



**SERVING CALIFORNIA:
MAKING GOVERNMENT WORK**

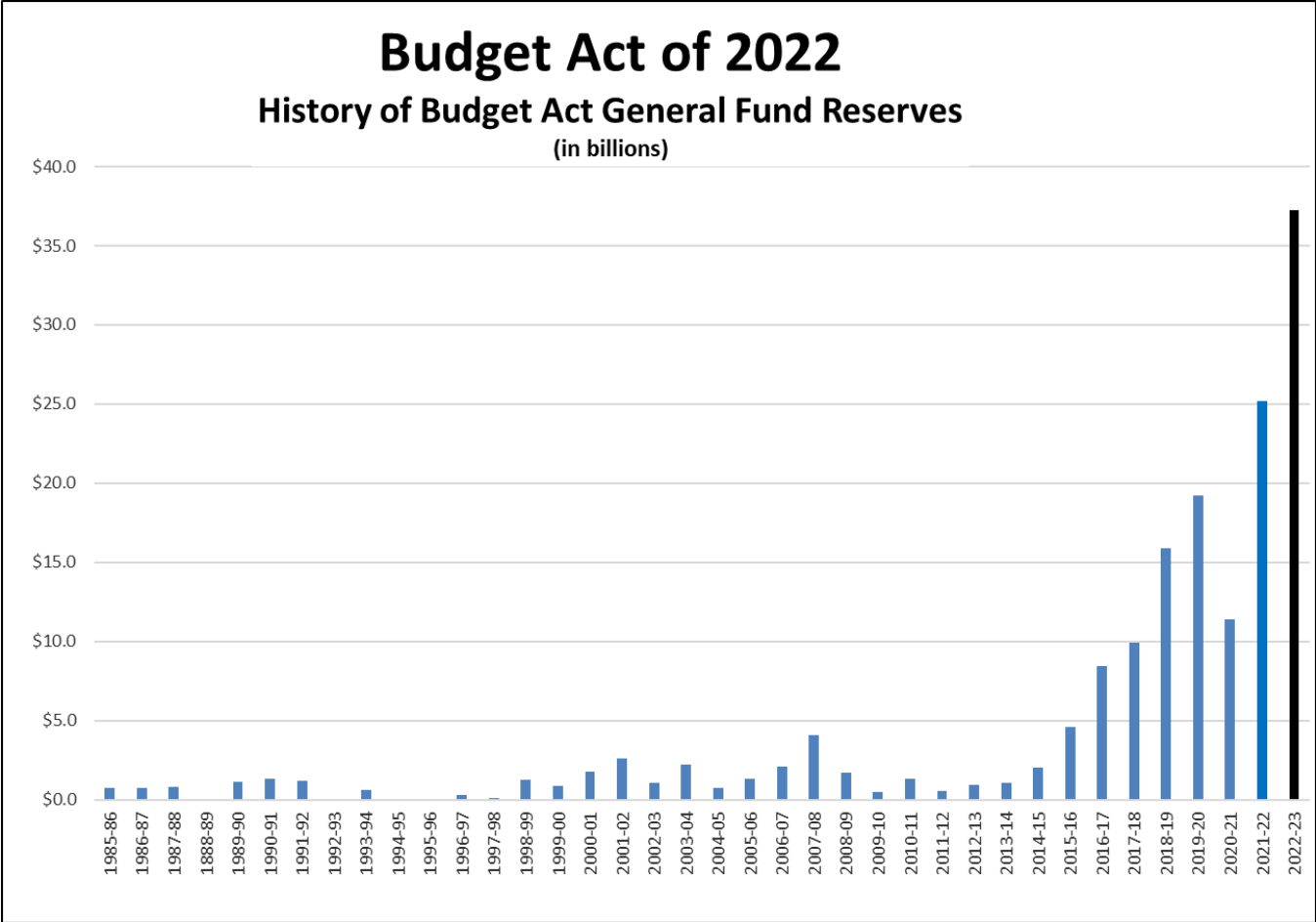
ASSEMBLY BUDGET BLUEPRINT 2023-24

PHIL TING

CHAIR, ASSEMBLY BUDGET COMMITTEE

Protecting Our Progress

- 10 years of planning for revenue volatility: \$120 billion of available cash liquidity (all funds), including \$37 billion budgeted General Fund and Rainy Day Fund Reserves
- The 2023 budget will Protect Our Progress by addressing revenue shortfalls while preserving gains over the last 10 years



Ten Years of Investment

K-12 Education

- Funding more than doubled since 2012: \$22,000 total funds per student (2012: \$9,541 per pupil)
- Transitional Kindergarten: started in 2012 (20,000 students), will be universal by 2025 (340,000 students)
- Launched \$4.4 billion universal afterschool for all TK-6 children through the Expanded Learning Opportunities Program



Ten Years of Investment

Early Childhood Education

- Increased by over 400% over the past decade
 - 2022-23: \$11.95 billion
 - 2012-13 \$2.2 billion
- 180,000 additional state funded child care slots

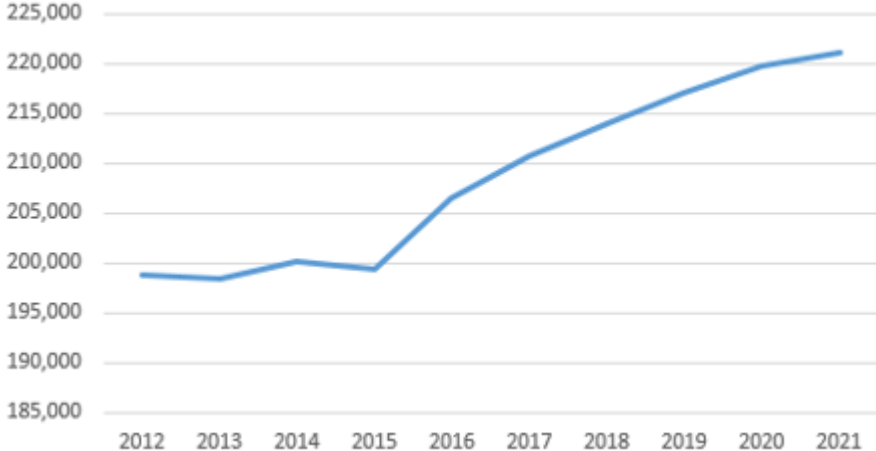


Ten Years of Investment

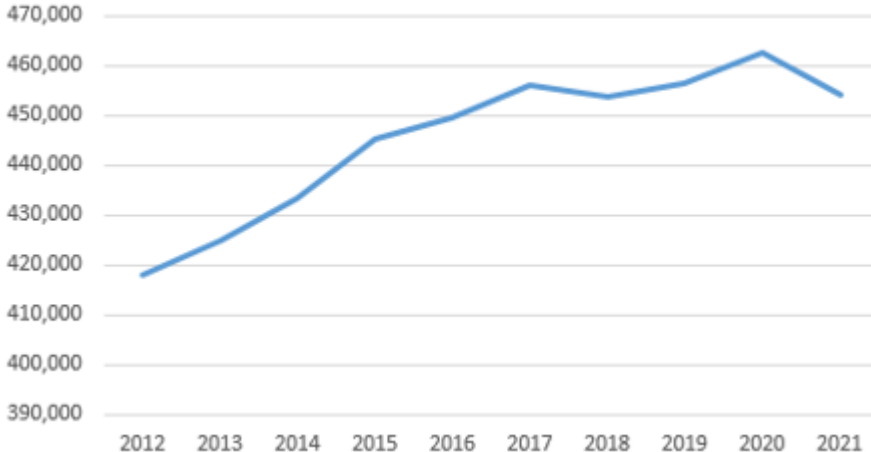
Higher Education

- 58,000 more California students at UC and CSU since 2012
- Expanded state financial aid to an additional 500,000 students
- Student needs like housing and mental health: (\$4 billion one-time for housing and \$174 million ongoing for student needs)

UC California Student Enrollment



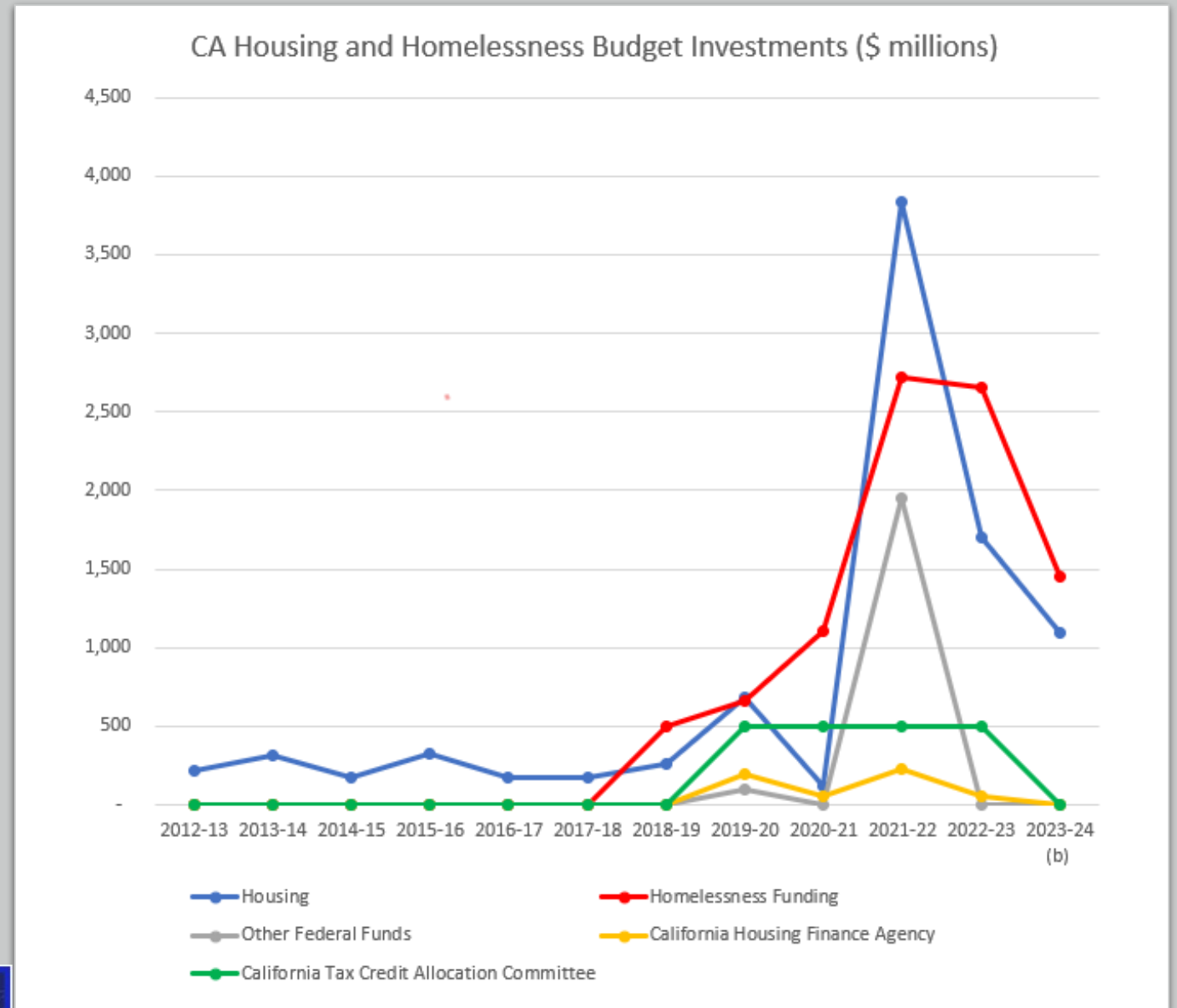
CSU California Student Enrollment



Ten Years of Investment

Homelessness

- \$16.7 billion over 3 years (2021-24) for state housing and homeless programs
- Major homelessness investments started in 2018
- Complementary investments in addition to these include:
 - \$1 billion Department of Social Services family-based housing
 - \$4 billion Higher Education housing



Ten Years of Investment

Health

- Reduced number of uninsured Californians by over 50% through the Affordable Care Act and Medi-Cal expansion
 - 18.8% of 0-64 age population in 2012-13 to 8% in 2022-23
 - Over 9 million more Californians now have health coverage
- Eliminated Medi-Cal asset test
- Invested over \$4.5 billion to create a behavioral health care system to ensure that all children and youth have fast and easy access to mental health and substance abuse services



Ten Years of Investment

Human Services

- Invested nearly \$600 million in the 2022 Budget to increase CalWORKs grants toward the goal of No Child In Deep Poverty
- Provided \$1.2 billion to increase Developmental Services provider rates by July 1, 2024, and ensuring Individuals with Developmental Disabilities (IDD) can live in the community
- Eased access to CalFresh benefits for new beneficiaries and to retain eligible households; \$12 billion in benefits in California to over 2.65 million households
- Invested approximately \$450 million for the Continuum of Care Reform (CCR) initiative, which promotes family-based care for foster children
- Sustained funding for immigration services, including DACA, naturalization assistance, and Temporary Protected Status, with 97 nonprofits receiving funding in the last round serving thousands of people statewide



Ten Years of Investment

Resources

- Climate Package \$54 billion over 6 years
 - Reducing emissions from vehicles and buildings
 - Investing in drought resiliency
 - Providing reliable electricity
 - Protecting communities from extreme heat and sea level rise.
- Right-size wildfire prevention and response funding to address the scope of the problem
 - Over 400% increase to CalFire's funding over the past decade (2012-13: \$756 million 2022-23: \$3.3 billion) to increase the number of firefighters and equipment to quickly spot and fight fires
 - Prioritized wildfire prevention funding with \$2.8 billion investment over four years
 - Overall fastest growing General Fund item from 2011-12 to 2019-20



Ten Years of Investment

Public Safety

- Eliminated prison overcrowding in California
 - Two prisons set to close by summer of 2023, saving the state more than \$300 million in annual operating costs as well as \$1.3 billion in avoided infrastructure repairs
 - By 2024-25 possibly closing an additional 3 prisons, saving the state up to \$500 million annually and avoids billions in capital expenses
- Despite population declines, corrections spending grew from \$10.2 billion in 2012-13 to \$14.6 billion in 2022-23
- Restored independent prison oversight by the Office of Inspector General
- Invested \$140 million in the last 5 years for reentry employment and higher education opportunities
- Courts funding has increased by 90% since 2012 to \$5.34 billion, including a 58% increase for trial court funding and 50 new judgeships established. In addition, \$3.7 billion provided for new courthouse projects

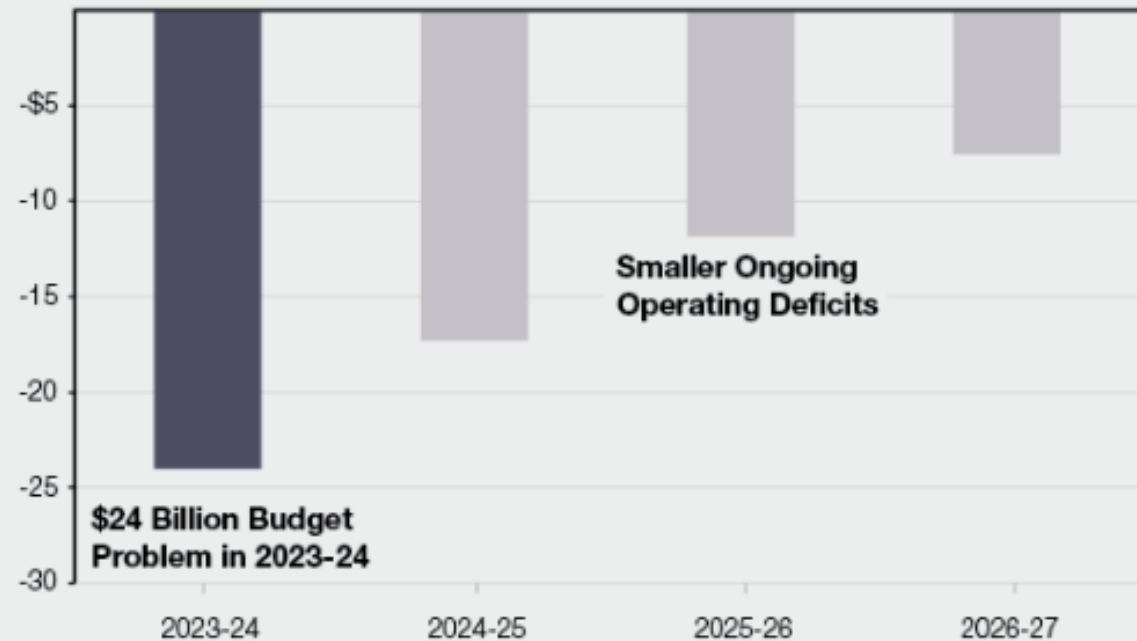


LAO Projects \$24 Billion Budget Problem

- Use state balance sheet to continue key investments
- Re-evaluate timing of planned one-time expenditures
- Use reserves as intended
- Evaluate inflation cost adjustments for state expenditures when appropriate

Figure 3

State Faces Budget Deficits Across Multiyear Period (In Billions)



LAOA



Budget Balancing Approach

- Use state balance sheet to continue key investments
 - Shift spending to special funds temporarily when possible
 - Consider low-cost borrowing from special funds, especially if revenue situation worsens
- Re-evaluate timing of planned one-time expenditures
 - Expedite key infrastructure investments that are ready to go
 - Adjust budget plans to more accurately reflect timing of other such expenditures
 - Potentially could shift billions of 2020-2023 expenditures to later years
- Use reserves as intended
 - Reserves now sufficient to preserve all core programs as planned, including preserving classroom funding
 - Amount of reserves to use will depend on economic and revenue outlook in June
- Evaluate inflation cost adjustments for state expenditures when appropriate
 - Will be difficult to adjust all programs to keep up with current inflation rates
 - Budget process should consider these issues openly and transparently
- Should allow state to protect our progress of recent years while making government work better



Protecting Our Progress in 2023

- Protect Classroom Funding
- Keep Focus on Infrastructure
- Protect Health and Human Services Expansions
- Move Forward on Housing and Homelessness
- Improve How Government Works
- Chart the State's Fiscal Future



Protect Classroom Funding

- Protect Proposition 98 and preserve funding for students
- Provide certainty for school districts to make the needed investments to reverse learning loss
- Emphasis on educator retention and compensation
- Continue progress on Debt Free College



Keep Focus on Infrastructure

- Oversight of spending on multi-year climate, infrastructure efforts
- Expedite shovels in the ground when possible
- Restructure spending plan to align with expected year of expenditure



Protect Health and Human Services Expansions

- Complete the full expansion of Medi-Cal for All as budgeted
- Maintain \$200 million annual Public Health investments for counties to continue expanded public health services
- Fully implement Developmental Services rates expected in 2023 and 2024
- Assist counties impacted by lost federal funds for child welfare and foster care services



Move Forward on Housing and Homelessness

- Leverage current breakthroughs in affordable housing efforts for investment opportunities
- Demand accountability for homelessness spending from local and state government
- Create transparency on what Californians are getting for their large investment in this policy area



Improve How Government Works

- Oversee efforts to improve quality, value, and customer service of California government
- Reduce punitive and bureaucratic barriers to programs that serve California's most vulnerable
- Simplify access to and retention on safety net programs for eligible families and individuals
- Ensure effective implementation of investments for rehabilitative programming, prison oversight, and reentry success
- Continue efforts to address language access barriers for Californians



Chart the State's Fiscal Future

- Protect Our Progress of recent budgets, including smart use of reserves
- Craft a modernized Gann Limit for voters to consider in 2024 to encourage building reserves and reducing debts
- Revisit reserve laws and initiatives to encourage larger reserves in the future
- Continue planning for 2024 trigger investments including CalGrant expansion and lifting all families on CalWORKs out of deep poverty

