



*Budget 2 Save Lives (B2SL) is a multi-year vision to move California toward a “Care First” future by investing in healing and rehabilitation, divesting from incarceration and policing, and ending the economic austerity that endangers the lives of countless human beings.*

## **2024-25 California State Budget Analysis**

### **Enacted Budget**

#### **Context:**

**On June 29th, Governor Gavin Newsom signed the long awaited final 2024-2025 California State Budget.** This 2024-2025 budget is intended to close the budget deficit, roughly \$46.8 billion, which has impacted the ability of key programs and services to be funded. There have been several strategies utilized by the legislature and the Governor to address the deficit, such as budget cuts, spending reductions, and delays. In total, the enacted budget makes [\\$16 billion in cuts](#), in comparison to last year’s budget, to address the budget shortfall. The Governor’s choices in spending prioritization and reductions are enlightening. While there are some positive adjustments and increased spending allocations in the final budget in areas of education, housing, and for undocumented people, much more could be done to support the diverse needs of all Californians. It’s also worth noting that many of these increased and positive allocations would not have been possible with community advocacy.

#### **Our Goal:**

**This is a call to action.** The [B2SL Super Collective](#) is welcoming local and state budget advocates across California to collaborate, organize and stand with us to move forward our collective priorities across intersecting movements for community equity and justice. A culture of fiscal austerity and abandonment is unacceptable in a state as prosperous as California. **We are looking to connect with partners who seek to identify and address the gaps in much needed services and programs across the state, utilizing budget advocacy as an organizing tool to achieve our goals.** Our analysis includes examples of state priorities where spending and spending cuts must be reevaluated. It’s time to connect the dots between our shared, non-carceral budget advocacy goals.

#### **Overview - What Happened in This Year’s Budget Cycle:**

Please find additional visuals supporting this analysis in the accompanying document [HERE](#).

In the enacted budget, while there were significant cuts, the state managed to avoid about \$10.5 billion in General Fund budget cuts compared to the May Revise. Responding to incredible



pressure from advocates, community members, and the public, legislators and the governor agreed to increase planned General Fund spending in the enacted budget to \$211.5 billion compared to the \$201 billion proposed in May. **Of this \$10.5 billion in avoided cuts or preserved spending, nearly half (\$5 billion) is for K-12 Education** with an additional \$1.6 billion for higher education.

The state organizes its budget into 12 agency categories. The [charts](#) in the accompanying document show how General Fund budgets changed from January to May to June for each of these agencies (excluding the “General Government,” “Government Operations,” and “Legislative, Judicial, and Executive” categories).

Across the board, there were ongoing reductions to state operations by approximately 7.95% beginning in 2024-25 to nearly all department budgets. The reduction involves all categories, including personnel, operating costs and contracting for savings of \$2.17 billion General Fund. There was also a reduction of \$1.5 billion (\$762.5 million General Fund) in 2024-25 by reducing departments’ budgets for vacant positions. These reductions are collectively expected to save nearly \$3.7 billion.

The two largest categories of General Fund spending are K-12 Education and Health and Human Services. Comparing the Governor’s January Budget to the May Revise and June Enacted budget, **steep cuts to K-12 Education were avoided**, with \$81.5 billion in General Fund spending ultimately agreed on. **In contrast, General Fund spending for Health and Human Services significantly decreased in the 24-25 Enacted Budget** compared to both the January proposal and last year’s Enacted Budget.

**General Fund spending on Corrections and Natural Resources remained consistent** from the January proposal through to the June enacted budget. **However, the legislature and governor increased planned General Fund spending on higher education to avoid planned cuts.**

Other agencies like Environmental Protection and Labor and Workforce Development receive much less General Fund spending overall. There were marked changes for some of these agencies’ General Fund budgets from January to June. For example, the General Fund budget for Business, Consumer Services, and Housing doubled, from \$629 million to \$1.6 billion from the May Revise to June Enacted budgets. In contrast, the General Fund budget for Environmental Protection sharply decreased over the same period, from \$604 million to \$223 million.

### Education:

While other areas of the budget faced cuts, delays, or decreases, the budget largely preserved or increased investments in education, such as funding for community colleges, student support services, dual enrollment pathways, and the Cradle-to-Career Data System. The Budget includes total funding of \$133.8 billion for all K-12 education programs and total funding of \$44.6 billion for the higher education segments and the California Student Aid Commission. The budget agreement protects funding for Transitional Kindergarten, K-12 schools, and community colleges (TK-14 education) despite revenue challenges. For higher education, there was an increase of approximately \$227.8 million ongoing General Fund for operating costs, representing a five-percent base increase in ongoing General Fund resources. Aside from significant investments, the most notable cut is that of \$500 million that was intended to build student housing.

### Corrections:

The California Department of Corrections and Rehabilitation (CDCR) is set to undergo a substantial budget reduction, with planned cuts totaling \$750 million over the next three years. Thanks to the relentless advocacy of community organizers and principled members of the state legislature, these cuts not only exceed the Governor's initial proposal of \$89 million but also include deactivating 46 housing units across 13 prisons. Importantly, these reductions prioritize the protection of rehabilitative, reentry, and family connection programs, with the budget confirming a significant \$120 million cut from the original [\\$360 million allocated for the San Quentin Rehabilitation Center](#). **While these reductions are historic, the methods to achieve at least \$400 million of these savings remain unclear. Closing prisons is the most effective strategy to significantly reduce prison spending.** Despite broad support for further state prison closures, Governor Newsom missed a crucial opportunity to save an additional \$1 billion annually by closing five more prisons—a sum that could significantly bolster lifesaving services for California's most vulnerable populations.

### Health & Social Services:

General Fund spending for Health and Human Services significantly decreased in the 24-25 Enacted Budget compared to both the January proposal and last year's Enacted Budget. One of the highlights of the health and human services allocations is the state's commitment to protect Medi-cal eligibility for undocumented adults ages 26 to 49. The budget also continues funding for In-Home Supportive Services (IHSS) for undocumented Medi-Cal recipients, upholding the state's commitment to [Health4All](#). In the realm of social services, The Budget delays implementation of the California Food Assistance Program (CFAP) expansion to adults 55 and over regardless of immigration status, from October 1, 2025, to October 1, 2027. Other notable cuts and delays include a delay of \$40 million General Fund to 2025-26 and another \$40 million General Fund to 2026-27 for the [Bringing Families Home Program](#), a reversion of \$30 million



General Fund in 2023-24, and reduction of \$37 million General Fund in 2024-25 and \$26 million General Fund in 2025-26 for CalWORKs mental health and substance abuse services, and the protection of the number of subsidized child care slots by over 200,000, but delays implementation until 2028.

### **Housing and Homelessness:**

The General Fund budget for Business, Consumer Services, and Housing doubled, from \$629 million to \$1.6 billion from the May Revise to June Enacted budgets. There were significant additions made in the Enacted budget to support low-income housing and address homelessness across the state. Most notably, there was a large budget allocation of an additional \$1 billion dollars through the [Homeless Housing, Assistance, and Prevention \(HHAP\) program](#). Additionally, \$500 million was allocated for [Low Income Tax Credits](#), for an additional year of state low-income housing tax credits. Despite praiseworthy allocations, there was simultaneously a reduction of \$1.1 billion to various affordable housing programs. It is notable that the final Budget made a significant allocation towards housing programs, but at the same time also made a large cut to similarly vital programs. These two actions nearly cancel each other out and does not allow California to truly address the housing crisis in our state.

### **Labor and Workforce Development:**

Labor and Workforce Development received much less General Fund spending overall. There were cuts that would also affect the workforce in other sectors as well, such as a \$746 million for health care workforce development and programs. The budget also [delays even further a \\$25 hourly wage hike](#) for health care workers. Additionally, there is a reduction of \$150 million General Fund and a delay of \$150 million General Fund for California Jobs First (formerly the Community Economic Resiliency Fund, an inter-agency partnership of the Labor and Workforce Development Agency, the Governor's Office of Business and Economic Development, and the Governor's Office of Land Use and Climate Innovation (formerly the Office of Planning and Research) to support resilient, equitable, and sustainable regional economies. The Budget includes \$50 million General Fund annually in 2024-25 through 2026-27 for this program. Lastly, there was a reduction of \$47 million General Fund in 2024-25 and ongoing for CalWORKs employment services intensive case management.

### **Transportation:**

Total state funding for Transportation is \$19.8 billion, a slight increase compared to the May revision. General Fund spending makes up only 10% of Transportation funding (\$1.9 billion in the enacted budget), but was increased slightly compared to May. The California Highway Patrol and Department of Motor Vehicles are two of the larger slices of the Department of Transportation's budget. From May to June, funding for these two departments remained flat. Relatively small restorations or preservations of funds were added to important programs like



State Transit Assistance and the High-Speed Rail Authority. Across the year, one of the most significant budgetary decisions for transportation was the delay of \$1 billion of Transit and Intercity Rail Capital Program funds from 2024-25 to 2025-26. Over the year, the budget also reduced funding for transportation projects that can help with the state's climate goals including the Active Transportation and Highways to Boulevards programs as well as delaying funding for the Zero Emission Transit Capital Program.

### Climate:

Funding for Climate initiatives and Environmental Protection further suffered in the enacted Budget. The General Fund budget for Environmental Protection sharply decreased from \$604 million to \$223 million from the May Revise to June Enacted budgets, and with decreases named to continue through future years. Over the course of this year's budget, the state made large cuts to climate initiatives investing in zero emission vehicles, watershed climate resilience programs, programs to address synthetic chemicals (PFAS), the Extreme Heat and Community Resilience Fund, and many other critical initiatives. The state also shifted planned spending for these initiatives as possible from the General Fund to the Greenhouse Gas Reduction Fund (GGRF). Unfortunately over the course of the budget General Fund "solutions" to climate-related programs included larger reductions – the most harmful type of "solution" – than fund shifts or delays (\$6.6 billion in reductions, \$5.2 billion in shifts to other funds, and \$1 billion in delays).

### Immigration

At a glance, the enacted 2024-2025 state budget makes key investments to support undocumented Californians, such as maintains funding for the Temporary Protected Status Immigration Services Program and California State University Immigration Legal Services Project, ensuring that thousands of California families and individuals will continue to access the immigration legal services they need; and maintains funding for the state's Rapid Response Program that continues humanitarian efforts to welcome individuals and families seeking refuge and safety in our state. But with these positive investments, two crucial immigrant services faced impact. The Budget fails to reinvest funding for the Children Holistic Immigration Representation Project (CHIRP), which has provided free legal representation and social services to hundreds of children and youth over the last two years; and delays in more than \$3 billion in previously promised funding to expand food benefits to undocumented immigrants through the California Food Assistance Program (CFAP) to now begin in 2026-27 with benefits beginning in 2027-28.

### Closing:

**This analysis invites organizers across all issue areas to broaden our perspectives and coordinate our efforts to protect our interconnected priorities.** Newsom has made a notable



effort towards preserving key services and programs, but at the expense of many other programs and services our community urgently needs.

This budget critically fails to effectively redirect spending towards essential actions like closing prisons to achieve significant annual cost savings. The budget's substantial allocation for corrections and policing, at a time when our state should be reevaluating and reducing such expenditures, is particularly disconcerting. This approach is at odds with prioritizing public safety investments that uplift communities rather than reinforce systems of incarceration.

Housing, climate, and workforce development programs have suffered, when these funding streams could have been preserved with more strategic allocations. **A budget is a statement of our values.** Newsom's choices not only reflect misplaced priorities but also a missed opportunity to foster a more equitable California. **During a deficit, it's vital we direct our state's resources towards empowering marginalized communities, ensuring that everyone has access to the resources and support they need to thrive.** Every year, we aspire to unite our demands to achieve a budget to save lives.

In solidarity,

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