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FY 2020-21 State & Federal Updates

February 2020



FY 2020-21 State Budget Timeline

- January 10th: Governor submits proposed budget
- February-April: CA Senate and Assembly Budget Committees conduct budget hearings
- May 15th: May Revise Budget projected to be released
- May-June: CA Senate and Assembly each pass revised budget
 - Joint Budget Conference Committee appointed to reconcile both budget version
- June 30th: Governor must sign or veto Budget Bill
- July 1st: FY 2020-21 begins



January Governor's Proposed FY 2020-21 Budget

- \$222.2 billion budget – 2.3% growth from prior year
 - Pays down significant debt and grows state reserves
 - Proposes new investments in persistent challenges facing the state
- Focuses significant investments in housing, homelessness, healthcare, and education
 - Continued investments to support the acceleration of housing production statewide
 - Medi-Cal Healthier California for All – Medi-Cal reform
 - \$750 million to reduce homelessness - grants to regional administrators
 - \$900 million to recruit and retain K-12 teachers



State Budget Risks

- Risk that revenues will be lower than anticipated
 - Slowing economic growth
 - Uncertain “behavioral” tax filing assumptions
- Risk the state would face operating deficits
 - Possibility of federal policy changes related to Medi-Cal financing



Federal Budget Process

- Federal Fiscal Year runs Oct 1st – Sep 30th
- Budget timeline: an annual process of Congress passing multiple appropriations bills - all bills must be passed by October 1st
- The annual appropriation process generally creates risks and uncertainties around federal funding sources for major City services and programs, including:
 - Entitlement programs (eg. Medicaid, SNAP, Child Welfare programs)
 - Affordable Care Act subsidies and benefits
 - Grants (ex. Federal Transit Administration grants, HUD grants to address homelessness)
 - HUD Section 8 housing vouchers