

# Metropolitan Transportation Commission and Association of Bay Area Governments Joint MTC ABAG Legislation Committee

June 11, 2021

Agenda Item 3a

## Fiscal Year (FY) 2021-2022 State Budget Update

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- Subject:** Update on FY 2021-2022 State Budget with a focus on transportation, housing and climate adaptation funding.
- Overview:** The state budget surplus, combined with an Administration and State Legislature that share many of the priorities of MTC/ABAG has created a uniquely favorable environment to secure additional funding for Bay Area policy priorities related to transportation, housing and climate adaptation. The Governor's May Revision to the FY 2021-22 State Budget proposed an ambitious set of one-time investments to take advantage of a \$76 billion surplus (\$38 billion once required expenditures, such as for schools and community colleges, reserves and debt service are taken into account). A summary of Governor Newsom's May Revise proposals relative to MTC/ABAG priorities is included in Attachment A. After concluding their subcommittee work in late May, Assembly and Senate Budget Committee Chairs released their own agreement on budget priorities the week of May 31, "The FY 2021-22 State Budget: Legislature's Version," included as Attachment B.
- Discussion:** Key areas of opportunity in this year's budget discussion include:
- A new block grant program to help implement the Sustainable Communities Strategies (SCS). The May Revise proposed \$500 million; the Legislature is proposing \$750 million.
  - An increase of \$1 billion for the Transit and Intercity Rail Capital Program which has helped to fund many Bay Area transit and rail priorities. The Legislature has agreed to this amount.
  - The Legislature has proposed a \$3.7 billion climate resilience package, \$2.4 billion above the May Revise. This includes a \$400 million climate adaptation planning and infrastructure program to be administered by Caltrans.
  - An increase of \$500 million for the Active Transportation Program – this was proposed in the May Revise. The Legislature has agreed to this amount.
  - Significant new funding for affordable housing including \$1.75 billion for housing production and \$300 million for housing preservation. The Legislature has approved these increases.
  - Funding to address the state's chronic homelessness crisis. The Governor proposed \$6.9 billion total; the Legislature is proposing \$10.6 billion over four years, including \$8.6 billion in the next two years. The Legislature's proposal includes \$1 billion annually in flexible local aid to address homelessness in FY 2021-22 through FY 2024-25.

Staff have prioritized many of the items above in our advocacy, leading sign-on letters, including a new Bay Area coalition that the Bay Area Regional Collaborative (BARC) convened this year related to climate adaptation. While the two-house agreement on budget priorities is favorable to our objectives, this marks the beginning of the Legislature's negotiations with the Administration. In addition, details on some budget allocations, particularly for new programs such as the SCS block grant and the Climate Adaptation program may be deferred to late summer/fall in order to allow more time to develop the program's goals, project eligibility, etc. Additional Details on a few key items are highlighted below.

### **New Sustainable Communities Block Grant Program**

While trailer bill language for this new program—which the Legislature is proposing to augment from \$500 million in the May Revise to \$750 million—has yet to be released, both the Administration and the Legislature appear to envision a program that would be administered by the Department of Housing and Community Development (HCD), similar to the Regional Early Action Program or REAP, which was provided one-time funding in the FY 2019 State Budget. The Administration’s budget request describes its goal as supporting infill development and other projects that will help reduce vehicle miles traveled. This is similar to a proposed SCS block grant in AB 1147 (Friedman), a precursor to the budget proposal. This bill is still active and could potentially serve as the legislative vehicle to define the program.

### **Transportation & Zero-Emission Vehicles**

The May Revise proposes over \$4 billion in General Fund for transportation infrastructure and zero emission vehicles (ZEV) and related infrastructure:

- \$1 billion augmentation for the Transit and Intercity Rail Capital Program to improve connectivity between state and regional/local service
- \$500 million in new funding for Active Transportation
- \$500 million to support grade separations
- \$1.3 billion for zero-emission buses and trucks
- New \$100 million program focused on transit vehicles with a goal of supporting 1,000 new ZEV buses
- \$150 million for school buses & infrastructure

### **State and Local Transportation Climate Adaptation Program**

The details of this program have yet to be released. MTC/ABAG and other Bay Area partners championed a \$500 million program focused on local and regional climate adaptation planning and implementation. The May Revise proposed a range of program increases under the banner of “climate resilience,” but only \$15 million was proposed for local climate adaptation planning. The Legislature is proposing a \$400 million “State and Local Transportation Adaptation Program.” It is unclear to what extent funds would be available to local/regional agencies versus the state or the split between planning and implementation.

### **Bay Area Housing Finance Authority (BAHFA) Pilot Programs**

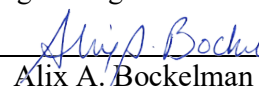
At the time this memo was finalized, staff had received assurance that the Legislature’s budget agreement includes \$15 million for BAHFA to implement five pilot projects across the 3Ps of protection, preservation and production. Staff is now reaching out to the Newsom Administration to share key details of the pilots and advocate for including this funding in the final budget

### **Next Steps**

The Legislature must submit a final budget to the Governor by June 15, 2021 and the Governor must sign it by July 1. The budget must include funding appropriations, but some program details may be left open and resolved over the next few months.

### **Attachments:**

Attachment A: Summary of May Revise of the Fiscal Year (FY) 2021-2022 State Budget  
Attachment B: The 2021-22 State Budget - Legislature’s Version

  
Alix A. Bockelman

## **Summary of May Revise of the Fiscal Year (FY) 2021-2022 State Budget**

### **Historic Revenue Growth Triggers Surplus and State Appropriations Limit**

California is forecast to have a \$76 billion surplus this year when excess revenue from the current budget year and next year are combined. However, the Legislative Analyst's Office notes that half that amount—\$38 billion—is actually discretionary given the state's various mandatory expenditures associated with incoming revenue for schools and community colleges, reserves, and debt payments. A new consideration in this year's budget is a limit on state appropriations, known as the Gann Limit. Passed in 1979 after Proposition 13, it sets a limit on per capita spending relative to 1979 and adjusted for inflation. It has only been triggered once before in 1987 when the state issued a \$1.1 billion tax rebate. This time around the excess revenue amount is \$16 billion and the Governor is proposing a \$12 billion tax rebate to expand access to stimulus checks of \$600 to all taxpayers who make up to \$75,000 a year and did not receive a state payment earlier this year. Households with dependents will receive an additional \$500. The proposal also includes \$500 in direct payments to undocumented families.

### **Plan Bay Area 2050 Priorities included in May Revise**

#### **Sustainable Communities Block Grants**

The May Revise proposes \$500 million in federal American Recovery Plan Act (ARPA) funds for regional agencies like MTC to spend on planning and implementation to support infill developments targeted towards climate goals and reducing vehicle miles traveled. Grants would be administered by the Housing and Community Development similar to the Regional Early Action Program or REAP which was funded in the FY 2019 State Budget.

#### **Housing: Protect and Preserve Affordable Housing**

***Rental Assistance*** –The May Revise highlights the \$5.2 billion that has been provided to date for rental assistance from SB 91, signed in January which provided \$2.6 billion in federal rental assistance in ARPA funds which provided an additional \$2.6 billion to state and local entitlement jurisdictions. The May Revise proposes \$60 million over three years for the Judicial Counsel to provide legal assistance grants for various legal aid organizations serving tenants plus \$2 billion to pay for overdue water and utility bills. Additional funding of \$60 million is proposed for tenant legal services.

***Housing Production: Affordable Housing Projects and ADUs*** – The May Revise proposes \$1.75 billion in ARPA funds to support the production over 6,300 in shovel-ready affordable housing units that are currently awaiting additional funding from federal tax credits advance. In addition, it proposes \$80 million in General Fund to expand an accessory dwelling unit (ADU) financing program for low- and moderate-income households that was created in 2019 with \$19 million in seed funding.

***Housing Preservation*** – The May Revise includes \$300 million from ARPA funds for affordable housing preservation focused on extending affordability covenants close to expiration.

**Homelessness** – May Revise proposes an increase of \$2.75 billion in additional funding over two years through the Homekey Program for a total of \$3.5 billion, of which \$1 billion is targeted to assisting families experiencing homelessness or at risk of being homeless. It also proposes \$40 million over five years for the Homeless Coordinating Financing Council to provide grants and technical assistance to local jurisdictions to develop action plans to address family homelessness. It also proposes \$53 million in one-time General Fund to address encampments on local streets and state highways. This includes \$2.7 million for Caltrans encampment coordinators to help coordinate the with cleaning of trash and debris from encampment sites.

## **Transportation**

The May Revise proposes spending over \$4 billion in General Fund surplus funds for transportation infrastructure enhancements and zero emission vehicles (ZEV) and related infrastructure, including:

- \$1 billion augmentation for the Transit and Intercity Rail Capital Program to improve connectivity between state and regional/local service
- \$500 million in new funding for Active Transportation
- \$500 million to support grade separations

**Zero Emission Vehicles (ZEV)** – The May Revise increases the budget’s commitment towards reaching the state’s ZEV goals by another \$826 million for a total of \$1.8 billion. This includes:

- New \$100 million program focused on transit vehicles with a goal of supporting 1,000 new ZEV buses
- \$150 million for school buses & infrastructure
- \$1.3 billion for zero-emission buses and trucks

**Clean California Initiative** - The May Revise proposes \$1.5 billion over three years to remove litter and clean up roadways including \$75 million in funding for art installations at community gateways, \$418 million in litter removal and \$874 million in state and local beautification projects, split \$430 million for state projects and \$444 million for local projects.

**Climate Adaptation** – The May Revise includes \$1.3 billion in climate resilience over multiple years, including \$784 million in “climate resilience” related projects including:

- \$100 million for Sea Level Rise (coastal wetlands restoration) (\$200 million over two years)
- \$15 million in climate adaptation and resilience planning (\$25 million over two years)
- \$10 million for Regional Climate Collaboratives (\$20 million over two years)
- \$15 million in environmental justice initiatives (\$25 million over two years)

**Drought/Water Resilience** – The May Revise proposes \$4.3 billion over multiple years to provide drought support, improve access to safe drinking water, and build water supply reliability, including \$3.5 billion in FY 2021-22. The largest category in this package is \$1.3 billion for drinking water/wastewater infrastructure.

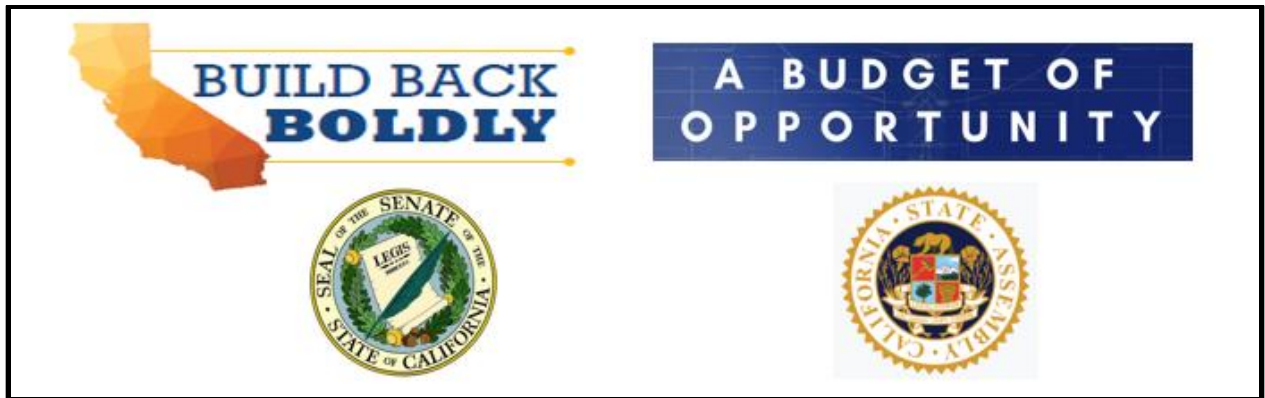
**Wildfire and Forest Resilience** – The May Revise notes that the January budget combined with mid-year budget augmentation of \$536 million amounts to \$1.2 billion for wildfire and forest resilience over two years.

***Community Hardening to Build Disaster Resilient Communities*** –The May Revise proposes \$250 million one-time General Fund to develop and implement a new initiative, “Prepare California,” modeled after a successful FEMA program, designed to build disaster-resistant communities through state, local, federal, and private sector and nongovernmental organization partnerships. This proposal would be implemented in a manner that promotes the principles of equity in building statewide resiliency and education to all hazards, including earthquakes, through community hardening programs.

***Heat*** –The May Revise proposes \$350 million from the General Fund over two years to support communities vulnerable to the impacts of extreme heat through funding for urban greening projects, accelerating deployment of low global warming potential appliances in low-income households eligible for energy efficiency upgrades, and supporting strategic greening of new near-zero emission low-income residential buildings. These programs aim to strengthen protections for California’s most vulnerable by cooling communities, reducing energy costs, improving air quality, and safeguarding public health and safety.

**Broadband** – The May Revise supports PBA 2050 goal to ensure all communities have affordable access to high speed internet by providing \$7 billion to expand access to affordable high-speed internet over three years.

**Economic Resilience** - The May Revise proposes using \$750 million in ARPA funds to create a new fund to support local and regional planning and implementation of strategies to “adapt to and seize the opportunities that come with a changing economy.” The concept is to prioritize the creation of accessible, high-quality jobs in future-looking industries such as renewable energy, ZEV, climate restoration and resilience. The fund will provide “High Road Transition Implementation Grants.” An additional \$160 million is proposed for workforce training to support this effort.



# **The 2021-22 State Budget**

## ***Legislature's Version***

*(All figures contained are preliminary, until final official scoring)*

***Assemblymember Phil Ting***  
*Chair, Assembly Budget Committee*

***Senator Nancy Skinner***  
*Chair, Committee on Budget and Fiscal Review*

Pending approval of the Assembly Budget Committee and the Senate Committee on Budget and Fiscal Review, this document provides a summary of the Legislature's version of the 2021-22 State Budget.

The Legislature's Version builds on priorities put forward in the Assembly's "A Budget of Opportunity" blueprint, the Senate's "Build Back Boldly" plan, and the Governor's May Revision.

As a result, the Legislature's Version provides a responsible, bold budget that makes transformative change for California.

California is roaring back – but it is not by accident or due to good fortune. California's finances survived the COVID-19 economic crisis and have put the state in position to make transformative change due to:

- A decade of responsible budgeting – which began with voters putting Democrats in full control of the state’s finances starting in 2011 – that provided the tools to get through the temporary downturn without having to impose economy harming cuts to programs or middle class tax increases;
- Robust federal stimulus actions that kept families afloat and prevented the economy from spiraling out of control; and
- A common sense, voter-approved, revenue system that requires all Californians to contribute, but relies more heavily on the wealthiest Californians that have benefited the most from California and can most afford to pay.

The Legislature's Version framework differs from the May Revision in two primary ways. First, it maximizes flexible federal funds to support and improve core programs. And second, the Legislature's Version uses the revenue forecasts of the Legislative Analyst's Office, naturally, as well as up to date revenue performance through the month of May in the current year.

The LAO revenues are modestly higher in the short term and help support transformative actions outlined in this summary, but much of the increase revenues are constitutionally dedicated to schools, reserves, and debt payments pursuant to Proposition 98 and Proposition 2. It is important to note, that while the LAO's forecasts in recent years have proven to be more accurate than others, their projections have also been well below actual performance, and it is not unreasonable to believe that actual revenue performance in the coming years will significantly exceed the forecast contained in the Legislature's Version.

All told the updated Legislature's Version contains total spending of \$267.1 billion, of which \$196.1 is from the General Fund, and total General Fund reserves equaling a record \$25.2 billion.

Total Proposition 98 spending is a record, \$96.1 billion, including \$69 billion from the General Fund.

The following provides a summary of key aspects of the Legislature's Version, followed by more detailed highlights by each subject area.

# Top Legislative Priority

## **Responsible Budgeting**

Since taking full control of the state's finances in 2011, Legislative Democrats have made responsible budgeting a top priority. Gone are the bad old days of perennial late budgets, careening from one fiscal crisis to the next without ever having a structurally balanced budget, and constantly slashing funding for schools and critical programs and squeezing the middle class.

California's finances survived the COVID-19 downturn in large part because of the responsible budgeting, the Legislature's Version does more than ever before to protect state budget from the next inevitable downturn.

The following are key responsible budgeting elements of the Legislature's Version:

- **Record Reserves.** Provides a total of \$25.2 billion in General Fund reserves, higher than any level in history. The reserves include:
  - \$2.9 billion in the Regular Reserve (SFEU)
  - \$1.2 billion in the Safety Net Reserve
  - \$5.3 billion in the Prop 98 Reserve
  - \$15.9 billion in the Rainy Day Fund (Budget Stabilization Account).

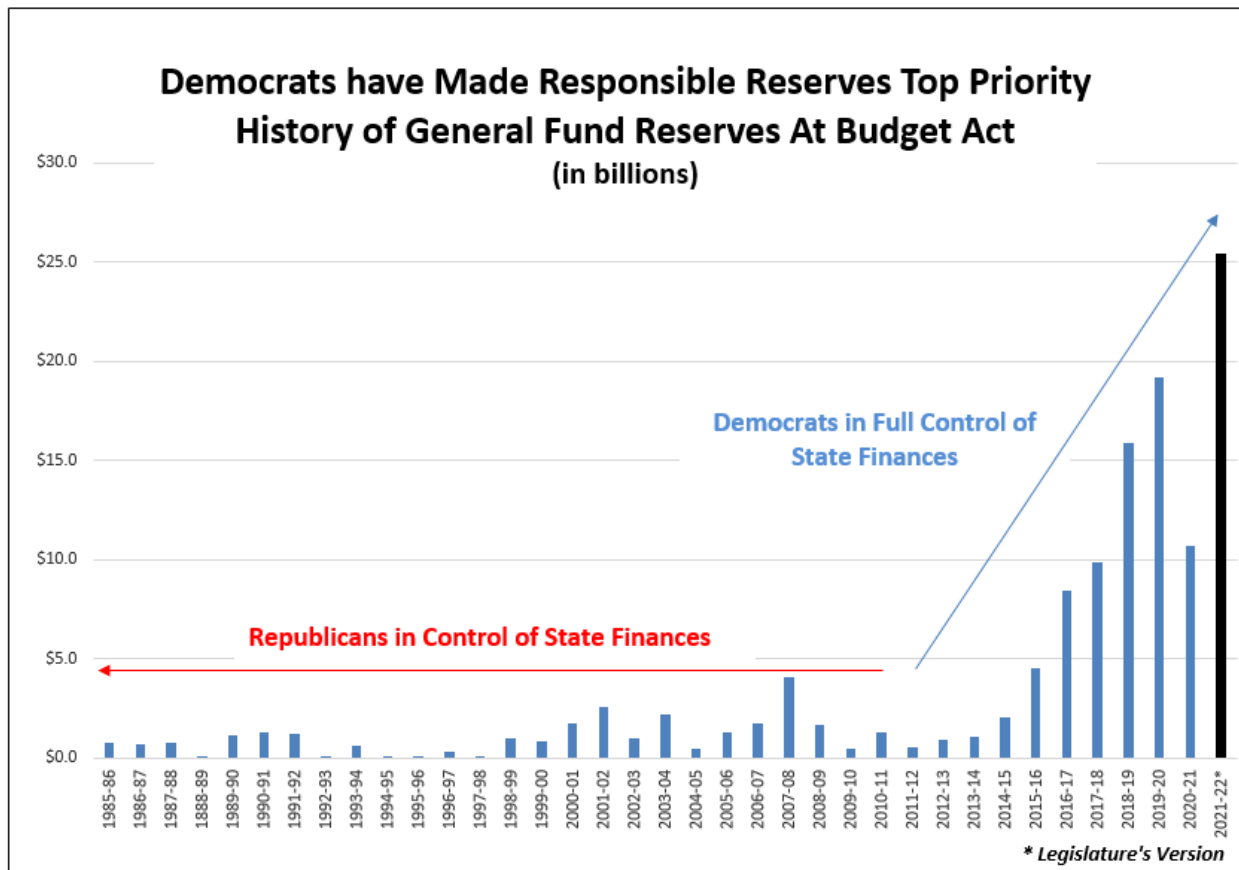
The reserves increase each year and will total over \$35 billion by 2024-25.

- **Full Pay-Off of Prop 98 Deferrals.** Pays off \$11 billion of Prop 98 deferrals, include \$2.6 billion not proposed in the May Revision. Paying down deferrals gets local school and community college districts cash for their programs and replenishes an important budget tool to assist with the next economic downturn.
- **Prepayment of General Obligation Bond Debt.** Pays \$1 billion of General Obligation Bond payments early, which will reduce required spending in future years.
- **Pays Schools and Community College Pension Costs.** Allocates nearly \$3 billion over the next four years for supplemental pension payments for schools and community colleges, including \$400 million in 2021-22 to offset future costs.
- **No Phony Suspensions.** Approves the May Revision proposal to end the practice of building in phony suspensions into the out-years that would paint an



unrealistic fiscal outlook. Instead, the ongoing costs of programs are fully accounted for in the out-years to present an accurate multi-year forecasts.

- ***Under the Constitutional Appropriations Limit.*** Maintains total spending as much as \$30 billion below the Constitutional appropriations limit for 2021-22. And over the two year period of the current year and budget year, combined the budget is below the appropriations limit.



# Transformative Actions

## **Economic Stimulus, Relief for Families & Small Business/Non-Profits**

While California's state finances have survived and bounced back after the COVID-19 downturn, many California families and small businesses continue to struggle.

The Legislature's Version builds on the historic investment in families and small businesses made by the federal and California governments, including:

- **\$8.1 Billion Golden State Stimulus 2 – Historic Level of Tax Cuts.** Approves the Governor's proposed Golden State Stimulus 2 to provide \$8.1 billion in tax cuts to Californians with income of up to \$75,000. This will provide taxpayers with payments of \$500, \$600, 1,000 or \$1,100, depending on their filing status. Combined with early action tax relief for families and businesses, this totals approximately \$14.7 billion in tax relief – a historic level of tax cuts by any measure.
- **\$1.5 Billion Small Business / Non-Profits Grants.** Approves the Governor's proposed additional \$1.5 billion in small businesses and non-profit grants, bringing the total investment in the Small Business COVID-19 Relief Grant Program to \$4 billion.
- **\$2 Billion Unemployment Insurance Mitigation for Small Businesses.** Provides \$2 billion of tax relief over a ten year period for small businesses to mitigate impacts of Unemployment Insurance repayments, beginning in 2023. This replaces the Governor's \$1.1 billion proposal that would not target relief to small businesses and would not have a practical benefit to any business until 2030.

## **Education**

**Early Care and Education.** The Legislature's Version of the budget improves upon the Governor's strong to make historic and transformative improvements for Early Care and Education. Strong Early Care and Education investments are critical to healthy families,

and it is critical that child care providers are compensated fairly. Key Early Care and Education improvements include:

- **Child Care Rate Reform.** Provides \$1.1 billion in ongoing funds above the May Revision to implement Child Care Rate Reform for child care and state preschool providers which helps ensure providers can be fairly compensated and run successful businesses that provide vital services for families.
- **Child Care Slots.** Increases child care access by 206,500 slots in Alternative Payment, General Child Care, Migrant Child Care, bridge program for foster children, and prioritizes ongoing vouchers for essential workers currently receiving short-term child care. The package provides a total of \$1.469 billion (\$1.026 billion General Fund) in 2021-22 and \$2.724 billion (\$1.809 billion General Fund) in 2022-23 for new child care slots.
- **Universal Transitional Kindergarten.** Adopts universal Transitional Kindergarten (TK) as part of a mixed delivery system, phasing in expanded age eligibility to full implementation in 2025-26 and rebenching the Proposition 98 Guarantee to provide ongoing funding for the TK expansion of approximately \$2.7 billion at full implementation.
- **Key One-time Investments.** Provides a variety of one-time investments to stabilize providers growing out of the pandemic, including stipends, hold harmless policies. Makes additional investments in child care facilities (\$250 million one-time General Fund and \$205 million one-time federal stimulus funds) and the early care and education workforce (\$250 million one-time federal stimulus funds).

**TK-12 Public Education.** A key part to California's pandemic recovery is the transformation of our public education system, and significant investments in California's children and our shared futures. In addition to TK expansion listed above, the Legislature's Version includes over \$21,000 per-student spending and various initiatives to change the culture of public education including:

- **Community Schools.** Provides \$2 billion to launch a statewide initiative to build accessible community wellness and student health hubs on over 1,000 school campuses. The Community School model addresses students' and their families' most critical health and service needs, to support students in academic success. The Legislative Version adds universal meals to the education model, allowing all students who need a healthy breakfast or lunch at school, to receive one, year round at their local school.
- **Expanded Learning.** Builds upon the Governor's vision for expanding after school and summer options with \$1 billion in ongoing program support, and \$2.3

billion in one-time funding, for free after school and summer options for all low-income students through the 2022-23 school year. This improves the standard schedule for public schools to better meet the needs of working families

- **Special Education.** Provides ongoing special education funding to increase the statewide base rate for the special education formula and fund special education services for children ages 3-5 years old. In addition, one-time funds of over \$1 billion are provided for to invest in increased support for special education learning loss and increasing support for inclusive practices.
- **Career and College Readiness.** Doubles high school student access to career and college-prep coursework and training.

### **Access to Higher Ed, Financial Aid & Path to Debt Free College**

Access to affordable higher education is a cornerstone of a strong middle class. While California has done a good job to keeping tuition low, and has been able to eliminate tuition entirely for the 55 percent of CSU and UC students that qualify for Cal Grants, non-tuition costs and out of date rules that shut out qualified students from Cal Grants has resulted in students relying on student debt.

The Legislature's Version of the budget makes the biggest expansion to Cal Grants since its inception and reboots the Middle Class Scholarship to also supplement Cal Grant for the first time to cover non-tuition costs for students receiving Cal Grants.

Here are the Details:

- **Cal Grant Enrollment Expansion.** Provides \$488 million ongoing to end the age and time out of high school requirements that for too long have locked deserving students out of the Cal Grant program. This will begin in the upcoming school year with \$154 million for 133,000 community college students and then expand to 40,000 CSU and UC students in the 2022-23 school year.
- **Cal Grant B Access Award Increase.** Provides \$125 million ongoing to increase the Cal Grant Access Award from \$1,600 to \$2,000. The Access Award is a modest grant to help cover non tuition expenses. This will start with \$44 million in the budget year to serve 240,000 Community College students, and expand to \$125 million in 2022-23 to serve 170,000 CSU and UC students.
- **Middle Class Scholarship Reboot.** Provides \$542 million beginning in 2022-23 to reboot the Middle Class Scholarship to expand to supplement non-tuition costs for Cal Grant students and to ultimately become Debt Free grant to eliminate the

de facto requirement for lower and middle income students to rely on student loans to attend the CSU and UC.

The MCS 2.0 will close the gap between the full cost of attendance – including non-tuition costs – and resources provided by other financial aid, earnings from a part-time job and of the full cost of attendance and traditional between traditional financial and modest family contribution from families with over \$100,000 annual income.

The \$542 million is estimated to close the gap by 33 percent, with the intent to expand in future years to ultimately fill the gap by 100%, and finally provide debt free college.

The Legislature's Version also provides \$180 million to increase resident enrollment at UC and CSU by more than 15,000 students, and launches a new program to replace nonresident students at UC Berkeley, UCLA and UC San Diego with California students.

### **Major Investments in Youth Behavioral Health, Public Health, and Health Equity**

- **Youth Behavioral Health.** Invests \$4 billion dollars to create a new, modern, and innovative behavioral health system for youth, including \$250 million for the Mental Health Student Services Act to fund school and county mental health partnerships to support the mental health and emotional needs of children and youth as they return to schools and everyday life.
- **Public Health Infrastructure.** Builds a 21<sup>st</sup> century public health system with \$200 million annually for Local Health Jurisdictions, \$40 million annually for state public health functions, \$35 million annually for public health workforce development, and \$13 million ongoing for the prevention of HIV/AIDS, hepatitis and sexually transmitted infections.
- **Health Equity.** Invests \$115 million annually in community-based health equity and racial justice efforts, and \$63.1 million one-time for the California Reducing Disparities Project.

## **Aging and Disability**

The Legislature's Version takes major action to improve services for the aged and those with disabilities. Legislative Democrats have long championed these efforts but with the strong fiscal condition of the state the Legislative Version makes progress far beyond any prior efforts. The improvements include:

- ***Medi-Cal at 50+, Regardless of Immigration Status.*** Provides ongoing funding growing to \$1.3 billion to expand Medi-Cal eligibility to all income eligible Californians 50-plus years of age, regardless of immigration status.
- ***Medi-Cal Asset Test removal.*** Eliminates the Medi-Cal asset test for seniors to remove the "senior savings" penalty, to expand access to more income eligible seniors.
- ***SSI/SSP Legacy Cut Restoration.*** Provides \$600 million ongoing to substantially restore the 2009 cut to low income Californians with disabilities and the elderly. This restoration (combined with Governor's May Revision proposal) will increase the SSP grant by \$46 per month for individuals and \$118 per month for couples.
- ***Developmental Services Provider Rate Study.*** Phases in an ongoing \$857 million to fully phase in the rate study provider increases over a three-year period. This will help ensure providers receive fairer compensation and that families will continue to have access to the vital services provided.
- ***Permanent Restoration of IHSS 7% Hours Cut.*** Finally ends the legacy of 7% cut in in-home care services to elderly and disabled Californians. While the cut was restored in prior years, the threat of the cut remained by it being added to the list of program "suspensions" that would have automatically taken effect in future years. The Legislature's Version of the budget approves the Governor's proposal to end this (and all) program suspension.

## **Fighting Poverty and Hunger**

The Legislature's version of the budget makes strides to ending poverty and fighting hunger across California by implementing sensible reforms to improve outcomes for participants in the CalWORKs program and making investments in our state's food safety net. This includes:

- ***Aligning CalWORKs Income Standards for Applicants and Recipients.*** Provides \$179.2 million in ongoing support to raise the applicant earned income disregard from \$90 to \$600.
- ***CalWORKs Pregnancy Aid.*** Provides \$10 million ongoing to allow a pregnant person to receive aid to meet special needs resulting from pregnancy upon verification of pregnancy and increases the CalWORKs pregnancy supplement to \$100.
- ***Food for All.*** Provides \$550 million in ongoing support to provide state-funded nutrition benefits to those ineligible for CalFresh or the California Food Assistance Program solely due to immigration status.
- ***Aid for Food Banks.*** Provides close to \$300 million one-time to help food banks address the overwhelming need brought on by the COVID-19 pandemic and operate in the 2021-22 fiscal year.

### **Homelessness Package**

The homelessness crisis impacts nearly every community in California. The Legislature's Version builds on recent one-time spending efforts to make the largest ever commitment to address homelessness over a two year period, as well as on ongoing commitment to provide funding for local governments. This includes:

- ***Record-level Investment to Address Homelessness.*** Provides \$8.5 billion in new funding for homelessness programs over the next two years.
- ***Local Ongoing Support for Local Governments.*** Includes \$1 billion in ongoing support for local governments to address homelessness. This is the first ongoing commitment made by the state and will come with strong oversight and accountability to ensure the funds are put to work to successfully alleviate homelessness.
- ***Sending More Resources to Front-Line Anti-Poverty Programs.*** Includes over \$1 billion for various programs operated out of the Department of Social Services. These housing and homelessness programs touch the most vulnerable in our state – seniors in poverty at risk of abuse and neglect, families with children, and children and guardians in our child welfare system.

## **Criminal Justice Reform and Access to Justice**

- ***Reduce debt on low-income Californians.*** Reduces the debt of low-income Californians by eliminating various criminal administrative fees, including the elimination of the civil assessment. Includes \$151 million General Fund in 2021-22, \$151 million in 2022-23, \$130 million in 2023-24, and \$120 million in 2024-25 and ongoing to backfill the revenue associated with the eliminated fees.
- ***Access to Justice.*** Expands essential legal service resources through a \$200 million “Access to Justice” package in 2021-22 for legal aid, collaborative courts, county law libraries, dependency counsel, court interpreters, and court reporters. Invests \$120 million ARPA funds over three years to fund legal aid services for renters and homeowners to avoid evictions and foreclosures.
- ***Support for Court Operations*** Restores \$200 million ongoing General Fund to the Judicial Branch to re-open temporarily closed courtrooms and process case backlogs which have accumulated during the pandemic. Provides an addition \$72 million to ongoing General Fund to support trial court operations.
- ***Investments in rehabilitation, re-entry, and recidivism reduction strategies.*** Includes a “Rehabilitation, Re-entry and Recidivism Reduction” package of \$200+ million for career development, rehabilitative programming, family connection, local support for individuals to remain out of the criminal justice system, and removal of barriers to successful re-entry.
- ***Gun Violence Reduction.*** Provides \$211 million General Fund to reduce gun violence in the state.
- ***Investments in survivors.*** Includes \$175 million General Fund for various programs to support survivors of domestic violence, sexual violence, human trafficking and forced sterilization. Includes \$50 million for homeless youth emergency services and housing programs.

## **Historic Resources Investments**

California continues to be impacted by climate change, and the Legislature’s Version works to address this with historic investments to address the Wildfire and Drought crisis and with a major Climate Resiliency Package. This includes:

- ***Wildfire Package:*** Provides \$1 billion for various wildfire prevent and respond to wildfires, this is an increase of \$292 million above the Governor’s May



Revision. Details of the package will continue to be worked out through the three-party negotiations.

- ***Drought Package:*** Provides approximately \$3.7 billion to address and get ahead of the emerging drought, this was the amount proposed by the Governor's May Revision. Details of the package will continue to be worked out through the three-party negotiations.
- ***Climate Resiliency Package:*** Provides \$3.7 billion over three years to make needed climate resiliency investments, this is \$2.4 billion more than what was proposed in the Governor's May Revision. Details of the package will continue to be worked out through the three-party negotiations.

## **Infrastructure**

The Legislature's Version builds on the Governor's efforts to invest in infrastructure throughout the state. Key highlights of infrastructure investments in the Legislature's Version include:

- ***Broadband.*** Appropriates \$7 billion over a multi-year period for broadband infrastructure and improved access to broadband services throughout the state. Details will continue to be worked out through three party negotiations. Administrative flexibilities will enable the appropriated funds to be accelerated to ensure they are available as needed to fund the expansion and improvements.
- ***Early Care and Education and K-12 Facilities.*** Provides over \$1 billion for Early Care and Education and K-12 infrastructure, including: \$250 million for child care infrastructure, \$300 million for preschool/transitional kindergarten/kindergarten facilities, and \$500 million for school facilities.
- ***Higher Ed Facilities, Acquisition and Student Housing.*** Creates a new \$4 billion fund for CSU and UC facilities and for student housing at Community Colleges, CSU, and UC. Specific projects funded through the new fund, called the Capacity and Affordable Student Housing (CASH) fund, will be approved through Legislative action beginning later this year and through future budget action.
- ***Transportation.*** Provides billions of dollars in new spending for transportation infrastructure, including \$3 billion in funding for transportation infrastructure across the state, including for active transportation projects and projects identified for completion prior to 2028, \$2 billion for streets, roads, and highway

projects, and \$400 million for a State and Local Transportation Adaptation program.

- **Affordable Housing.** Provides \$1.75 billion to alleviate the backlog in affordable housing construction, \$300 million for the preservation of existing affordable housing, \$130 million for the development, maintenance, and preservation of farmworker housing, and \$750 million for planning and implementation grants to help local governments plan for and meet their goals under their Sustainable Community Strategies.
- **Civic and Cultural Institutions.** Includes investments in civic institutions that support our communities and celebrate California's diversity and cultural heritage. This includes \$390 million for support for libraries and \$250 million for local park projects.

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## **2021-22**

### **General Fund Summary**

(preliminary scoring - in billions)

Prior Year Balance	28.4
2021-22 Resources	173.7
<b>Total Resources Available</b>	<b>202.1</b>

General Fund Prop 98 Expenditures	69.0
General Fund Non-Prop 98 Expenditures	127.1
<b>Total General Fund Expenditures</b>	<b>196.1</b>

Fund Balance	6.1
(encumbrances)	(3.2)

#### **General Fund Reserves:**

Regular Reserve (SFEU)	2.9
Safety Net Reserve	1.2
Prop 98 Reserve (Prop 2)	5.3
Rainy Day Fund (Prop 2)	15.9
<b>Total Reserves</b>	<b>25.2</b>