

JUNE 13, 2022

Overview of Legislature's Budget Package

PRESENTED TO: Assembly Committee on Budget
Hon. Philip Y. Ting, Chair



LEGISLATIVE ANALYST'S OFFICE

General Fund Condition Under Legislative Budget Package

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	\$24,574	\$7,688
Encumbrances	\$4,276	\$4,276
SFEU Balance	\$20,298	\$3,510
Reserves		
BSA	\$20,325	\$23,283
SFEU	20,298	3,510
Safety net	900	1,500
Total Reserves	\$41,523	\$28,239

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

- ***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.

