

JUNE 14, 2021

# Overview of Legislature's Budget Package

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PRESENTED TO: Senate Budget and Fiscal Review Committee  
Hon. Nancy Skinner, Chair



LEGISLATIVE ANALYST'S OFFICE

# General Fund Condition Under Legislature's Budget Package

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<b>General Fund Condition Under Legislature's Budget Package</b>		
<i>(In Millions)</i>		
	2020-21	2021-22
Prior-year fund balance	\$6,361	\$28,213
Revenues and transfers	187,661	173,711
Expenditures	165,809	195,548
<b>Ending Fund Balance</b>	<b>\$28,213</b>	<b>\$6,376</b>
Encumbrances	\$3,175	\$3,175
SFEU Balance	\$25,038	\$3,201
<b>Reserves</b>		
SFEU	\$25,038	\$3,201
Budget Stabilization Account	12,034	15,874
Safety Net Reserve	450	1,200
<b>Total Reserves</b>	<b>\$37,522</b>	<b>\$20,275</b>
SFEU = Special Fund for Economic Uncertainties.		

- Uses modified LAO revenue estimates.
- Uses funding provided through the American Rescue Plan to offset General Fund costs.
- Builds additional reserves in the Safety Net Reserve.
- Includes \$5.3 billion in constitutionally required reserves for schools and community colleges in addition to the reserves shown above.



## Some Major Budget Choices in Legislature's Package

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- Provides significant additional funding to schools and community colleges, including funding to pay down all remaining school-related deferrals.
- Provides additional funding for drought, wildfire, and other climate-related purposes.
- Provides discretionary funding for homelessness services at the local level over multiple fiscal years.
- Phases in implementation of developmental services rate study, provides additional funding for public health infrastructure, and lowers age eligibility for Medi-Cal expansion.
- Sets aside funds to prepay bond debt service.
- Provides substantially larger augmentations for student financial aid programs.

