

### **Key Top-Lines to Budget Agreement:**

- Final Version very similar to Legislative Version, which passed the Legislature on June 15.
  - Protects School and Community College funding at the Legislature's level to avoid cuts, roughly \$8 billion higher than the May Revision.
  - Continues to reject several billion in draconian health and human services cuts rejected in the Legislature's version. This includes:
    - Rejecting cuts to Aging Programs MSSP and CBAS.
    - Rejecting cuts to IHSS.
    - Rejecting cuts to employment and other services in CalWORKs.
    - Rejecting cuts to Medi-Cal optional benefits and Prop 56.
    - Rejecting cuts to Disability Services.
  - Maintains key new investments of the Legislature's Version, including:
    - \$300 million increase Homelessness funding.
    - Up to \$1 billion to backfill county realignment funds.
    - Expansion of the EITC to Californians and small business owners with small children that file their taxes using ITINs.
    - Expanding the CalWORKs program back to the 60 month time-clock that existed prior to the Great Recession.
- Architectural Differences:
  - The final version of the budget does not rely on additional Rainy Day Funds, Safety Net Reserve Funds, or the PERS deferral that were included in the Legislature's version if additional federal funds did not materialize.
  - Instead, the Final Version relies upon updated baseline forecast adjustments to revenues and expenditures and an increased Prop 98 deferral.
  - Triggers. The Final Version changes from the Legislature's "trigger down" approach, to a "trigger up approach." Under this approach, the following "trigger ups" will occur:

- The additional Prop 98 Deferrals will be paid off.
- \$2.9 billion will reverse state employee payroll reductions.
- \$970 million will be restored to the UC and CSU (\$770 million was subject to trigger cuts in Legislature's Version).
- \$150 million will restore courts reductions (\$100 million was subject to trigger in Legislature's Version).
- \$250 million will restore low income and moderate income housing reductions.
- \$250 million will augment the \$750 million county realignment backfill, for a total of \$1 billion to backfill county realignment.
- \$88 million will restore the reductions to Golden State Teacher Grant.
- \$45 million will restore cut to local child support program.

➤ Comparing Trigger Related Issues:

<b>May Revision: "Trigger Up" Restorations</b>	<b>Legislature's Version: "Trigger Down" Oct 1 Reductions.</b>	<b>Final Agreement: "Trigger Up" Restorations / Augmentations.</b>
\$8 billion cut to schools and community colleges.	No cuts included, federal funds to pay off Prop 98 Deferrals over the May Revision level.	No cuts included, federal funds to pay off Prop 98 Deferrals over the May Revision level.
\$2.2 billion various program cuts, including Developmental Disabilities, Aging, Health Care (including Prop 56), and the Safety Net	Not included.	Not included.
\$770 million cut to UC and CSU (plus an additional \$400 million	\$770 million subject to trigger. (Rejected \$400 million of straight cut).	\$970 million subject to the trigger. (Rejects \$200 million of straight cut).

straight cut, not subject to trigger).		
\$167 million cuts to Judiciary.	\$100 million, protects specific programs.	\$150 million, protects same specific programs as Legislature's Version.
\$2.9 billion reduction to state employee pay.	At least \$1.5 billion, and up to \$2.9 billion reduction to state employee pay.	\$2.9 billion reduction to state employee pay.
	\$600 million reduction to the Legislature's \$1 billion addition to County Realignment.	\$250 million augmentation to \$750 million addition to County Realignment.
		\$250 million for low income and moderate income housing funds that the May Revision proposed be a straight cut.
		\$88 million for the Golden State Teacher Grant Program that the May Revision proposed be a straight cut.
		\$45 million for Local Child Support funds that the May Revision proposed by a straight cut.
	\$1.8 from Rainy Day Fund.	Not included.
	\$900 million from Safety Net Reserve.	Not included.
	\$1.3 billion from PERS Deferral.	Not included.

➤ Final Agreement Reserves:

- \$11.3 billion in total General Fund Reserves, including:
  - \$2.5 billion in the Regular Reserve;
  - \$450 million in the Safety Net Reserve; and
  - \$8.35 billion in the Rainy Day Fund.

➤ Trailer Bills:

- The Budget Agreement includes the standard trailers bills – totaling approximately 20. The Trailer Bills will be heard in the Budget Committee on Wednesday.
- Here is the list of Budget Bills:

Bill in Senate	Bill in Assembly	Topic
AB 89	SB 121	Budget Bill Jr.
AB 75	SB 88	Supplemental Appropriation
AB 77	SB 98	K-12 Education
AB 78	SB 100	I Bank
AB 79	SB 101	Human Services
AB 80	SB 102	Health
AB 81	SB 107	Quality Assurance Fee (2/3 vote)
AB 82	SB 108	General Government
AB 83	SB 110	Housing
AB 84	SB 111	CalSTRS/CalPERS
AB 88	SB 118	Public Safety
AB 90	SB 122	Transportation
AB 92	SB 123	Resources
AB 93	SB 124	Earned Income Tax Credit
AB 94	SB 116	Higher Education
AB 100	SB 809	General Government II (Elections)
AB 102	SB 810	CalSavers
AB 103	SB 811	EDD, Maximize Federal UI Funds
AB 105	SB 813	Solar Fix (2/3 vote)
TBD	TBD	Paid Family Leave

- Major new Trailer Bill issues that have materialized or been finalized in the final agreement include:
  - Solar Industry Fix – This is to solve a problem between the solar industry and the Communities and Schools First initiative. This issue is still pending final agreement between the houses.

- Supported by Solar Industry and SEIU.
- Paid Family Leave – approving the bill is part of the agreement.
- Vaping Tax – this issue is being deferred to the summer.
- Classified School Employees – Agreement is to protect three job areas from layoffs (similar to earlier agreement for teachers). The job areas are:
  - Custodial / facility maintenance.
  - Student transportation or vehicle maintenance.
  - Food services.
- School District Law Enforcement:
  - Creates a Youth Task Forces.
  - Includes Intent Language to work to address school district law enforcement.
- UCSF Medical Building – Uses AB 900 for a medical building for UCSF. This issue is still pending final agreement between the houses.