



# 2024-2025 California Proposed Budget Highlights

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So much of healthcare policy in California is implemented through the state budget. As part of CAHIP's advocacy arm, we actively monitor and engage in the budget process. To assist our members in understanding the ways the budget may impact your work with clients this year, here are a few highlights from the proposed 2024-25 budget.

The California Constitution requires the Governor to submit a proposed budget for the upcoming year by January 10th. The proposal will not be finalized for months but it serves as an outline of the administration's fiscal projections and priorities to guide the year's legislative activity. The Franchise Tax Board collects taxes by April 15, 2024, and then the Governor will issue a "May revision" of this January proposal. The constitution then requires the legislature to pass a budget bill by midnight on June 15th.

In contrast to constant federal budget gridlock, the requirements above are easily met in California since more than 2/3 of the legislature in both houses and every statewide office belong to the same political party. That said, some stickier items of the budget are often delayed in negotiations with legislative leadership and the Governor and pass later in the year in the form of budget-trailer bills. These budget companion measures are often passed within the final hours before the legislature's adjournment for the year which is August 31 this year. Though the Governor's proposal is just the beginning, it is critical to understanding available financing- or lack thereof. Here are some resources and key takeaways to glean.

Governor Newsom proposed a \$291.5 billion budget which notably includes a \$37.86 billion budget deficit. This shortfall is significantly less than the \$68 billion budget shortfall projected by the Legislative Analyst's Office a few weeks ago. The Governor's press briefing began with a slide that looks like an ekg reading but it actually represents the swings in California's economy which is heavily dependent on the wealthiest Californians personal income taxes. Two short years ago the state had a \$100 billion surplus. Now the state has a deficit of \$31 billion in the current fiscal year so the projected deficit for the budget that begins in June is more severe.

While deficits are never welcomed news, the Governor's tune was one of natural budget cycles and not alarm. He spent the two-hour briefing focusing on "promises kept" in pillar areas like addressing homelessness, mental health, a safer CA, climate (including wildfire mitigation), career education and "economic dominance." The Governor's budget summary ([linked here](#)) contains highlights of priorities and "budget solutions" broken out by issue areas. Healthcare was not a focus in his 2 hour press briefing- other than media questions about a need to revisit healthcare worker wage increases approved last year in SB 525- see page 103 of the Gov's summary below for more info.

The largest healthcare news is the Governor's budget proposes to maintain \$1.4 billion (\$1.2 billion General Fund) in 2023-24, \$3.4 billion (\$2.9 billion General Fund) in 2024-25, and approximately \$3.7 billion (\$3.2 billion General Fund) ongoing to fully implement the Medi-Cal expansion to income

eligible adults aged 26-49 regardless of immigration status, which began January 1, 2024. While these numbers may seem high to some members, please consider them in the context of total state spending to reach universal healthcare. Expanding access to Medi-Cal as means of achieving universal healthcare is a drop in the budget bucket compared to other proposed alternatives like single payer which comes with a \$500 billion annual price tag.

Aside from California becoming the first state to achieve universal healthcare, the theme in healthcare is lots of deferred spending, transfers and reductions in healthcare spending. In budget briefings and documents, there was no mention of Covered California, agents, or single payer which I surmise to mean this is a survival year, not an expansion year.

To assist in identifying the legislature's priorities which though largely aligned with the Governor may contain difference, the Assembly Budget Chair released [this budget highlights document](#) that is also broken out by key issues areas, including health. The Senate released the same [here](#).