

JUNE 12, 2020

# Overview of the Legislature's 2020-21 Budget Package

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PRESENTED TO:

Senate Budget and Fiscal Review Committee  
Hon. Holly J. Mitchell, Chair



LEGISLATIVE ANALYST'S OFFICE

# Major Spending-Related Changes

<b>Major Spending-Related Changes in the Legislative Package</b>				
<i>(In Millions)</i>				
	<b>With Federal Funding</b>		<b>Without Federal Funding</b>	
	<b>Senate</b>	<b>Legislature</b>	<b>Senate</b>	<b>Legislature</b>
County realignment assistance	\$600	\$1,000	—	\$400
Base funding for universities	—	370	-\$400	-402
Additional funding for local homelessness programs	250	350	250	350
Earned Income Tax Credit expansion	42	65	42	65



## Other Major Changes

<b>Other Major Changes in the Legislative Package</b>		
	<b>Senate</b>	<b>Legislature</b>
<b>Managed Care Organization (MCO) tax</b>	If no additional federal funding were received, would have adjusted the state's current MCO tax proposal, resulting in an estimated \$1 billion in General Fund savings.	Does not explicitly include adjustments to the MCO tax.
<b>COVID-19 contingency fund</b>	Approved Governor's proposal for budget to include a \$2.9 billion COVID-19 contingency fund.	Assumes \$716 million in COVID-19 contingency funds are available in the SFEU.
<b>June to July payroll deferral</b>	If no additional federal funding were received, would have deferred state employee payroll from June to July, generating \$1.6 billion in savings.	Makes the deferral also contingent on a January determination by DOF that such a deferral is needed to maintain a balanced budget.
<b>Employee compensation</b>	Did not assume a specific amount of savings related to reductions to state employee compensation.	If no additional federal funding is received, assumes at least \$1.5 billion and up to \$2.9 billion in employee compensation related savings through the collective bargaining process.
<b>K-14 education deferrals</b>	If no federal funding were received, included \$9 billion in education-related deferrals.	Includes an additional \$600 million in education-related deferrals due to a technical adjustment.
<small>COVID-19 = coronavirus disease 2019; SFEU = Special Fund for Economic Uncertainties; and DOF = Department of Finance.</small>		

