

The Quorum

December 2023: A Looming Budget Crisis

Kamaal A. Jones, MD, FAAP
Pediatrician - Policy and Legislative Affairs Analyst



Earlier this month it was announced that California is projected to be facing a whopping \$68 billion deficit in the 2024-2025 budget, creating a major challenge for our government and for advocates across the state.

Towards the end of each calendar year California's Legislative Analyst office releases projected budget information for the upcoming fiscal year which runs July to June. After operating in a significant surplus for the last several years, in 2022 they announced that we would be staring down the barrel of a significant deficit for the 2023-2024 year which, after updates and revisions, ended up being estimated at roughly \$32 billion dollars. As this same office now looks towards the 2024-2025 budget year, it seems that our fiscal challenges are only growing more difficult, as officials release projected finances which show an expected deficit of \$68 billion for 2024-2025—almost 5 times their initial forecast which was \$14 billion.

The surprisingly high deficit is due in large part to lower tax revenue than what was initially projected. Due to filing extensions which were granted in response to winter natural disasters across California, final tax filings were just due in mid-November, as opposed to the usual April due date. The later than usual tax returns showed much lower revenue than what was expected, leading to this large deficit.

Such a robust budget deficit will have a significant impact on the legislative and bureaucratic process for California's children and families. Already, consequences are being felt across the state, as the Governor announced a spending freeze on all non-essential purchases across all state agencies. This budget freeze means items as simple as office supplies will be scrutinized to see if they are "mission-critical", or a luxury.

We already began to get a sense of what such deficits may feel like, as we navigated this 2023 legislative session, as bills that would have advanced social determinants and provided for hearing aids, were vetoed largely in an attempt to save public funds. This pending deficit is much larger, and as such the hurdles are only greater.

As we look ahead to key priorities for children, such as an improved childcare system, universal healthcare options, social media safety and more, we will need to be strategic in our advocacy, understanding that we are competing with other state interests for a shrinking pie. In times of economic challenge, there is a tendency to cut the very safety net services that our patients rely on, but it's times like these that our most vulnerable citizens, our children, need resources more than ever. As we gear up for 2024, our advocacy will have to be stronger than ever, as work to keep advancing the interest of children throughout our region and state.

References:

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