The 2024-25 Budget

Behavioral Health

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Budgets are statements of our values and priorities.

Presentation Goals

- Provide an overview of the state's 2024-25 fiscal outlook.
- Highlight key actions from the 2024-25 enacted budget related to behavioral health.
- Discuss what's next for the California budget.

The 2024-25 Fiscal Outlook

Budget Problem at the May Revision	
Governor's Budget	$37.9 billion
Shortfall Since Governor's Budget	$7.0 billion
Early Action Budget Package	-$17.3 billion
Remaining Budget Problem	**$27.6 billion**

Projected deficit in January budget proposal

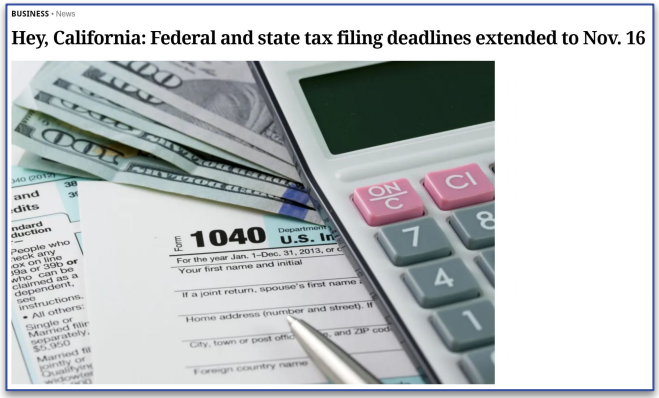
Spring revenue shortfall projections

Budget solutions passed in April

Updated deficit in May Revision

Overall, the state budget plan solves for a $46.8 billion deficit.

Budget shortfall is due to declining revenues from 2022 tax filings.



Big Three Revenue Forecast Comparison
2022 Budget Act vs. 2024 May Revision
(Dollars in Billions)

Fiscal Year	2022-23	2023-24	2024-25	2025-26
2022 Budget Act	$210.0	$220.9	$230.6	$232.2
2024 May Revision	$170.1	$177.7	$187.0	$193.8
Difference	-$39.9	-$43.2	-$43.6	-$38.4

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Budget Shortfall Solutions

The “solutions” in the 2024-25 budget package include:

- Budget maneuvers
  - Reserves
  - Internal borrowing

- Cuts, delays and deferrals – the largest share of solutions

Solutions	Amount
Fund Shifts	$6 billion
Reserves	$6 billion
Reductions/Cuts	$16 billion
Delays & Pauses	$3.1 billion
Deferrals	$2.1 billion

Behavioral Health

Initiatives Mostly Sustained, Some Cuts Enacted

Budget Agreement Mostly Sustains Behavioral Health Initiatives

- Budget includes $7.7 billion for the **Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment** (BH-CONNECT) Demonstration.

- Budget includes $4.1 billion across several departments to support the **Children and Youth Behavioral Health Initiative**.
  - Cuts $72.3 million in 2023-24 and $313.9 million in 2024-25 for school-linked partnership and capacity grants.
  - Includes $9.5 million in 2024-25 increasing to $78 million in 2027-28 to establish the wellness coach benefit in Medi-Cal effective January 1, 2025.

Behavioral Health Funding Reductions in the Budget Agreement

- **Behavioral Health Continuum Infrastructure Program**
  - A reversion of $70 million in 2024-25 and $380.7 million in 2025-26, leaving $1.75 billion to support existing projects.
  - Prop. 1 bond funds will support this program ($4.4 billion).

- **Behavioral Health Bridge Housing Program**
  - A reduction of $250 million and a shift of $90 million to the Mental Health Services Fund.
  - The Budget maintains $1.25 billion for this program.

Behavioral Health Funding Reductions in the Budget Agreement

- **Behavioral Health Workforce Programs**
  - A reduction of $189.4 million Behavioral Health Services Fund planned for 2025-26.
  - Impacted programs include: social work initiative, addiction psychiatry fellowships, university and college grants for behavioral health professionals, expanding Master of Social Work slots, and the local psychiatry behavioral health program.
  - The budget maintains $357.7 million General Fund to support ongoing health care and behavioral health workforce programs.

Budget Agreement Includes Funding to Begin Prop. 1 Implementation

- **Behavioral Health Reform**
  - $117.6 million in 2024-25 for the Department of Health Care Services (DHCS), the Department of Health Care Access and Information, and the Mental Health Services Oversight and Accountability Commission.
  - $85 million for county behavioral health departments.

- **Behavioral Health Infrastructure Bond Act**
  - $6.4 billion in bonds for DHCS and the Department of Housing and Community Development.
  - DHCS is anticipated to open funding applications this summer and begin granting competitive awards by fall.

The new fiscal year began on July 1st. What happens next?

What Happens Next?

- The Legislature breaks for a one-month summer recess.
- “Clean up” budget legislation and action on a few remaining budget-related items are expected in August as the 2024 legislative session concludes.
- The Assembly Budget Committee has scheduled a hearing on budget reserves and 2025 oversight and accountability priorities on August 6.

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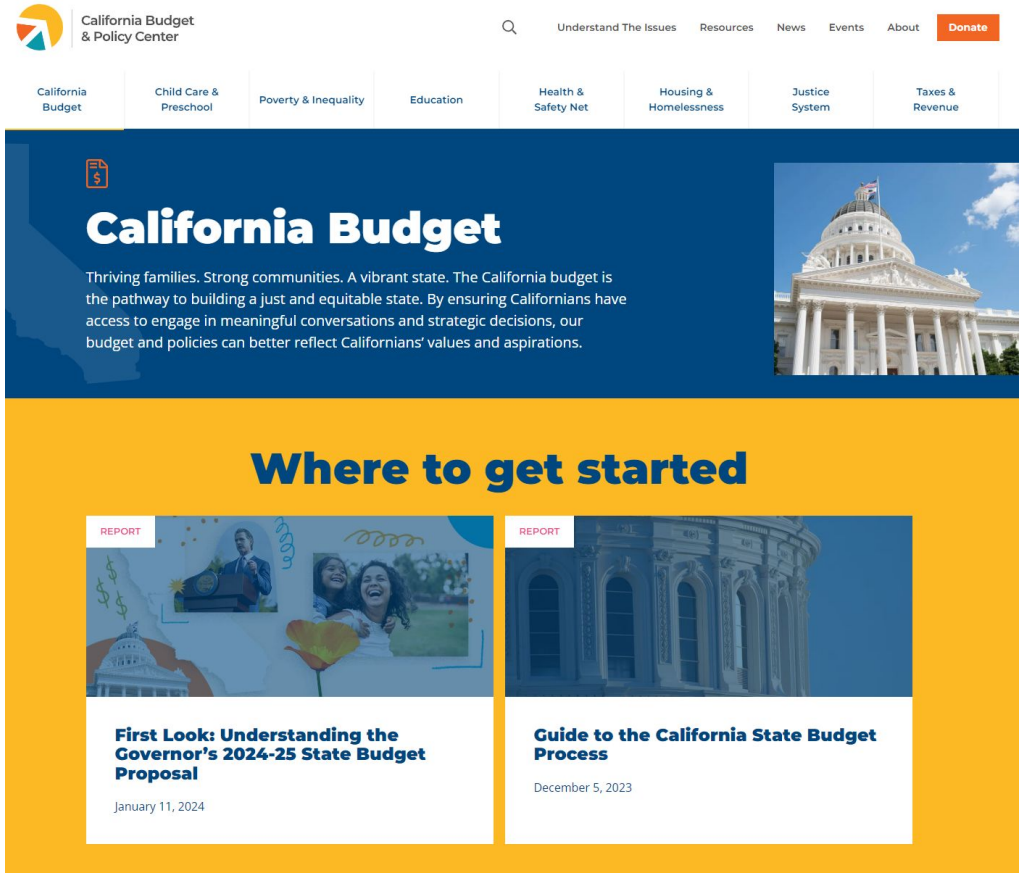

Thank you!

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