
Governor's Proposed State Budget Fiscal Year 2024-25

Areas of Interest in the Intersection of Criminal Justice & Behavioral Health Systems

Annually, CCJBH reviews the Governor's proposed budget and May revision to inform Councilmembers of the potential investments that may be beneficial to the population served by the public criminal justice, behavioral health, housing, and social services systems. The past five years have reflected significant attention to the needs of the behavioral health and justice- involved (BH/JI) population, and this year those supportive expenditures are proposed to continue. This document highlights specific excerpts from the California Fiscal Year (FY) 2024-25 Proposed Budget, located on the California Budget [website](#). Additional materials in support of the budget, such as the related departmental Budget Change Proposals may be found on the Department of Finance [website](#).

The [Governor's Budget Summary](#) identifies investments proposed to ensure vulnerable people have the necessary help to access shelter and mental health treatment, if needed. Despite facing a shortfall, California remains committed to expanding access to high-quality education, health care, and opportunities for innovation and growth, while responsibly managing finances. The state is confronting a projected shortfall of \$37.9 billion in 2024, stemming from two key factors: a significant decline in the stock market that decreased revenues in 2022 and an unprecedented federal allowance for the delay in filing for high-income taxpayers impacting income tax collections. The Governor's proposed budgets in January and May 2023 highlighted the increased uncertainty, prompting the state to pass a budget in June that that planned accordingly setting aside under \$388 billion in reserves. Now, the state's budget must address last year's shortfall while adjusting spending to ensure continued fiscal stability for years ahead.

Key Elements of the Governor's Proposed Budget

The Governor proposes a variety of budget balancing actions to face the projected shortfalls. The following spending reductions, delays, and deferrals, in addition to withdrawals and fund shifts, are proposed to generate savings for the 2024 budget. Despite projected withdrawals, the Governor's Budget has a total budget reserve in the coming fiscal year of \$18.4 billion, which includes:

- \$11.1 billion in the Budget Stabilization Account (BSA),
- \$3.9 billion in the Public School System Stabilization Account (PSSSA), and
- \$3.4 billion in the state's operating reserve – the Special Fund for Economic Uncertainties.

To close the shortfall in the budget year, the Governor's Budget Proposal the following measures:

- Reserves – \$13.1 billion. The Budget is utilizing resources from the state's reserves to implement significant solutions in this category which include:
 - Withdrawal from Mandatory BSA Balance and Transfer Suspension (\$10.4 billion),
 - Withdrawal from Discretionary BSA Balance (\$1.8 billion), and
 - Withdrawal from the Safety Net Reserve (\$900 million).
- Reductions – \$8.5 billion. The Budget reduces funding for various items and significant solutions:
 - Various Housing Program Reductions (\$1.2 billion),
 - School Facilities Aid Program (\$500 million),
 - Student Housing Revolving Loan Fund Program (\$494 million), and
 - Legislative Requests (\$350 million).
- Revenue/Internal Borrowing- \$5.7 billion. The Budget includes support from revenue sources and borrows internally from special funds. Significant solutions in this category include:
 - Increasing the Managed Care Organization Tax Support for Medi-Cal (\$3.8 billion).
 - Conforming to Tax Cuts and Jobs Act Net Operating Loss Limitation (\$300 million).
- Delays – \$1.5 billion. The Budget delays funding for multiple items and spreads it across the three-year period, beginning in 2025-26, without reducing the total amount of funding through this period. Significant solutions in this category include:
 - Full implementation of Department of Development Services Service Provider Rate Reform (\$613 million).
 - Behavioral Health Bridge Housing Program (\$235 million).
- Fund Shifts – \$3.4 billion. The Budget shifts certain expenditures from the General Fund to other funds such as various shifts to the Greenhouse Gas reduction Fund (\$1.8 billion), the State plans retirement contribution reductions using Prop 2 Debt Repayment funding (\$1.3 billion), and the Unemployment Insurance Interest Payment (\$100 million).
- Deferrals – \$2.1 billion. The Budget defers specific obligations to the 2025-26 FY. Significant solutions in this category include the June to July Payroll deferral (\$1.6 billion) and the University of California and California State University Deferrals (\$499 million).

Lastly, to the solutions listed above addressing the \$37.9 billion gap, the Budget includes withdrawals from the PSSSA of \$5.7 billion to maintain support of Local Educational Agencies and Community College Districts.

Protecting Priorities

The Budget protects commitments to increase the availability and affordability of housing, while continuing to address homelessness and expand/enhance health care. It maintains services for Californians most in need and allocates funds to combat crime and improve public safety. Specific proposed investments to advance priorities with potential impact to the BH/JI population are as follows:

- ❖ **Health Care** — The Budget maintains the commitment to increase access to health care for all Californians, regardless of their immigration status and especially for low-income Californians. It also maintains key investments—including more than \$10 billion for California Advancing and Innovating Medi-Cal (CalAIM) and over \$8 billion for behavioral health.
- ❖ **Homelessness** — The Budget aligns the Administration’s \$15.3 billion investment to address homelessness with new accountability measures. These measures hold cities, counties, and continuums of care more responsible by mandating coordinated regional plans. These plans must outline each jurisdiction’s role, outcome goals, and detail how local entities are using various state, local, and federal funding sources to reduce homelessness. Additionally, the Budget maintains \$3.4 billion General Fund in 2023-24 to continue the state’s efforts, as committed to in prior budgets. Including:
 - \$400 million for a third round of Encampment Resolution Grants.
 - \$1 billion for a fifth round of Homeless Housing, Assistance, and Prevention (HHAP) Grants to provide local jurisdictions, including federally recognized tribal governments, with flexible funding to continue efforts to prevent and end homelessness in their communities.
- ❖ **Public Safety** — The Budget maintains commitments of more than \$800 million in multiple programs to improve public safety—including task forces fighting the spread of fentanyl and combatting retail theft—as well as local law enforcement grants totaling \$255 million over three years.
- ❖ **Behavioral Health Continuum** — The Budget maintains over \$8 billion total funds across various Health and Human Services departments to expand the continuum of behavioral health treatment and infrastructure capacity and transform the system for providing behavioral health services to children and youth.
- ❖ **Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Demonstration** — The Budget maintains \$7.6 billion (\$350.4 million General Fund, \$87.5 million Mental Health Services Fund (MHSF), \$2.6 billion Medi-Cal County Behavioral Health Fund, and \$4.6 billion federal funds) through the term of the waiver, for the Department of Health Care Services (DHCS) and the DSS to implement the BH-CONNECT Demonstration, effective January 1, 2025.
- ❖ **California Advancing and Innovating Medi-Cal (CalAIM)** — The Budget maintains approximately \$2.4 billion (\$811.1 million General Fund) in 2024-25 to continue transforming the health care delivery system through CalAIM at DHCS. The Budget also maintains

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

Health and Human Services

The California Health and Human Services Agency (CalHHS) is responsible for the oversight and review of the delivery of health and social services across the state and, more specifically, to the most vulnerable and at-risk Californians. The Governor's January Budget proposal includes \$253.4 billion (\$73.9 billion General Fund) for all health and human services programs in FY 2024-25. For more information, visit the [Health and Human Services Budget Summary](#).

Department of Health Care Services

California's Medicaid program, Medi-Cal, is administered by DHCS. Medi-Cal is a public health care program that provides comprehensive health care services at no or low cost to low-income individuals. In addition to Medi-Cal, the Department oversees county-operated community mental health and substance use disorder programs, as well as the California Children's Services and the Primary and Rural Health Programs.

The proposed Medi-Cal budget includes \$157.5 billion (\$37.3 billion General Fund) in FY 2023-24, and approximately \$156.6 billion (\$35.9 billion General Fund) in 2024-25. Medi-Cal is projected to cover approximately 14.8 million Californians in FY 2023-24 and 13.8 million in FY 2024-25—more than one-third of the state's population. For more information, visit the [DHCS Departmental Summary](#).

- ❖ **California's Behavioral Health Community-Based Continuum Demonstration** — The Budget maintains over \$8 billion in total funds across various Health and Human Services departments. This funding is allocated to expand the continuum of behavioral health treatment and infrastructure capacity, with a focus on transforming the system for providing behavioral health services to children and youth. Additionally, the budget upholds \$7.6 billion for the BH-CONNECT Demonstration, which includes \$350.4 million from the General Fund, \$87.5 million from MHSF, \$2.6 billion from the Medi-Cal County Behavioral Health Fund, and \$4.6 billion in federal funds. DHCS and DSS are designated to implement the BH-CONNECT Demonstration, set to be effective from January 1, 2025.
- ❖ **Managed Care Organization Tax** — The Budget successfully secured federal approval for the Managed Care Organization Provider Tax (MCO Tax), with the tax period extending from April 1, 2023, through December 31, 2026. Due to the anticipated \$37.9 billion budget deficit, the Administration is proactively engaging with the Legislature to propose an amendment for federal approval, aiming to enhance the tax and generate an additional \$20.9 billion in total funding for the state, marking a \$1.5 billion increase over the initially approved MCO Tax. This proposal allocates \$12.9 billion to underpin the Medi-Cal program and achieve a balanced budget, while earmarking \$8 billion from the MCO Tax for specific rate increases and strategic investments. The proposed MCO Tax plays a pivotal role in preserving the integrity of existing Medi-Cal services and obviates the need for programmatic reductions. For FY 2024-25, the

Budget proposes deploying \$2.8 billion (\$1.2 billion from the Medi-Cal Provider Payment Reserve Fund) and an estimated \$6.5 billion (\$2.7 billion from the Medi-Cal Provider Payment Reserve Fund) in 2025-26 for targeted rate increases and investments, in alignment with the objectives outlined in the 2023 Budget Act. These investments include an annual commitment of \$727 million (\$291 million from the Medi-Cal Provider Payment Reserve Fund) earmarked for Medi-Cal provider rate increases, effective from January 1, 2024.

- ❖ **Home-and Community-Based Services Waiver Slot Increases** — The Budget proposes to increase slots for the Assisted Living Waiver and the Home and Community-Based Alternatives Waiver, resulting in \$10.8 million net General Fund savings in 2024-25.
- ❖ **Children and Youth Behavioral Health Initiative Wellness Coaches** — The Budget includes \$9.5 million (\$4.1 million General Fund) in 2024-25 increasing annually to \$78 million (\$33.8 million General Fund) in 2027-28 to establish the wellness coach benefit in Medi-Cal effective January 1, 2025.
- ❖ **CalAIM** — The Budget commits approximately \$2.4 billion (\$811.1 million General Fund) in 2024-25 to persist in the transformation of the health care delivery system through CalAIM at DHCS. Furthermore, the Budget sustains \$24.7 million (\$8.6 million General Fund) in 2025-26, with an increase to \$197.9 million (\$69.3 million General Fund) upon full implementation. This funding is designated to support up to six months of rent or temporary housing for eligible individuals who are either experiencing homelessness or at risk of homelessness. This support is specifically aimed at those transitioning out of institutional care settings, correctional facilities, the child welfare system, or other transitional housing environments. Additionally, counties are given the option to integrate this benefit within the framework of the BH-CONNECT Demonstration
- ❖ **Health and Human Services Innovation Accelerator Initiative** — A delay of \$74 million General Fund until 2025-26 and 2026-27 for the Health and Human Services Innovation Accelerator Initiative.
- ❖ **Behavioral Health Continuum Infrastructure Program** — A delay of \$140.4 million in General Fund from 2024-25 to 2025-26, culminating in \$380.7 million for the final round of grants in 2025-26.
- ❖ **Addressing the Budget Problem** — To address the projected budget shortfall for DHCS, the Budget proposes General Fund solutions to achieve a balanced budget. These include:
 - Behavioral Health Continuum Infrastructure Program — A delay of \$140.4 million General Fund from 2024-25 to 2025-26, for a total of \$380.7 million for the final round of grants in 2025-26. The Budget maintains \$300 million General Fund in 2023-24 and \$239.6 million General Fund in 2024-25.
 - Behavioral Health Bridge Housing — Due to lower-than-projected Mental Health Services Act (MHSA) revenues, the Budget proposes to shift \$265 million from MHSF appropriated in the 2023 Budget Act to General Fund in 2024-25. In addition, the Budget delays \$235 million General Fund originally planned for 2024-25 to 2025-26. Despite the delays, the Budget maintains \$1.5 billion for this program.
 - Clinic Workforce Stabilization Payments — A reversion of \$14.9 million in unexpended General Fund from the one-time \$70 million General Fund included in the 2022 Budget Act

for the Clinic Workforce Stabilization and Retention Payment Program that was planned to be transferred to the Department of Health Care Access and Information for workforce development programs.

Department of Social Services

The California Department of Social Services (CDSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence. The Budget includes \$48.6 billion (\$21.8 billion General Fund) for CDSS programs in FY 2024-25. For more information, see the [CDSS Departmental Summary](#).

- ❖ **Projected CalWORKs Grant Increase** — Projects a 0.8 percent increase to CalWORKs Maximum Aid Payment levels, with an estimated cost of \$26.7 million that is projected to begin on October 1, 2024. These increased costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund and will be updated at the May Revision. This increase is in addition to an 11-percent statutory increase for FY 2022-23.
- ❖ **State Supplemental Payment (SSP) Increase** — Includes \$3.7 billion General Fund in FY 2023-24 for the Supplemental Security Income (SSI)/SSP program, including Cash Assistance Program for Immigrants (CAPI). The average monthly caseload in this program is estimated to be 1.1 million recipients in 2024-25. A 3.2 percent federal SSI cost-of-living adjustment and maintains the 9.2 percent SSP increase, which took effect on January 1, 2024, bringing the maximum SSI/SSP grant levels to \$1,183 per month for individuals and \$2,023 per month for couples. CAPI benefits are equivalent to SSI/SSP benefits.
- ❖ **Children's Programs** — Includes \$690.3 million General Fund in FY 2024-25 for services to children and families in these programs. When federal and 1991 and 2011 Realignment funds are included, total funding for children's programs is more than \$9.4 billion in FY 2024-25.
- ❖ **Addressing the Budget Problem** — To address the projected budget shortfall for CDSS, the Budget proposes the following General Fund solutions to achieve a balanced budget:
 - Single Allocation — A reversion of \$336 million General Fund from FY 2022-23 that is projected to be unexpected in the CalWORKs Single Allocation. The Budget also reflects a reversion of \$40.8 million General Fund in 2023-24, and a reduction of \$40.8 million General Fund in 2024-25 and ongoing which was previously approved as part of the augmentation of the program.
 - Family Stabilization — A reversion of \$55 million General Fund in 2023-24 and a reduction of \$71 million General Fund beginning in 2024-25 and ongoing.
 - Employment Services Intensive Case Management — A reduction of \$47 million General Fund beginning in 2024-25 and ongoing.
 - Expanded Subsidized Employment — A reversion of \$134.1 million General Fund in 2023-24 and a reduction of \$134.1 million General Fund in 2024-25 and ongoing.
 - Foster Care Rate Reform — The Budget includes \$12 million General Fund in 2024-25 to make automation changes for a reformed foster care payment structure. This structure

will focus on the child's individual level of needs and strengths, rather than the placement type and is anticipated to be implemented as early as 2026-27.

- Housing Supplement for Foster Youth in Supervised Independent Living Placements — A reduction of \$195,000 in 2024-25 and \$25 million (\$18.8 million General Fund) in 2025-26 and ongoing.
- Home Safe Program — The Budget delays \$65 million General Fund for the Home Safe Program to 2025-26.
- Housing and Disability Advocacy Program — The Budget delays \$50 million General Fund for the Housing and Disability Advocacy Program to 2025-26.

Department of Developmental Services

The Department of Developmental Services (DDS) provides individuals with intellectual and developmental disabilities a variety of services entitlements that allow them to live and work independently or in supported environments. The Budget includes \$15.3 billion (\$10 billion General Fund) and estimates that approximately 458,000 individuals will receive services in FY 2024-25. For more information, visit the [DDS Departmental Summary](#).

- ❖ **Safety Net Reserve Withdrawal** — \$900 million in Safety Net Reserve to maintain existing program benefits and services for the Medi-Cal and CalWORKS programs.
- ❖ **Addressing the Budget Problem** — To address the budget shortfall, the Budget Proposes the following General Fund Solution:
 - Service Provider Rate Reform — Returns full implementation of service provider rate reform to the original timeline of July 1, 2025, while maintaining a focus on improving outcomes and quality services through the Quality Incentive Program.
 - Healthier at Home Pilot — A reversion of \$11.9 million General Fund for the Healthier at Home Pilot program at the California Department of Aging.
 - Managed Care Fund — \$22.9 million budgetary loan from the Managed Care Fund to the General Fund from resources not currently projected to be used for operational or programmatic purposes.

Department of State Hospitals

The Department of State Hospitals (DSH) cares for patients with serious mental illness, 90 percent of whom are sent to state hospitals through the California court system, and the pandemic has exacerbated the number of felony incompetent to Stand Trial (IST) patients awaiting transfer to DSH. DSH's Proposed Budget for FY 2024-25 totals \$3.4 billion. The Proposed Budget includes \$82.4 million (\$19.4 million in General Fund and \$63 million Public Buildings Construction Fund) over the next five years to address electrical, water, and utility plant deficiencies at Atascadero, Metropolitan, Napa, and Patton State Hospital. As of January 1, 2024, DSH has a total of 952 patients pending placement. For more information, see the [DSH Departmental Summary](#).

- ❖ **Incompetent to Stand Trail (IST) Solutions** — DSH continues to increase its IST continuum of care through the expansion of existing IST treatment programs and reports a current waitlist of 501 IST individuals as of January 1, 2024. This change represents a reduction of nearly 38 percent from the waitlist of 804 reported in the 2023-24 May Revision. Furthermore, of the

501 individuals on the waitlist pending admission to a treatment bed, 172 are receiving substantive treatment services through the Early Access and Stabilization Services program or other treatment programs. Only 329 individuals on the waitlist are individuals who are not yet receiving treatment services from a DSH program. DSH reports a net savings of \$58.6 million in FY 2023-24 due to changes in implementation of the EASS program, Jail-Based Competency Treatment program, and Community Inpatient Facilities program. DSH also requests position authority only for 2.0 positions to support the workload associated with administering the Felony IST Growth Cap program.

Department of Health Care Access and Information

The Department of Health Care Access and Information (HCAI) is committed to expanding equitable access to health care for all Californians—ensuring every community has the health workforce they need, safe and reliable health care facilities, and health information that can help make care more effective and affordable. The Budget includes \$338 million (\$186 million General Fund) in 2023-24 to support the Department. For more information, visit the [HCAI Departmental Summary](#).

- ❖ **Healthcare Workforce** — The Budget maintains over \$1 billion General Fund to HCAI to strengthen and expand the state's health and human services workforce. These investments include funding for increasing nurses, community health workers and social workers, and supporting new individuals coming into the workforce in behavioral health, primary care, and reproductive health. This commitment will be fulfilled, but over more time due to declining General Fund revenues. Please see the [General Government and Statewide Issues](#) and [Climate Change Chapters](#) for more information.

Housing and Homelessness

In addressing California's significant housing and homelessness challenges, the updated budget showcases the Administration's unwavering commitment to expanding affordable housing and improving access for the state's most vulnerable populations, including those with complex behavioral health needs and individuals in unsheltered situations. Despite a notable budget shortfall, the state remains steadfast in its efforts, focusing on leveraging federal funding, streamlining housing development, and implementing strategic initiatives to mitigate the housing crisis. This includes significant investments since 2019 in various housing programs, legislative measures to accelerate housing approvals, and utilizing excess state properties for development purposes. The Administration is actively working to identify additional federal funding opportunities, streamline state and local housing planning processes, and develop strategies for cost-effective housing construction, particularly in infill areas. With an allocation of \$3.4 billion from the General Fund in 2023-24, the budget continues to address the growing issue of homelessness, allocating funds for encampment resolution grants and the Homeless Housing, Assistance, and Prevention Program, reflecting a comprehensive and strategic approach to tackling these pressing challenges. For detailed information on specific housing programs and budget adjustments, please refer to the "[Housing and Homelessness](#)" section in the Governor's Budget Summary for 2024-25.

- ❖ **CalAIM Transitional Rent Waiver Amendment** — The state continues its commitment to the DHCS CalAIM initiative, allocating approximately \$2.4 billion, including \$811.1 million from the General Fund, to evolve the health care delivery system. A key component of this budget is the sustained support for the CalAIM Transitional Rent Waiver Amendment. The amendment

secures \$24.7 million (\$8.6 million from the General Fund) in 2025-26, with an escalation to \$197.9 million (\$69.3 million from the General Fund) at its full implementation. This funding plays a vital role in assisting individuals at risk of homelessness or those currently without shelter, especially those emerging from institutional care, correctional facilities, child welfare systems, or transitional housing. Additionally, the flexibility offered to counties to integrate this benefit into the BH-CONNECT Demonstration highlights the state's innovative approach to addressing homelessness through healthcare initiatives. See the [Department of Health Care Services section](#) in the Governor's Budget Summary for 2024-25 and the Health and Human Services update above for additional information.

- ❖ **DHCS Behavioral Health Bridge Housing Program** — Due to lower-than-expected MHSA revenues, the budget shifts \$265 million from MHSF to the General Fund for 2024-25 and delays \$235 million originally planned for the Behavioral Health Bridge Housing Program for FY 2024-25 to 2025-26.
- ❖ **Encampments and Unsheltered Settings** — California continues to address the critical issue of homelessness, particularly focusing on unsheltered individuals. To sustain its ongoing efforts, the budget earmarks \$3.4 billion from the General Fund FY 2023-24, for programs within the Department of Housing and Community Development (HCD), the California Interagency Council on Homelessness (Cal ICH), and the California Tax Credit Allocation Committee, FY 2023-24. This funding is in line with the state's previous commitments and includes significant allocations for specific initiatives. Notably, the budget sets aside \$400 million for a third round of encampment resolution grants, demonstrating a targeted approach to addressing the challenges of unsheltered homelessness.
- ❖ **Addressing the Budget Problem** — To address the budget shortfall to housing and homelessness, the Budget Proposes the following General Fund Solutions affecting the following HCD programs:
 - Regional Early Action Planning Grants 2.0 (REAP 2.0)— A reversion of \$300 million General Fund
 - Multifamily Housing Program — A reversion of \$250 million General Fund, leaving \$75 million in 2023-24 for this purpose.
 - Foreclosure Intervention Housing Preservation Program — A reduction of \$247.5 million General Fund over the next three years.
 - Infill Infrastructure Grant Program — A reversion of \$200 million General Fund, leaving \$25 million in 2023-24 for this purpose.
 - CalHOME Program — A reversion of \$152.5 million General Fund.
 - Veteran Housing and Homelessness Prevention Program — A reversion of \$50 million General Fund.
 - Housing Navigators — A reduction of \$13.7 million General Fund ongoing.
 - Cal ICH's Homeless Housing, Assistance and Prevention Program (HHAP) — The budget proposes a delay in \$260 million of General Fund HHAP funding from 2023-24 to 2025-26, aligning the availability of these funds with the needs of eligible applicants. Despite this

delay, the budget maintains a total of \$1.1 billion in General Fund for HHAP across 2023-24 and 2024-25, providing flexible funding for local jurisdictions and federally recognized tribal governments to prevent and end homelessness. Additionally, \$100.6 million in General Fund savings are achieved by reverting HHAP administrative set asides, leaving \$51.1 million for program administration.

Criminal Justice

California Department of Corrections and Rehabilitation

The California Department of Corrections and Rehabilitation (CDCR) incarcerates people convicted of the most violent felonies, supervises those released to parole, and provides rehabilitation programs to help them reintegrate into the community. CDCR strives to facilitate the successful reintegration of the individuals in its care back to their communities equipped with the tools to be drug-free, healthy, and employable members of society by providing education, treatment, and rehabilitative and restorative justice programs.

The Proposed Budget includes total funding of \$14.5 billion (\$14.1 billion General Fund and \$364.3 million other funds) for CDCR in FY 2024-25. Of this amount, \$4.1 billion General Fund is for health care programs, which provide incarcerated individuals with access to mental health, medical, and dental care services that are consistent with the standards and scope of care appropriate within a custodial environment. For more information, see the [Criminal Justice and Judicial Branch Budget Chapter](#).

The average daily adult incarcerated population for FY 2024-25 is now projected to be 94,222, a slight increase of 1.4 percent since the spring 2023 projections. Fall projections indicate the adult incarcerated population will trend downward, decreasing by 2,537 individuals between FYs 2023-24 and 2024-25 (from 94,222 to 91,685, respectively). On January 1, 2020, prior to the COVID-19 Pandemic, the CDCR population was 123,977. The population is projected to continue its long-term downward trend, declining to 88,183 in 2026-27. Below are key budget highlights:

- ❖ **Prison Capacity and Closure** — The adult prison population has steadily declined over many years, which presented opportunities for CDCR to eliminate its reliance on contract prison capacity. CDCR terminated its final in-state contract correctional facility in May 2021. In total, the termination of these contracts has saved the state hundreds of millions of dollars in annual expenditures. CDCR closed the Deuel Vocational Institution in Tracy in September 2021 and the California Correctional Center in Susanville in June 2023, as well as deactivated facilities within six prisons between January and October 2023. Combined, these closures and deactivations resulted in an annual savings of over \$465 million General Fund. In addition, CDCR plans to terminate the lease of the California City Correctional Facility, its last privately owned prison contract, by March 2024, which will allow for an estimated \$156 million General Fund savings annually beginning in 2024-25. CDCR also announced in December 2022 the planned closure of the Chuckawalla Valley State Prison by March 2025. This closure is estimated to generate savings of \$148 million General Fund annually beginning in 2025-26. Lastly, the Budget includes \$9.6 million General Fund savings in 2024-25, increasing to \$11.1 million ongoing to reflect a reduction in administrative workload and positions associated with supporting the four prison closures.
- ❖ **Rehabilitation and Reentry** — Given the importance of rehabilitative and reentry programs

have in supporting CDCR's mission, the Budget includes \$11.4 million General Fund in 2024-25, growing to \$15.9 million in 2028-29 to increase community correctional reentry center contract rates with recent inflationary trends for contracts expiring in 2024-25. The 2022 Budget Act added \$40 million General Fund for three years (total of \$120 million) to support an expansion of community correctional reentry centers. Of this amount approximately \$16.4 million will be redirected on a one-time basis to support the cost increases for 9 existing reentry centers in 2023-24. Similarly, the Budget includes \$2.3 million General Fund, growing to \$3.4 million in 2028-29 to support increased contract rates and an annual adjustment for 11 parole reentry contracts that recently expired or will expire in 2024-25.

- ❖ **San Quentin Rehabilitation Center and the California Model** — In March 2023, the Administration announced a plan to transform San Quentin State Prison into the San Quentin Rehabilitation Center, focused on ensuring that every incarcerated person has access to rehabilitative and education programs, as well as the opportunity to gain resources and skills that can improved their outcomes upon reentering society. A multi-disciplinary Advisory Council was put in place in May 2023, which was tasked with drafting recommendations that achieve cultural and transformational change within the prison, as well as inform CDCR's California Model and presented a [final report](#) with recommendations in early January 2024. Through CDCR's Executive Steering Committee and the Planning and Implementation Team, the Department has begun implementing statewide California Model initiatives focused on the principles of dynamic security, normalization, peer support specialists, and becoming a trauma-informed organization.
- ❖ **Integrated Substance Use Disorder Treatment (ISUDT) Program** — The 2022 Budget Act augmented funding to support the ISUDT Program, which is funded at approximately \$270 million in FY 2024-25. From December 2022 to December 2023, the ISUDT Program had screened more than 83,000 individuals for substance use disorders, assessed nearly 18,000 individuals for specific treatment needs, provided approximately 26,800 individuals with Medication-Assisted Treatment, and provided access for over 30,700 individuals with Cognitive Behavioral Interventions.
- ❖ **Technology Improvements** — Recent Budget Acts added \$18 million ongoing General Fund to support the operation of laptop computers for use by academic program participants, \$195.9 million one-time General Fund between 2021-22 and 2023-24, and \$22.5 million ongoing to install and operate new fixed cameras and deploy body-worn cameras. As a result of the current fiscal circumstances, the Budget proposes to delay implementation of fixed camera projects to future fiscal years (see "Addressing the Budget Problem," below).

- ❖ **Various Rehabilitative, Restorative Justice, and Reentry Programming** — The 2022 and 2023 Budget Acts included more than \$458 million one-time General Fund to support in-prison rehabilitative programs to further support the incarcerated population in transforming their lives by better preparing them to reenter society. The 2022 Budget Act also added \$10.6 million General Fund annually for three years (total of \$31.8 million) to continue the Returning Home Well Program, which provides transitional housing to individuals who are at risk of being unhoused at the time of their release.
- ❖ **Bachelor's Degree Program** — The 2022 Budget Act added \$4.7 million ongoing General Fund to permanently operate bachelor's degree programs at seven institutions in collaboration with the California State University system to enable incarcerated individuals to further prepare to enter the workforce and find gainful employment upon their release from prison. All seven programs are operational and there are 280 students currently enrolled in CSU programs.
- ❖ **Significant Budget Adjustments** — The following are significant budget adjustments to the CDCR's Budget for FY 2024-25:
 - Increased Attorney Fees for Board of Parole Hearings — \$2.1 million ongoing General Fund in 2024-25 to continue increased state-appointed attorney fees to remain competitive with market rates, which were initially funded on a limited term basis in 2021-22.
 - Utilities Costs — \$21.9 million General Fund beginning 2024-25 for increasing utility rates, which will be adjusted twice annually to reflect actual costs.
 - Medical Program Shortfall — \$40 million one-time General Fund in 2024-25 to address a deficit in the Medical Program budget driven by increases in various personnel-related and operational costs. This one-time funding will correct for the projected shortfall in the program and allow for an evaluation of solutions that can sustain increasing program costs.
- ❖ **Addressing the Budget Problem** — To address the projected budget shortfall for CDCR, the Budget proposes the following General Fund solutions to achieve a balanced budget:
 - Statewide Correctional Video Surveillance — A delay of \$27.2 million General Fund for installation of fixed camera technology in 2023-24 at five institutions to now complete these installations in 2025-26 and 2026-27. The 2023 Budget Act included resources to complete deployment of fixed cameras in 10 institutions. Similarly, the Budget maintains \$50.4 million General Fund in 2023-24 and associated ongoing resources to support the implementation of 5 projects.
 - COVID-19 Prevention and Response Current Year Savings — A revision of \$38.8 million General Fund in 2023-24 to align with estimated current year savings for COVID-19 prevention, mitigation, and response activities.
 - Reduction of Parolee County of Release — A reversion of \$1.9 million General Fund in 2023-24 and ongoing reduction of \$1.9 million beginning 2024-25. Chapter 826, Statutes of 2022 (Senate Bill 990) granted parolees greater eligibility to move to counties outside their county of commitment following their release from correctional institutions. The Budget retains \$337,000 ongoing for the Division of Adult Parole Operations to address this workload.

- Division of Juvenile Justice Warm Shutdown — A reduction of \$909,000 General Fund to better align contract resources for maintaining closed Division of Juvenile Justice facilities with actual needs.
- Division of Adult Parole Operations Urinalysis Contract Funding Reduction — A reduction of \$100,000 General Fund in 2023-24, and an ongoing reduction of \$100,000 beginning in 2024-25 to right-size a contract for parolee urinalysis testing to align with the population. The Budget maintains approximately \$574,000 annually for this purpose.
- Revenue Transfer from the Recidivism Reduction Fund to the General Fund — A revenue transfer of \$7.3 million of unobligated funds within the Recidivism Reduction Fund to the General Fund.

Division of Juvenile Justice

The Division of Juvenile Justice (DJJ) closed on June 30, 2023, pursuant to Chapter 18, Statutes of 2021 (SB 92). DJJ ceased intake of new youth on July 1, 2021, with limited exceptions, consistent with Chapter 337, Statutes of 2020 (SB 823). Youth previously committed to the DJJ have been transferred to the county probation department within their respective county of commitment. The responsibility for their care and the supervision of the justice-involved youth has been fully transitioned from the state to the counties. The Budget includes \$208.8 million one-time General Fund in 2024-25 for the Juvenile Justice Realignment Block Grant (JJRBG) established by Chapter 337, Statutes of 2020 (Senate Bill 823). The JJRBG can support counties in providing rehabilitative housing and supervision services to the youth population realigned pursuant to Senate Bill (SB) 823. Similarly, the Budget also includes an estimated increase of \$16.2 million General Fund to meet the requirement to adjust the JJRBG funding annually by rate commensurate with the growth in the Juvenile Justice Growth Special Account, bringing the total amount available to an estimated \$225 million in 2024-25.

SB 823 required the Governor and the Legislature to work with stakeholders to establish a new funding distribution methodology for JJRBG by January 10, 2024. As part of the Budget, the Administration is proposing statutory changes to maintain the current funding formula specified in SB 823 for 2024-25 to: 1) provide more time for the Administration to engage with the Legislature and stakeholders on the best approach to achieve a refined funding allocation methodology that will lead to improved outcomes for realigned youth and 2) help create greater certainty for counties regarding their allocation amounts for 2024-25.

Local Public Safety

The state has made substantial investments in strategies focused on positive policing, including resources to support peace officer wellness and training, and addressing peace officer misconduct. The Budget maintains nearly \$1.1 billion in recent public safety investments in recognition of the importance of keeping Californians safe. Specific details of the Budget for the following programs can be found in the [Criminal Justice Budget Summary](#).

- ❖ **California Violence Intervention and Prevention (Cal VIP) Grant Program** — \$200 million General Fund was provided over three years to expand violence prevention efforts within communities that focus on those at the highest risk of violence.
- ❖ **Officer Wellness and Training** — \$65 million one-time General Fund for research and grants to support peace officers' physical, mental, and emotional wellness, which is essential for creating

safer communities. Additionally, a Use of Force and De-escalation Training pilot program was added to fortify positive policing strategies.

- ❖ **Drug Interdiction Continuation** – An additional \$30 million from the General Fund (\$15 million in 2024-25 and \$15 million in 2025-26) to further expand the Military Department’s existing drug interdiction efforts aimed at preventing drug trafficking by transnational criminal organizations throughout the state. The focus is intended to support federal, state, local and tribal law enforcement agencies in combatting fentanyl. The 2022 Budget Act initially allocated \$15 million in 2022-2023 and 2023-2024 to support this program, so this investment brings the total to \$60 million for continued expansion of drug interdiction efforts.
- ❖ **Proposition 47 Savings** — Proposition 47, passed 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. The Budget estimates net General Fund savings of \$87.8 million in 2024-25. These funds are allocated according to the formula specified in the ballot measure, which requires 65 percent be allocated for grants to public agencies to support various recidivism reduction programs (such as mental health and substance use treatment services), 25 percent for grants to support truancy and dropout prevention programs, and 10 percent for grants for victim services.
- ❖ **Post Release Community Supervision** — The Post Release Community Supervision Act of 2011 authorized CDCR to release certain incarcerated individuals to county supervision. The state provides funding to those counties. The Budget estimates \$4.4 million General Fund will be allocated to counties for this purpose in 2024-25.
- ❖ **Community Corrections Performance Incentive Grant** — The Community Corrections Performance Incentive Grant, Chapter 608, Statutes of 2009 (SB 678), was created to provide incentives for counties to reduce the number of felony probationers sent to state prison. The Budget includes \$113.6 million General Fund for county probation departments. In the prior three years, funding for this item was held constant due to the COVID-19 Pandemic’s effect on probation populations, law enforcement practices, and court processes. The Budget reverts to the previous methodology for calculating incentive payments to the counties beginning in 2024-25, as specified in existing statute and because recent data suggest the number of felony probationers sent to state prison is normalizing to pre-pandemic levels.
- ❖ **Addressing the Budget Problem** — To address the projected budget shortfall for the Local Public Safety, the Budget proposes the following General Fund solutions to achieve a balanced budget:
 - Board of State and Community Corrections Loan — A budgetary loan of \$100 million from the Cannabis Tax Fund to the General Fund is proposed from resources not currently projected to be used for operational or programmatic purposes.
 - Adult Reentry Grant — A one-year pause of \$57 million General Fund for the Adult Reentry Grant in 2024-25, with the 2024-25 funding reallocated across three years beginning in 2025-26 at \$19 million each year.
 - Community Corrections Partnership Plan — A reduction of \$8 million General Fund beginning in 2024-25 and ongoing for counties that provide Community Corrections Partnership Plans and reports.

- Proud Parenting Grant Program — A reduction of \$835,000 General Fund beginning in 2024-25 and ongoing to the Proud Parenting Grant Program. The grant program has been administered by the Board of State and Community Corrections since 2005; grants are provided to community-based organizations, county offices of education, county probation departments, and tribes to provide services to support young parents (age 25 and younger) who are or were involved in the juvenile justice systems and/or who are considered crossover youth within the child welfare system.

Victim Services

- ❖ **Trauma Recovery Centers** — \$23 million one-time General Fund in 2022-23, to be spent over three years, to support existing trauma recovery centers and to establish an innovative pilot program to operate satellite offices in hard-to-reach and/or rural areas affiliated with a local organization and overseen by an existing trauma recovery center.
- ❖ **Supportive Services for Victims** — \$1.8 million ongoing General Fund to deliver services to victims throughout CDCR's parole hearing process and to survivors of those killed in officer-involved shootings investigated by the Department of Justice.

Judicial Branch

The Judicial Branch consists of the Supreme Court, courts of appeal, trial courts, the Habeas Corpus Resource Center, and the Judicial Council. The Judicial Council is responsible for managing the resources of the Judicial Branch. The trial courts are funded with a combination of General Fund, county maintenance-of-effort requirements, fines, fees, and other charges. Other levels of the Judicial Branch receive most of their funding from the General Fund. The Budget includes total funding of \$5.2 billion (\$3.2 billion General Fund and \$2 billion other funds) in FY 2024-25 for the Judicial Branch, of which \$3 billion is provided to support trial court operations. For more information, see the [Judicial Branch Chapter](#) of the FY 2024-25 budget.

- ❖ **Trial Court Operations** — The Budget maintains recent trial court investments to support access to justice, including a total of \$230.5 million ongoing General Fund that has been provided since the 2021 Budget to support general trial court operations, and \$100 million ongoing General Fund provided in the 2022 Budget Act to promote fiscal equity among the trial courts and improve the existing service levels. In addition, the Budget increases the reserve cap from the 3 percent to 5 percent and allows the five smallest courts to hold up to \$100,000 in reserves. These changes will allow trial courts to have more flexibility to plan for large one-time expenses (e.g., facility repairs and information technology projects).
- ❖ **Significant Budget Adjustments** — The following are significant budget adjustments to the Judicial Branch's Budget for FY 2024-25:
 - Trial Court Trust Fund Backfill — A total of \$83.1 million ongoing General Fund to continue to backfill the Trial Court Trust Fund for revenue declines expected in 2024-25.
 - State Court Facilities and Construction Fund Backfill — A total of \$80 million in 2024-25 and \$119 million ongoing General Fund to continue to backfill a projected shortfall in the State Court Facilities and Construction Fund and maintain existing service levels.
 - Self-Help Centers — An increase of \$19.1 million ongoing General Fund to continue the current baseline funding level for self-help centers in trial courts statewide.

❖ **Addressing the Budget Problem** — To address the budget shortfall for the Judicial Branch, the Budget Proposes the following General Fund Solution:

- Trial Court Trust Fund Unrestricted Balance — A one-time reversion of \$75 million of the unrestricted fund balance in the Trial Court Trust Fund to the General Fund. This unrestricted fund balance exists primarily from cost savings from previous allocations to the Judicial Branch where no mechanism exists to return the funds to the General Fund.
- Trial Court Emergency Fund — A one-time reversion of \$5 million of the \$10 million available in the Trial Court Emergency Fund. Similarly, the Budget maintains \$5 million to support emergency situations, revenue shortages, or budgetary imbalances.

Labor and Workforce Development

The 2022 Budget invested approximately \$2.2 billion General Fund to create additional apprenticeships; provide training to mitigate the effects of climate change; provide job training and other assistance to the justice-involved population; and create more innovative and accessible opportunities to recruit, train, hire, and advance an ethnically and culturally inclusive health and human services workforce. The Budget largely maintains those investments but proposes reductions of approximately \$100 million General Fund. The Budget also proposes delays of \$734.5 million total funds from 2023-24 and prior years to 2024-25 and future years. For more information, see the [Labor and Workforce Development Budget Summary](#). Related investments that could benefit the BH/JI population include:

- ❖ **Healthcare Workforce Investments** — A delay of \$140.1 million General Fund for the Nursing and Social Work Initiatives to 2025-26. Additionally, given lower-than anticipated MHSA revenue, the Budget also delays \$189.4 million MHSF to 2025-26 for various Department of Health Care Access and Information workforce (HCAI) investments. The Budget maintains \$974.4 million (General Fund and MHSF) through 2025-26 for various workforce investments in HCAI.
- ❖ **Apprenticeship Innovation Fund** — A delay of \$40 million General Fund to 2025-26 and 2026-27 (\$20 million each year) for the Apprenticeship Innovation Fund at the Department of Industrial Relations.
- ❖ **California Youth Apprenticeship Program** — A delay of \$25 million General Fund to 2025-26 for the California Youth Apprenticeship Program at the Department of Industrial Relations
- ❖ **Emergency Medical Technician Training** — A reduction of \$10 million General Fund for the Emergency Medical Technician training program at EDD. The Budget maintains \$30 million General Fund for this program over two years.

General Government and Statewide Issues

The Budget includes funding proposals in a variety of departments that will impact the criminal justice and behavioral health populations. Innovative work to research genetics as they relate to ACEs and depression; mental health crisis numbers; funds to build strong communities and address racism; free school meals; and funding to build capacity and infrastructure of the community-based organizations (CBOs) that provide vital services to the most vulnerable communities. For more information see the [General Government and Statewide Issues Summary](#).

❖ **Updated Allocation of Cannabis Tax Fund** — Proposition 64 outlines the distribution of funds within the Cannabis Tax Fund, with a focus on continuous appropriation. The initial expenditure priority under this proposition is for the regulatory and administrative tasks necessary to implement, administer, and enforce the Cannabis Act. This is followed by prioritizing research and activities regarding cannabis legalization and addressing the historical consequences of its criminalization. After fulfilling these primary needs, the remaining funds are allocated to several key areas: youth education, prevention, early intervention, and treatment programs; environmental protection; and activities related to public safety. AB 195 stipulates that these third-tier programs, referred to as Allocation 3, should receive a baseline funding of approximately \$670 million, subject to fund availability. Additionally, a \$150 million General Fund appropriation has been made to supplement these revenues, with complete allocation achieved in the FY 2023-24. For the FY 2024-25, the budget projects an availability of \$568.9 million for Allocation 3 programs, broken down as follows:

- 60 percent (\$341.3 million) is earmarked for the education, prevention, and treatment of youth substance use disorders, along with school retention efforts.
- 20 percent (\$113.8 million) is allocated for addressing the environmental impacts caused by illegal cannabis cultivation, including clean-up, remediation, and enforcement.
- The remaining 20 percent (\$113.8 million) is designated for public safety-related activities.

To tackle the anticipated budget deficit, the proposed budget suggests employing strategies that utilize the General Fund to establish fiscal equilibrium. Among these strategies is the proposal for a \$100 million loan from the Cannabis Tax Fund subaccount, managed by the Board of State and Community Corrections, using currently available, uncommitted funds. This move is aimed at balancing the budget effectively.

❖ **Office of Community Partnerships and Strategic Communications (OCPSC)** — The OCPSC manages the state's highest priority public awareness and community outreach campaigns. The 2022 Budget Act included \$65 million General Fund annually through FY 2025-26 to establish the Office and provided \$230 million one-time California Emergency Relief Fund in FY 2022-23 for the Office to continue COVID-19 vaccine-related public education and outreach campaigns.

❖ **Addressing the Budget Problem** — To address the projected budget shortfall, the Budget proposes General Fund solutions to achieve a balanced budget. These include:

- OCPSC — In 2023-24, there will be a reversion of \$5 million, followed by a decrease of \$8 million in both 2024-25 and 2025-26 from the funding allocated to the Office of Community Partnerships and Strategic Communications. Despite these changes, the budget will still retain \$60 million in 2023-24, and \$57 million in each of the following two fiscal years, to support the state's most critical outreach campaigns.