

JUNE 9, 2022

# Overview of Legislature's Budget Package

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PRESENTED TO:

Senate Committee on Budget and Fiscal Review  
Hon. Nancy Skinner, Chair



LEGISLATIVE ANALYST'S OFFICE

# General Fund Condition Under Legislative Budget Package

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## General Fund Condition Summary

(In Millions)

|                         | 2021-22         | 2022-23         |
|-------------------------|-----------------|-----------------|
| Prior-year fund balance | \$37,698        | \$24,574        |
| Revenues and transfers  | 227,056         | 219,171         |
| Expenditures            | 240,180         | 235,959         |
| Ending fund balance     | <b>\$24,574</b> | <b>\$7,688</b>  |
| Encumbrances            | \$4,276         | \$4,276         |
| <b>SFEU Balance</b>     | <b>\$20,298</b> | <b>\$3,510</b>  |
| <b>Reserves</b>         |                 |                 |
| BSA                     | \$20,325        | \$23,283        |
| SFEU                    | 20,298          | 3,510           |
| Safety net              | 900             | 1,500           |
| <b>Total Reserves</b>   | <b>\$41,523</b> | <b>\$28,239</b> |

SFEU = Special Fund for Economic Uncertainties and BSA = Budget Stabilization Account.

- Addresses state appropriations limit requirements for 2022-23 (May Revision leaves roughly \$3 billion in unaddressed requirements in 2022-23).
- Plans \$28.2 billion in general purpose reserves for 2022-23 (above the May Revision by about \$700 million).
- Includes \$9.5 billion in constitutionally required reserves for schools and community colleges (in addition to the general purpose reserves above).



## Some Major Differences Between Legislature's Package and Governor's May Revision

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- ***Schools and Community Colleges.*** Provides the same overall funding increase for schools and colleges but designates more ongoing and one-time funding for discretionary purposes.
- ***Tax Relief and Cash Assistance.*** Rejects Governor's transportation-related relief proposals and instead provides tax rebates of \$200 per taxpayer and dependent for those with incomes below \$125,000 (\$250,000 for joint filers) and one-time cash assistance to SSI/SSP recipients and CalWORKs families.
- ***Climate Change.*** Provides the same overall funding as several of the Governor's climate change-related packages—including drought, energy, zero-emission vehicles, and wildfire—but does not yet specify specific allocations across categories or activities.
- ***Housing and Homelessness.*** Provides significant additional funding for affordable housing development, establishes a new homeownership program, and provides additional discretionary funding for homelessness services at the local level over multiple fiscal years.
- ***Higher Education and Financial Aid.*** Begins providing larger ongoing base increases and funding higher enrollment growth at the universities. Provides more funding for student housing. Provides larger augmentations for student financial aid grants.
- ***Health and Developmental Services.*** Accelerates implementation of developmental services rate study; provides additional funding for health workforce development; and defers action on, but sets aside funding for, a number of the Governor's major health-related budget proposals, most notably the hospital and nursing facility retention payments proposal.

