million in 2025-26, $65 million in 2026-27, and $88.8 million in 2027-28 to freeze funding levels for county administration of Medi-Cal eligibility functions.

- *Naloxone Distribution Project and Medication Assisted Treatment Reduction* — reduction of $57.3 million in 2024-25 and ongoing, and $3.7 million from state operations in 2024-25 and ongoing.

- *Proposition 56 General Fund Backfill* — in recent years, Proposition 56 revenues have been insufficient to fully cover the cost of Proposition 56 payments. The May Revision proposes to use $145.4 million from MCO tax revenue in 2024-25 to support the Medi-Cal Family Planning, Women's Health, and Physician Services supplemental Proposition 56 payments in lieu of General Fund. In addition, the May Revision proposes $64 million General Fund in 2024-25 to fully fund Dental Services Proposition 56 supplemental payments.

- *Health Enrollment Navigators* – elimination of $18 million General Fund in remaining funding for the Health Enrollment Navigators Project, and an additional $8 million in remaining funding for Health Enrollment Navigators for Clinics, in 2024-25. 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 May Revision proposes a total of $85 million ($50 million General Fund and $30 million federal funds) in 2025-26 for county behavioral health administrative costs for planning and implementation of portions of the BHSA. Notably, it appears no ongoing funding is currently included for county administrative costs associated with implementation of Proposition 1.

Welfare and Institutions Code (WIC) section 5963(c) specifies the following costs shall be included in the Governor's 2024-25 May Revision:

- New and ongoing county and behavioral health agency administrative costs to implement Article 2 (behavioral health planning and reporting) and WIC section 14197.71 (aligning county behavioral health plans and Medi-Cal managed care plan contract requirements);
- Any costs for plan development required under the Article that exceed the 5% administrative cap; and,
- Any costs for reporting required by Article 2 that exceed the 2% cap (4% for small counties) for improving plan operations.

The May Revision estimate reflects very early and limited consultation by the Administration with county associations to develop the initial and ongoing impacts of this complex initiative given time constraints due to the delayed results confirming voter approval of Proposition 1 and the pending development of numerous policy criteria and processes. CSAC will continue its engagement with the Administration and county partners as the budget details are deliberated and finalized.

The May Revision also includes the following resources for state entities involved with Proposition 1 efforts:

- Department of Health Care Serves (DHCS) – $126.9 million total funds, including ($16.9 million General Fund, $28.2 million BHSA Fund, $31.6 million Opioid Settlement Fund, $10.4 million Behavioral Health Infrastructure Bond Act, and $39.8 million federal funds) in 2024-25 for DHCS to begin implementation of the provisions of Proposition 1. DHCS has also proposed budget trailer bill language, which they indicate addresses technical clean-up issues, that was released on May 14.
- Department of Health Care Access and Information (HCAI) – $631,000 one-time for the planning, implementation, and oversight of the Behavioral Health Services Act Workforce Initiative.
- Mental Health Services Oversight and Accountability Commission (MHSOAC) – $494,000 annually in 2024-25 through 2026-27, and $394,000 in 2027-28 and ongoing, to support staffing and workload related to the implementation of the behavioral health transformation efforts.

On May 14, the Governor held a press conference announcing the Administration's intention to expedite the initial round of Proposition 1 bond funding. Following the press conference, DHCS released a Bond BHCIP Program Update on BHCIP Rounds 1 and 2, which provides an overview of the program, BHCIP to date, technical assistance, and eligibility (entities, considerations and facility types), and funding parameters. Of note, for Bond BHCIP Round 1, the $1.5 billion available exclusively for counties, cities, and tribal entities will not be subject to a regional funding cap, although the remaining BHCIP funding will be subject to the regional funding caps as outlined in the program update document.

Community Assistance, Recovery and Empowerment (CARE) Act

Consistent with the Governor's Budget released in January, the May Revision continues to support statewide implementation of the CARE Act. CSAC has requested and is still pending detailed budget information from the Department of Finance but was provided with top-line information that General Fund support for state and county activities consists of $71.3 million in 2023-24, increasing to $107.7 million in 2026-27 at full implementation. Compared to the Governor's January Budget proposal, the May Revision reflects decreases primarily to account for updated assumptions on caseload/utilization.

Lanterman-Petris-Short (LPS) Act – SB 43

The May Revision includes $539,000 in 2024-25 and $512,000 in 2025-26 and annually thereafter to support six permanent positions at DHCS for activities to expand DHCS data collection and reporting requirements pertaining to involuntary detentions under the LPS Act pursuant to SB 43 (Chapter 637, Statutes of 2023). Notably, no funding is included for counties to implement the provisions of these new activities under the LPS Act.

California Advancing and Innovating Medi-Cal (CalAIM)

Consistent with the Governor's January budget proposal, the May Revision 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 Medi-Cal budget includes $157.3 billion ($37.2 billion General Fund) in 2023-24 and $159.1 billion ($35.6 billion General Fund) in 2024-25. Medi-Cal is projected to cover approximately 15.2 million Californians in 2023-24 and 14.5 million in 2024-25—more than one-third of the state's population. Since the release of the Governor's Budget in January, caseload reductions due to eligibility redeterminations have continued, but the trend of discontinuances has slowed due in part to flexibilities put in place to streamline the renewal process.

The May Revision proposal 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 May Revision 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.

Managed Care Organization (MCO) Provider Tax

As proposed in the Governor's January budget and 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. The requested effective date for the modification is January 1, 2024, through December 31, 2026. CMS approval of the modification is still pending.

The May Revision reflects the following updates to the MCO tax proposal:

- Medicare revenue – DHCS proposes modifications to the MCO tax proposal to more fully account for Medicare revenue in determining the maximum aggregate tax allowable while meeting federal requirements. The May Revision assumes $689.9 million in net reduced General Fund costs in 2024-25 related to this change. DHCS will be proposing trailer bill language to effectuate this proposal.
- Maintains 2024 targeted rate increases – the May Revision continues to include $727 million total funds ($291 million from the Medi-Cal Provider Payment Reserve Fund) for increasing provider rates for primary care, non-specialty mental health services, and obstetric care (including doulas) services to at least 87.5% of Medicare rates.
- Eliminates MCO tax investments proposed in the Governor's January budget, other than the targeted rate increases implemented on January 1, 2024. The May Revision proposes to use MCO tax revenues, previously proposed in the Governor's January budget to support additional targeted rate increases, other investments, and transfers to the Medi-Cal Provider Payment Reserve Fund for later use, to support existing costs in Medi-Cal. Combined, these proposed actions result in reduced General Fund costs of $75 million in 2023-24 and $879 million in 2024-25. Proposed eliminations include:
    - Eliminates MCO Tax Graduate Medical Education (GME) and Workforce Pool Funding. The Governor's January budget reflected annual funding for GME beginning in 2023-24 and annual funding for the Medi-Cal Workforce Pool beginning in 2024-25. The May Revision proposes to eliminate these expenditures in 2023-24, 2024-25, and ongoing, and redirect the MCO tax funding to cover existing services in Medi-Cal.

- Eliminates 2025 MCO tax targeted rate increases/investments and fund reserve. The Governor's January budget reflected $1.9 billion total funds ($773.9 million state funds) in 2024-25 for targeted rate increases and other investments. The May Revision proposes to eliminate these expenditures in 2024-25 and ongoing.

Health Care Worker Minimum Wage (SB 525)
The May Revision reflects no new information about implementation of SB 525 (Chapter 890, Statutes of 2023), which increases the minimum wage incrementally to $25 an hour for specified health care workers. Additionally, the Department of Finance confirmed the May Revision includes no funding for implementation of SB 525. The Administration had initially sought early action in January by the Legislature to amend SB 525 to add an annual trigger mechanism to make the wage increases subject to a determination of sufficient General Fund revenues, clarify the exemption for state facilities, and make other implementation clarifications, however, no proposed budget trailer bill language or details have been released to date to effectuate the changes.

Notably, wage increases for some health care providers will go into effect on June 1, 2024, under current law. The Governor indicated during the budget press conference on May 10 that the issue would be resolved/addressed by the time the budget is signed.

Public Health
State and Local Public Health Infrastructure Investments Proposed for Elimination
The May Revision proposes to eliminate the full $200 million in ongoing General Fund to local health jurisdictions that is critically needed to address vital public health priorities such as modernizing local public health infrastructure and bolstering public health staffing. The May Revision also proposes to eliminate the $100 million in ongoing General Fund to the Department of Public Health to support increased state public health capacity in foundational areas such as emergency preparedness and response and workforce development and training.

Increase in Directed Payments to Public Hospitals
The May Revision proposes to increase directed payments to public hospitals through programs such as the Enhanced Payment Program and Quality Incentive Pool . The May Revision proposes to develop an administrative fee on intergovernmental transfers related to these directed payment programs. Collectively, these actions are estimated to result in General Fund reimbursements of $37 million in 2024-25 and $74 million in 2025-26 and annually thereafter to provide additional support to public hospitals.

Children's Hospital Directed Payments
The May Revision proposes new directed payments for children's hospitals in the amount of $230 million total funds (50% federal funds, 50% Medi-Cal Provider Payment Reserve Fund (from MCO tax revenue)) annually. 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.

HUMAN SERVICES

The Governor's May Revision proposes substantial cuts that impact all human services programs. Many of these cuts are ongoing or program eliminations and are in addition to cuts included in the January Budget. CSAC has significant concerns with these cuts as they will have detrimental impacts to the services that vulnerable Californians rely on every day and that counties administer on behalf of the state.

In-Home Supportive Services
Below are the May Revision proposals impacting the In-Home Supportive Services (IHSS) program:

- Elimination of the IHSS permanent back-up provider system ($11.6 million)
- Changing the Medi-Cal expansion for undocumented individuals so that these individuals will not be eligible for IHSS ($94.7 million)
- Reduction in funding for the IHSS Career Pathways Program ($60 million)

The IHSS permanent backup provider system was enacted in 2022 and facilitates recipients to find a provider and receive care in times of immediate need. While eligibility for Medi-Cal for undocumented individuals who are included in the Medi-Cal expansion is not proposed to be altered by the May Revision, these individuals would no longer be eligible for the IHSS program under this proposal. Overall IHSS costs for 2023-24 and 2024-25 are higher than projected in the Governor's Budget due to growth in projected caseload, hours per case, and cost per hour.

Child Welfare and Foster Care
Below are the May Revision proposals impacting child welfare and foster care:

- Elimination of Foster Care Caregiver Approvals ($50 million General Fund); and
- Subjecting the implementation of the new foster care rates proposal to a trigger provision.

In addition to these new cuts, the May Revision continues the cuts proposed in the Governor's January budget that include the elimination of the Family Urgent Response System, the Supervised Independent Living Program supplement, and the Housing Navigation and Maintenance program. The resource family approval funding is used to meet timeline requirements for approval of relative caregivers through the Resource Family Approval process. For the foster care rates proposal, the May Revision includes an increase of $2.5 million for automation costs from the amount included in the January Budget proposal. The trigger language for this proposal would make implementation of the new tiered rate structure dependent upon the availability of General Fund revenues over the multiyear forecast in spring 2026. The updated trailer bill language was released today and reflects stakeholder feedback and the addition of the trigger provision. CSAC will review this updated language.

Adult Protective Services
Below are the May Revision proposals impacting the Adult Protective Services (APS) program:

- Reduction in funding for the APS Expansion ($40 million General Fund)
- Elimination of APS Training funding ($4.8 million General Fund)

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 proposed cut would reduce funding from $70 million to $30 million annually. The APS training funding that is proposed to be eliminated supports social work staff and is used for uniformity and consistency in APS services.

CalWORKs
Below are the May Revision proposals impacting the CalWORKs program:

- One-time reduction to Employment Services Component of the Single Allocation ($272 million General Funds and Federal Funds)
- Reduction in funding for the Home Visiting Program ($47.1 million General Fund and Federal Funds)
- Elimination of funding for Mental Health and Substance Abuse Services ($126.6 million General Fund)

In addition to these new cuts, the May Revision continues several cuts proposed in the Governor's January budget proposal related to CalWORKs funding with slight modifications. The elimination of funding to the Family Stabilization and Expanded Subsidized Employment programs remains, but would now begin in 2024-25 instead of being retroactive to the current year. For the Single Allocation, the ongoing cuts proposed in January for the Eligibility component and Employment Services component remain as well. The May Revision includes $1.3 billion in total funding for the Single Allocation in 2024-25, which is a decrease of $162 million from January. The $272 million reduction to the Employment Services component is partially offset by an increase in Employment Services caseload. Finally, the May Revision includes a 0.3% increase in the Maximum Aid Payment (MAP) effective October 1, 2024. This reflects the revenues available for an increase in the Child Poverty and Family Supplemental Support Subaccount and is lower than the 0.8 MAP increase estimated in the January Budget.

Aging
Below are the May Revision proposals impacting California Department of Aging programs:

- Elimination of the Older Californians Act Modernization Program ($37.2 million General Fund)
- Elimination of the Older Adult Behavioral Health Program ($20 million General Fund)

The Older Californians Act Modernization Program funds pilot programs in the areas of community-based services programs, senior nutrition, caregiver supports, volunteer development, and aging in place.

Nutrition Assistance
Below are the May Revision proposals impacting nutrition assistance programs:

- Delay of California Food Assistance Program Expansion ($31.2 million General Fund)
- Eliminates funding for the Minimum Nutrition Benefit Pilot ($15 million General Fund)
- Elimination of funding for Work Incentive Nutrition Supplement Program ($25 million General Fund)

The California Food Assistance Program (CFAP) provides CalFresh food benefits for non-citizens who do not qualify for federal benefits. The 2022 Budget included funding to expand CFAP to all income-eligible Californians, age 55 years or older, regardless of their immigration status. The

May Revision proposes to delay CFAP automation to instead begin in 2026-27 with benefits now beginning in 2027-28. The CalFresh Minimum Nutrition Benefit Pilot Program would have provided eligible CalFresh recipients with a minimum monthly benefit of $50 over 12 months, increasing from $23. The May Revision proposes to decrease funding for the pilot by $15 million one-time in 2024-25, eliminating the 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. Beginning in 2025-26 and ongoing, the May Revision proposes to decrease funding by $25 million, **eliminating** the program.

Child Care
Below are May Revision proposals impacting child care:

- Pause expansion of child care slots ($489 million, nearly all General Fund)
- $34.8 million General Fund cut to the Emergency Child Care Bridge Program

The Governor's May Revision proposes to pause the multi-year expansion of subsidized child care slots originally committed to through the 2021 Budget Act. Approximately 119,000 subsidized child care slots have been added since funding was first authorized, with a goal of creating over 200,000 new slots by 2026-27. The May Revision proposes to pause the expansion until fiscal conditions allow for resuming the expansion. This pause will result in a revenue gain of $489 million in 2024-25 and $951 million in 2025-26. The Governor's May Revision proposes to reduce the Emergency Child Care Bridge Program by $34.8 million in 2024-25 and ongoing. This program facilitates the placement of children within the foster care system into a stable childcare setting.

HOMELESSNESS

The Governor's May Revision proposes substantial funding reductions for numerous homelessness programs. CSAC has significant concerns with these cuts as they will have detrimental impacts to homelessness response efforts including services and housing supports for vulnerable populations.

Below are the May Revision proposals impacting homelessness programs:

- **Elimination** of Homeless Housing, Assistance and Prevention (HHAP) Program Round 5 supplemental grant funding ($260 million General Fund)
- **Elimination** of funding for the Bringing Families Home (BFH) Program ($80 million General Fund)
- **Elimination** of funding for the Home Safe Program ($65 million General Fund)
- **Elimination** of funding for the Housing and Disability Advocacy Program (HDAP) ($50 million General Fund)

In addition to these new cuts, the May Revision maintains funding reductions included in the Governor's January Budget for programs that help foster youth find and retain housing. This includes an ongoing $13.7 million reduction for the Housing Navigator and Maintenance Program and an ongoing $25.5 million reduction for the Supervised Independent Living Placements supplemental payment. The $260 million in HHAP Round 5 supplemental funding that is proposed to be cut was originally intended to be distributed as HHAP bonus funding from Rounds 3 and 4. The funding for the three social services programs was originally proposed to be delayed in the January Budget proposal but is now proposed to be eliminated. BFH provides housing-related supports to child welfare involved families and those at risk of homelessness. Home Safe helps prevent homelessness for victims of elder and dependent adult abuse and neglect served by APS. HDAP serves people who are homeless or at risk of homelessness and are likely eligible for disability benefits and housing supports. The May Revision does not include ongoing funding or a sixth round of funding for the HHAP Program.

HOUSING, LAND USE, AND TRANSPORTATION

Housing and Land Use

The May Revision reduces the remaining balances from several programs that support affordable housing, including the Veterans Housing and Homelessness Prevention Program, the Infill Infrastructure Grant Program, the Multifamily Housing Program and the Foreclosure Intervention Housing Preservation Program. These reductions are in addition to the $1.2 billion in cuts to affordable housing funding previously proposed in the Governor's January Budget. CSAC will continue to advocate on behalf of counties for funding to address housing affordability in our communities.

Adaptive Reuse Program

The Governor's January Budget did not propose changes to the Adaptive Reuse Program, leaving it with an allocation of $127.5 million in 2023-24 General Fund. The May Revision proposes to revert this remaining money back to the General Fund, **eliminating** the program.

Infill Infrastructure Grant Program

The Governor's January Budget included $225 million for the Infill Infrastructure Grant (IIG) program in 2024-25. The May Revision reverts $25 million in funds appropriated in the 2023 Budget Act and $10 million appropriated in the 2022 Budget Act for the IIG program. The goal of the IIG program is to prioritize prime infill parcels in downtown oriented areas and brownfields.

Multifamily Housing Program

The Governor's January Budget proposed to reduce previous General Fund allocations to the Multifamily Housing Program (MHP) by $250 million, leaving a balance of $75 million. The May Revision now proposes to cut this full remaining balance. The MHP provides competitively awarded grants to a broad variety of affordable housing projects.

Foreclosure Intervention Housing Preservation Program

The Governor's January Budget proposed to cut $237.5 million in General Fund from the Foreclosure Intervention Housing Preservation Program (FHIPP), leaving a balance of $236.5 million. The May Revision now proposes to eliminate the remaining $236.5 million in 2023-24 for this program, in addition to the $237.5 million proposed in the January Budget, **eliminating** the program.

CalHome

The 2022 Budget Act included $350 million one-time General Fund ($250 million in the 2022 Budget Act 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. This cut remains, but there were no further reductions to the program proposed in the May Revision.

Veterans Housing and Homelessness Prevention Program
The May Revision reverts $26.3 million appropriated in the 2022 Budget Act for the Veterans Housing and Homelessness Prevention Program. This action effectively ends General Fund support for the program.

Regional Early Action Planning Grants 2.0
The May Revision extends the timeline to spend the Regional Early Action Planning (REAP) Grants 2.0 from June 30, 2024 to June 30, 2026 to align the encumbrance dates with statute.

The Governor's January Budget proposed to cut $300 million from the REAP 2.0 Program, with no changes in the May Revision. CSAC will advocate for the restoration of REAP 2.0 funding provided in past budgets.

Low Income Housing Tax Credits
The May Revision includes 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. The May Revision proposes to continue the supplement at the same amount provided in past budgets.

Transportation
After years of unprecedented General Fund allocations to transportation programs, the May Revision proposes further reductions and fund shifts beyond those proposed in the Governor's January Budget. The May Revision proposes additional General Fund reductions of $973 million and $555 million in fund shifts.

Transit and Intercity Rail Capital Program
The Transit and Intercity Rail Capital Program funds capital projects that support state and local intercity rail, bus, ferry, and rail transit systems. The May Revision proposes shifting $551.1 million in program resources from the General Fund to the Greenhouse Gas Reduction Fund (GGRF). Additionally, the May Revision proposes reducing the Competitive Transit and Intercity Rail Capital Program by $148 million. This reduction consists of the balance of unawarded grant funds in the program. These changes are in addition to the Governor's January Budget proposals that would delay $3.2 billion General Fund to future fiscal years and shift $791 million of funding from the General Fund to the GGRF.

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 beginning in 2023-24 to 2026-27. 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. The May Revision proposes to shift $460 million of the GGRF funding provided to the 2027-28 Budget. This shift will likely delay the awarding of grant funds and the purchasing of program compliant vehicles.

Active Transportation Program
The Active Transportation Program is a transportation grant program that funds projects which increase the use of active modes of transportation, such as walking and biking. The May Revision proposes an additional $300 million reduction of General Fund resources to the program. This is in addition to the $200 million reduction proposed in the Governor's January Budget.

Public Works
The May Revision proposes a $143.9 million reduction to the Zero Emission Vehicle Fueling Infrastructure Grant Program. This program provides 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 will continue to advocate for policies and funding that ease the implementation of Advanced Clean Fleets for counties. If a 2024 Climate, Water, and Natural Resources Bond begins to take shape, CSAC will advocate for including funding for the infrastructure needed to comply with Advanced Clean Fleets regulations.

1991 Realignment Estimate at 2024 May Revision

$s in Thousands

Amount	CalWORKs MOE	Health	Social Services	Mental Health	Family Support	Child Poverty	Total
2022-23 State Fiscal Year (Actual)							
Base Funding							
Sales Tax Account	$752,888	$152,266	$2,480,037	$337,129	$462,930	$512,972	$4,698,222
Vehicle License Fee Account	367,663	1,071,315	216,223	105,480	185,798	420,228	2,366,708
Subtotal Base	**$1,120,551**	**$1,223,582**	**$2,696,259**	**$442,610**	**$648,728**	**$933,200**	**$7,064,929**
Growth Funding							
Sales Tax Growth Account:	$-	$6,530	$65,869	$13,246	$-	$15,609	$101,253
Caseload Subaccount	-	-	(65,869)	-	-	-	(65,869)
General Growth Subaccount	-	(6,530)	-	(13,246)	-	(15,609)	(35,384)
Vehicle License Fee Growth Account	-	21,888	-	44,399	-	52,320	118,608
Subtotal Growth	**$-**	**$28,418**	**$65,869**	**$57,644**	**$-**	**$67,929**	**$219,861**
Total Realignment 2022-23[1/]	**$1,120,551**	**$1,252,000**	**$2,762,128**	**$500,254**	**$648,728**	**$1,001,129**	**$7,284,790**
2023-24 State Fiscal Year (Projected)							
Base Funding							
Sales Tax Account	$749,929	$0	$2,535,901	$348,998	$619,283	$526,503	$4,780,614
Vehicle License Fee Account	370,622	1,208,812	216,223	146,920	70,189	472,549	2,485,315
Subtotal Base	**$1,120,551**	**$1,208,812**	**$2,752,123**	**$495,918**	**$689,473**	**$999,052**	**$7,265,929**
Growth Funding							
Sales Tax Growth Account:	$-	$0	$0	$0	$-	$0	$0
Caseload Subaccount	-	-	0	-	-	-	0
General Growth Subaccount	-	0	-	0	-	0	0
Vehicle License Fee Growth Account	-	26,528	-	53,809	-	63,410	143,746
Subtotal Growth	**$-**	**$26,528**	**$0**	**$53,809**	**$-**	**$63,410**	**$143,746**
Total Realignment 2023-24[1/]	**$1,120,551**	**$1,235,340**	**$2,752,123**	**$549,727**	**$689,473**	**$1,062,461**	**$7,409,675**
2024-25 State Fiscal Year (Projected)							
Base Funding							
Sales Tax Account	$749,929	$174,461	$2,535,901	$348,998	$444,822	$526,503	$4,780,614
Vehicle License Fee Account	370,622	1,119,731	216,223	200,729	185,798	535,958	2,629,061
Subtotal Base	**$1,120,551**	**$1,294,192**	**$2,752,123**	**$549,727**	**$630,620**	**$1,062,461**	**$7,409,675**
Growth Funding							
Sales Tax Growth Account:	$-	$0	$67,688	$0	$-	$0	$67,688
Caseload Subaccount	-	-	(67,688)	-	-	-	(67,688)
General Growth Subaccount	-	0	-	0	-	0	0
Vehicle License Fee Growth Account	-	3,911	-	7,934	-	9,350	21,195
Subtotal Growth	**$-**	**$3,911**	**$67,688**	**$7,934**	**$-**	**$9,350**	**$88,883**
Total Realignment 2024-25[1/]	**$1,120,551**	**$1,298,104**	**$2,819,811**	**$557,661**	**$630,620**	**$1,071,811**	**$7,498,558**

[1/] Excludes $14 million in Vehicle License Collection Account moneys not derived from realignment revenue sources.

2011 Realignment Estimate[1] at 2024 May Revision

($ millions)

	2022-23	2022-23 Growth	2023-24	2023-24 Growth	2024-25	2024-25 Growth
Law Enforcement Services	**$3,336.8**		**$3,432.1**		**$3,445.7**	
Trial Court Security Subaccount	637.3	9.5	646.8	1.4	648.2	6.4
Enhancing Law Enforcement Activities Subaccount[2]	489.9	340.8	489.9	386.0	489.9	385.0
Community Corrections Subaccount	1,893.2	71.4	1,964.7	10.3	1,974.9	47.9
District Attorney and Public Defender Subaccount	76.7	4.8	81.5	0.7	82.2	3.2
Juvenile Justice Subaccount	239.7	9.5	249.2	1.4	250.6	6.4
Youthful Offender Block Grant Special Account	*(226.4)*		*(235.4)*		*(236.7)*	
Juvenile Reentry Grant Special Account	*(13.2)*		*(13.8)*		*(13.8)*	
Growth, Law Enforcement Services		**436.0**		**399.6**		**448.8**
Mental Health[3]	**1,120.6**	8.8	**1,120.6**	1.3	**1,120.6**	5.9
Support Services	**5,125.9**		**5,293.9**		**5,318.1**	
Protective Services Subaccount	2,984.7	79.6	3,064.3	11.4	3,075.8	53.4
Behavioral Health Subaccount	2,141.1	88.4	2,229.6	12.7	2,242.3	59.3
Women and Children's Residential Treatment Services	*(5.1)*		*(5.1)*		*(5.1)*	
County Intervention Support Services Subaccount[4]	*(3.7)*		-		-	
Growth, Support Services		**176.9**		**25.4**		**118.6**
Account Total and Growth	**$10,196.2**		**$10,271.6**		**$10,451.8**	
Revenue						
1.0625% Sales Tax	9,345.5		9,355.6		9,534.1	
General Fund Backfill[5]	20.0		40.1		42.8	
Motor Vehicle License Fee	830.7		875.9		874.9	
Revenue Total	**$10,196.2**		**$10,271.6**		**$10,451.8**	

[1]This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

[2] Base Allocation is capped at $489.9 million. Growth does not add to the base.

[3]Base Allocation is capped at $1,120.6 million. Growth does not add to the base.

[4]This chart reflects a fiscal year 2022-23 transfer of $3.7 million from Behavioral Health Subaccount Fund 3217 to the County Intervention Support Services Subaccount Fund 3325 pursuant to GOV 30027.10.

[5] General Fund backfill pursuant to Chapter 413, Statutes of 2014; Chapter 54, Statutes of 2018; Chapter 690, Statutes of 2019; Chapter 78, Statutes of 2020; Chapter 82, Statutes of 2021; Chapter 225, Statutes of 2022; Chapter 251, Statutes of 2022; Chapter 442, Statutes of 2023; Chapter 833, Statutes of 2023; and Chapter 56, Statutes of 2023.

FY24/25 Interim
Redirection Calculation

CMSP	24-25 Realignment		Maintenance of Effort	60% Realignment + 60% MOE	Jurisdictional Risk Limitation	Adjustment to CMSP Board	Redirection
	Sales Tax	VLF					
Alpine	$ 61,552.34	$ 126,673.40	$ 21,465.00	$ 125,814.44	$ 13,150.00	$ 112,664.44	$ 13,150.00
Amador	$ 934,667.22	$ 1,780,272.34	$ 278,460.00	$ 1,796,039.74	$ 620,264.00	$ 1,175,775.74	$ 620,264.00
Butte	$ 6,834,771.95	$ 12,122,978.57	$ 724,304.00	$ 11,809,232.71	$ 5,950,593.00	$ 5,858,639.71	$ 5,950,593.00
Calaveras	$ 1,055,153.26	$ 1,917,628.57	$ -	$ 1,783,669.10	$ 913,959.00	$ 869,710.10	$ 913,959.00
Colusa	$ 857,278.43	$ 1,542,841.91	$ 237,754.00	$ 1,582,724.60	$ 799,988.00	$ 782,736.60	$ 799,988.00
Del Norte	$ 961,173.11	$ 1,773,977.71	$ 44,324.00	$ 1,667,684.89	$ 781,358.00	$ 886,326.89	$ 781,358.00
El Dorado	$ 3,901,260.35	$ 7,026,361.00	$ 704,192.00	$ 6,979,088.01	$ 3,535,288.00	$ 3,443,800.01	$ 3,535,288.00
Glenn	$ 935,364.36	$ 1,716,622.49	$ 58,501.00	$ 1,626,292.71	$ 787,933.00	$ 838,359.71	$ 787,933.00
Humboldt	$ 7,047,476.04	$ 12,459,770.10	$ 589,711.00	$ 12,058,174.28	$ 6,883,182.00	$ 5,174,992.28	$ 6,883,182.00
Imperial	$ 6,932,332.38	$ 12,228,880.46	$ 772,088.00	$ 11,959,980.50	$ 6,394,422.00	$ 5,565,558.50	$ 6,394,422.00
Inyo	$ 1,280,583.35	$ 2,338,750.95	$ 561,262.00	$ 2,508,357.78	$ 1,100,257.00	$ 1,408,100.78	$ 1,100,257.00
Kings	$ 3,360,155.16	$ 5,988,228.05	$ 466,273.00	$ 5,888,793.73	$ 2,832,833.00	$ 3,055,960.73	$ 2,832,833.00
Lake	$ 1,413,209.89	$ 2,564,967.81	$ 118,222.00	$ 2,457,839.82	$ 1,022,963.00	$ 1,434,876.82	$ 1,022,963.00
Lassen	$ 964,244.01	$ 1,818,435.48	$ 119,938.00	$ 1,741,570.49	$ 687,113.00	$ 1,054,457.49	$ 687,113.00
Madera	$ 3,361,465.18	$ 5,931,970.53	$ 81,788.00	$ 5,625,134.23	$ 2,882,147.00	$ 2,742,987.23	$ 2,882,147.00
Marin	$ 7,989,358.84	$ 14,283,084.81	$ 1,196,515.00	$ 14,081,375.19	$ 7,725,909.00	$ 6,355,466.19	$ 7,725,909.00
Mariposa	$ 536,785.69	$ 990,377.66	$ -	$ 916,298.01	$ 435,062.00	$ 481,236.01	$ 435,062.00
Mendocino	$ 2,092,298.01	$ 3,762,637.00	$ 347,945.00	$ 3,721,728.01	$ 1,654,999.00	$ 2,066,729.01	$ 1,654,999.00
Modoc	$ 589,799.29	$ 1,089,664.03	$ 70,462.00	$ 1,049,955.19	$ 469,034.00	$ 580,921.19	$ 469,034.00
Mono	$ 744,076.45	$ 1,461,193.25	$ 409,928.00	$ 1,569,118.62	$ 369,309.00	$ 1,199,809.62	$ 369,309.00
Napa	$ 3,327,416.97	$ 5,965,139.52	$ 546,957.00	$ 5,903,708.10	$ 3,062,967.00	$ 2,840,741.10	$ 3,062,967.00
Nevada	$ 2,097,469.76	$ 3,759,967.75	$ 96,375.00	$ 3,572,287.51	$ 1,860,793.00	$ 1,711,494.51	$ 1,860,793.00
Plumas	$ 924,992.96	$ 1,630,428.37	$ 66,295.00	$ 1,573,029.80	$ 905,192.00	$ 667,837.80	$ 905,192.00
San Benito	$ 1,240,016.51	$ 2,266,658.16	$ -	$ 2,104,004.80	$ 1,086,011.00	$ 1,017,993.80	$ 1,086,011.00
Shasta	$ 5,968,011.65	$ 10,478,325.22	$ 184,049.00	$ 9,978,231.52	$ 5,361,013.00	$ 4,617,218.52	$ 5,361,013.00
Sierra	$ 190,286.21	$ 354,308.23	$ 7,330.00	$ 331,154.66	$ 135,888.00	$ 195,266.66	$ 135,888.00
Siskiyou	$ 1,601,614.74	$ 2,910,729.78	$ 287,627.00	$ 2,879,982.91	$ 1,372,034.00	$ 1,507,948.91	$ 1,372,034.00
Solano	$ 8,297,426.37	$ 14,698,376.89	$ 115,800.00	$ 13,866,961.95	$ 6,871,127.00	$ 6,995,834.95	$ 6,871,127.00
Sonoma	$ 13,874,157.34	$ 24,385,330.36	$ 438,234.00	$ 23,218,633.02	$ 13,183,359.00	$ 10,035,274.02	$ 13,183,359.00
Sutter	$ 3,230,484.75	$ 5,830,056.63	$ 674,240.00	$ 5,840,868.83	$ 2,996,118.00	$ 2,844,750.83	$ 2,996,118.00
Tehama	$ 2,148,824.43	$ 3,893,528.92	$ 446,992.00	$ 3,893,607.21	$ 1,912,299.00	$ 1,981,308.21	$ 1,912,299.00
Trinity	$ 845,503.83	$ 1,585,011.62	$ 292,662.00	$ 1,633,906.47	$ 611,497.00	$ 1,022,409.47	$ 611,497.00
Tuolumne	$ 1,650,384.66	$ 3,006,998.38	$ 305,830.00	$ 2,977,927.82	$ 1,455,320.00	$ 1,522,607.82	$ 1,455,320.00
Yuba	$ 2,711,712.47	$ 4,756,278.89	$ 187,701.00	$ 4,593,415.42	$ 2,395,580.00	$ 2,197,835.42	$ 2,395,580.00
Yolo	$ 1,961,022.15	$ 4,087,846.27	$ 1,081,388.00	$ 4,278,153.85	$ 943,110.00	$ 3,335,043.85	$ 943,110.00
CMSP Board	$ 60,444,984.27	$ 185,797,900.55	$ -	$ 147,745,730.89	NA	NA	$ 246,242,884.82
SUBTOTAL	**$ 162,367,314.40**	**$ 368,332,201.66**	**$ 11,534,612.00**	**$ 325,340,476.83**	**$ 90,012,071.00**	**$ 87,582,674.94**	**$ 336,254,955.82**

Article 13 60/40	24-25 Realignment		Maintenance of Effort	FY 10-11 Total Realignment		MOE Capped at 14.6% of 10-11 Realignment	Redirection
	Sales Tax	VLF		Sales Tax	VLF		
Placer	$ 1,975,132.71	$ 3,951,131.62	$ 368,490.00	$ 1,223,351.24	$ 3,475,002.90	$ 368,490.00	$ 3,776,852.60
Sacramento	$ 18,043,411.58	$ 36,725,637.89	$ 7,128,508.00	$ 11,073,547.81	$ 32,428,453.58	$ 6,351,292.20	$ 36,672,205.00
Santa Barbara	$ 4,479,502.50	$ 9,490,733.55	$ 3,794,166.00	$ 2,695,565.51	$ 8,405,681.53	$ 1,620,782.07	$ 9,354,610.87
Stanislaus	$ 6,141,978.33	$ 12,599,483.05	$ 3,510,803.00	$ 3,756,009.76	$ 11,132,596.16	$ 2,173,736.46	$ 12,549,118.71
SUBTOTAL	**$ 30,640,025.12**	**$ 62,766,986.11**	**$ 14,801,967.00**	**$ 18,748,474.32**	**$ 55,441,734.17**	**$ 10,514,300.74**	**$ 62,352,787.18**

Article 13 Formula	24-25 Realignment		Health Realignment Indigent Care %	Total Revenue FY 24-25	Total Costs FY 24-25	Savings	Calculated Redirection
	Sales Tax	VLF					
Fresno*	$ 13,435,331.79	$ 27,842,895.96	44.38%	[redacted]	[redacted]	[redacted]	$ 18,319,277.47
Merced*	$ 3,234,466.01	$ 6,311,601.13	43.41%	[redacted]	[redacted]	[redacted]	$ 4,143,947.74
Orange*	$ 32,534,654.99	$ 60,964,716.61	52.02%	[redacted]	[redacted]	[redacted]	$ 48,638,373.11
San Diego*	$ 38,497,582.27	$ 68,140,036.13	49.33%	[redacted]	[redacted]	[redacted]	$ 52,604,337.16
San Luis Obispo*	$ 2,444,829.85	$ 5,150,617.07	44.45%	[redacted]	[redacted]	[redacted]	$ 3,376,176.16
Santa Cruz*	$ 2,993,931.59	$ 6,429,825.38	46.61%	[redacted]	[redacted]	[redacted]	$ 4,392,413.13
Tulare	$ 5,762,301.18	$ 11,265,815.70	47.88%	$ 10,227,575.35	$ 678,162.92	$ 9,549,412.43	$ 7,639,529.94
SUBTOTAL	**$ 98,903,097.68**	**$ 186,105,507.98**		**$ 10,227,575.35**	**$ 678,162.92**	**$ 9,549,412.43**	**$ 139,114,054.70**

*Opted for Historical Percentage

DPH	24-25 Realignment		Health Realignment Indigent Care %	Total Revenue FY 24-25	Total Costs FY 24-25	Savings	Calculated Redirection
	Sales Tax	VLF					
Alameda	$ 20,978,167.81	$ 44,808,782.42	81.68%	$ 840,262,011.78	$ 843,579,338.80	$ (3,317,327.02)	$ -
Contra Costa	$ 10,746,967.30	$ 22,766,658.69	80.50%	$ 497,884,435.58	$ 671,924,324.23	$ (174,039,888.66)	$ -
Kern	$ 9,106,803.46	$ 18,958,901.38	66.26%	$ 356,458,071.39	$ 256,154,579.94	$ 100,303,491.44	$ 18,596,336.03
Los Angeles	$ 166,968,365.66	$ 358,624,464.54	83.00%	$ 5,921,752,718.53	$ 6,735,619,657.03	$ (813,866,938.50)	$ -
Monterey	$ 4,341,783.00	$ 9,223,695.28	51.19%	$ 263,595,924.22	$ 243,509,627.06	$ 20,086,297.16	$ 6,944,168.33
Riverside	$ 17,285,692.63	$ 35,455,168.01	84.44%	$ 655,462,592.29	$ 792,793,268.99	$ (137,330,676.70)	$ -
San Bernardino	$ 20,450,025.27	$ 39,567,902.78	58.54%	$ 546,751,140.17	$ 409,967,142.15	$ 136,783,998.02	$ 35,134,495.08
San Francisco	$ 31,850,054.39	$ 68,408,251.96	57.36%	$ 673,018,219.17	$ 805,263,955.46	$ (132,245,736.29)	$ -
San Joaquin	$ 7,889,883.35	$ 15,552,429.44	96.74%	$ 323,587,989.14	$ 346,648,740.27	$ (23,060,751.13)	$ -
San Mateo	$ 7,475,614.81	$ 15,888,709.22	80.82%	$ 212,876,477.17	$ 245,722,828.79	$ (32,846,351.61)	$ -
Santa Clara	$ 18,083,936.71	$ 38,208,452.00	85.00%	$ 1,501,327,585.80	$ 1,483,152,554.76	$ 18,175,031.04	$ 14,540,024.83
Ventura	$ 7,084,698.26	$ 14,849,401.93	80.62%	$ 334,164,209.13	$ 218,426,268.73	$ 115,737,940.40	$ 17,683,271.57
SUBTOTAL	**$ 322,261,992.64**	**$ 682,312,817.65**		**$ 12,127,141,374.37**	**$ 13,052,762,286.22**	**$ (925,620,911.85)**	**$ 92,898,295.84**
						24-25 Interim Redirection	**$ 630,620,093.54**