



## **2018-19 BUDGET CONFERENCE COMMITTEE**

### **SB 840**

**Wednesday, May 30, 2018**

**1:30pm - State Capitol, Room 4202**

### **AGENDA**

- Introductions
- Overview Presentation by Mac Taylor, Legislative Analyst
- Remarks by Amy Costa, Department of Finance
- Member Question and Remarks
- Adjournment

# Conference Committee Overview

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LEGISLATIVE ANALYST'S OFFICE

Presented to:  
2018-19 Budget Conference Committee



## Comparing General Fund Conditions in 2018-19

<i>(In Millions)</i>			
	Governor	Senate	Assembly
Prior-year fund balance	\$8,451	\$7,770	\$8,400
Revenues and transfers	133,513	135,777	136,410
Expenditures	137,562	139,696	140,429
Ending fund balance	\$4,402	\$3,851	\$4,381
Encumbrances	1,165	1,165	1,165
SFEU balance	3,237	2,686	3,216
<b>Reserves</b>			
SFEU balance	\$3,237	\$2,686	\$3,216
Safety net reserve	—	1,000	—
BSA balance <sup>a</sup>	13,767	13,911	13,911
<b>Total Reserves</b>	<b>\$17,004</b>	<b>\$17,597</b>	<b>\$17,128</b>

<sup>a</sup> Assembly total includes the Budget Deficit Savings Account.  
SFEU = Special Fund for Economic Uncertainties and BSA = Budget Stabilization Account.

- ***Both Houses' Reserve Levels Likely Could Weather a Mild Recession.***
- ***What Share of New Commitments Are One Time?***
  - Roughly one-third of the Senate's \$2.9 billion in new commitments is one time.
  - Roughly half of the Assembly's \$4 billion in new commitments is one time.
- ***How Do Ongoing Costs Change in the Out Years?***
  - Costs for the Senate CalWORKs proposal grow significantly in the out years.
  - Costs for the Assembly health care proposal grow significantly in the out years.

## General Fund Changes From the May Revision

<i>(In Billions)</i>			
	Senate	Assembly	Comments
<b>Revenues and Transfers</b>			
Additional Revenues	\$2.7	\$2.8	Senate uses LAO revenues. Assembly uses LAO revenues, except corporation taxes.
<b>Formula-Driven Changes</b>			
Reserves	-0.1	-0.1	Both houses dedicate sufficient revenue to fill the Budget Stabilization Account to its maximum.
Additional Proposition 2 Debt Payments	-0.3	-0.4	Both houses have higher debt payment requirements due to higher revenue assumptions.
Less General Fund Spending for Proposition 98	0.6	0.7	Both houses use LAO property tax revenues, resulting in reduced Proposition 98 General Fund requirements. The overall guarantee is slightly lower (\$34 million) under the Assembly's revenue assumptions.
<b>Changes to May Revision Proposals</b>			
Reject Various Proposals	0.5	1.1	Both houses reduce funding for state infrastructure. The Assembly also reduces funding for deferred maintenance.
<b>Additional Resources Available</b>	<b>\$3.4</b>	<b>\$4.0</b>	
<b>New Proposals</b>			
<b>Reserves</b>	<b>\$1.0</b>	—	Senate establishes safety net reserve. Assembly implements optional deposit using Budget Deficit Savings Account.
<b>New Commitments</b>	<b>\$2.9</b>	<b>\$4.0</b>	Includes new spending and some tax credit expansions.

## Major Legislative Augmentations Provided in 2018-19

	Senate	Assembly
<b>Homelessness</b>	<b>\$641 million (\$0 ongoing)</b> Increases funding for affordable housing, emergency aid block grants, and domestic violence shelters.	<b>\$1,268 million (\$33 million ongoing)</b> Increases emergency aid block grants.
<b>Health Care</b>	<b>\$169 million (about \$300 million ongoing)</b> Expands Medi-Cal eligibility and benefits, and others.	<b>\$412 million (about \$900 million ongoing)</b> Expands Medi-Cal eligibility and benefits, provides insurance premium assistance, and others.
<b>CalWORKs and SSI/SSP Grants</b>	<b>\$505 million (reaching roughly \$2 billion ongoing by 2021-22)</b> Provides CalWORKs grant increases. Reinstates cost-of-living adjustments for CalWORKs and SSI/SSP.	—
<b>Various Human Services Programs</b>	<b>\$50 million (roughly \$30 million ongoing)</b>	<b>\$306 million (roughly \$225 million ongoing)</b>
<b>UC/CSU</b>	<b>\$473 million (\$375 million ongoing)</b> Increases for salaries, benefits, enrollment, and various other academic and support services.	<b>\$369 million (\$344 million ongoing)</b> Increases for salaries, benefits, enrollment, and various other academic and support services.
<b>Child Care</b>	<b>\$224 million (all ongoing)</b> Increases slots and rates.	<b>\$430 million (\$224 million ongoing)</b> Increases slots and rate. One-time funding for facilities.
<b>Reentry and Diversion</b>	<b>\$100 million (\$0 ongoing)</b> Funds various services for offenders, such as housing.	<b>\$150 million (\$0 ongoing)</b> Funds various services for offenders, such as housing.
<b>Census</b>	<b>\$95 million (\$0 ongoing)</b> Increases funding for the statewide Complete Count Committee.	<b>\$113 million (\$0 ongoing)</b> Increases funding for statewide Complete Count Committee and provides funding for local count committees.
<b>Judicial Branch</b>	<b>\$68 million in 2019-20 (over \$200 million ongoing by 2021-22)</b> Provides cost-of-living adjustment.	—

