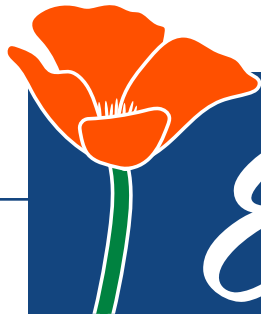


PROTECT OUR
Progress

DEVELOPING SENATE “PROTECT OUR PROGRESS” BUDGET PLAN

Step #1: *Key Values*

(MARCH 1, 2023)



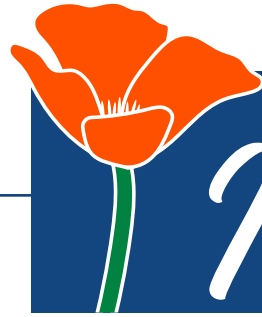
SENATE BUDGET PLAN
Evolution

Step #1: Senate Key Values.....INCLUDED

Step #2: Detailed Senate Budget Plan..... Spring 2023

Step #3: Senate/Legislature Version Late May

Step #4: Final Version.....Mid June



Key Values

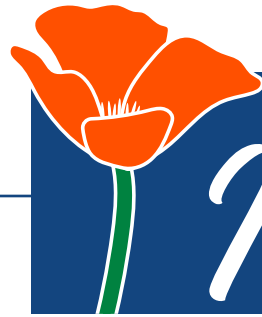
Introduction

California's economy remains sound, and is expected to soon be the fourth largest economy in the world.

But economic challenges – from high inflation, to the slumping stock market, to tech sector layoffs – have resulted in a reduction in the revenues forecasted in the Budget Act of 2022.

However, thanks to the Democrats' **Decade of Responsible Budgeting**, California is prepared to withstand these economic challenges without cuts to core programs or middle class tax increases – things that would only cause more economic harm and undercut the progress California has made in recent years.

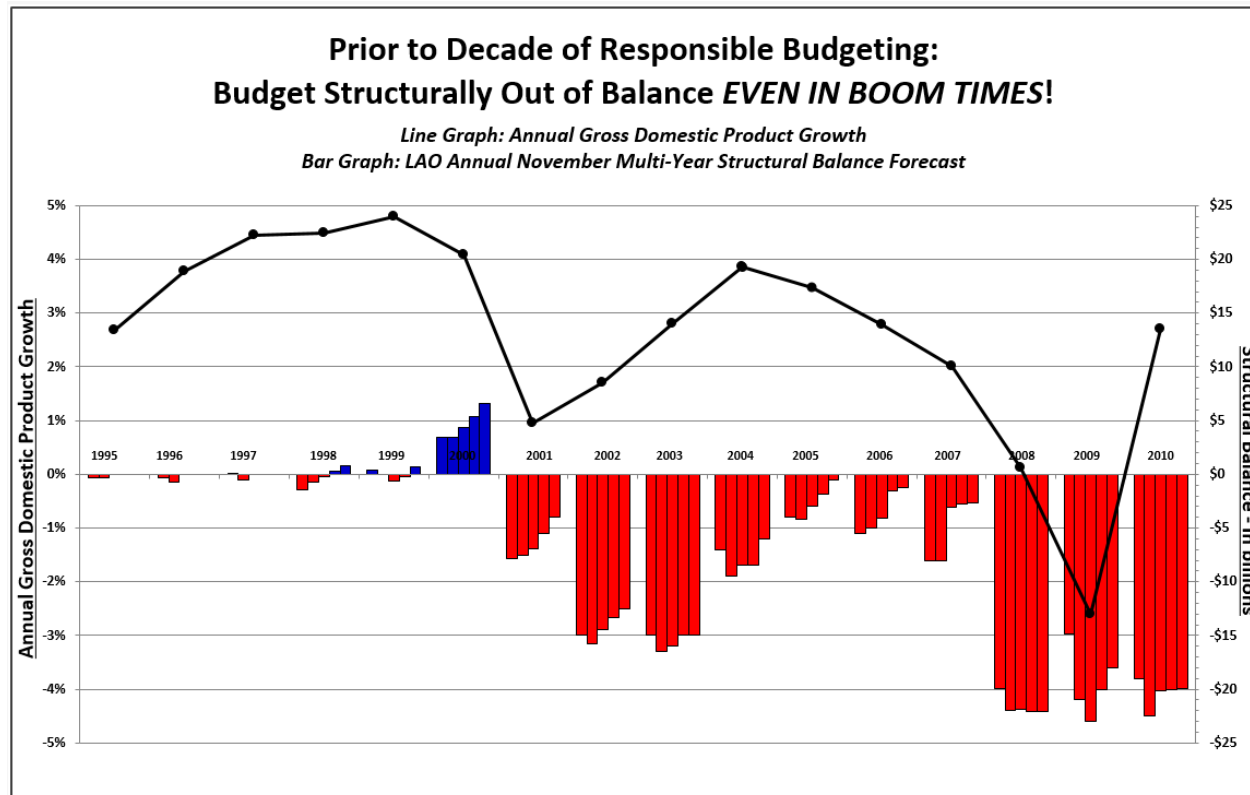
The Senate's **“PROTECT OUR PROGRESS”** budget plan ensures the state continues to thrive as we continue to build a more equitable California during these challenging times.

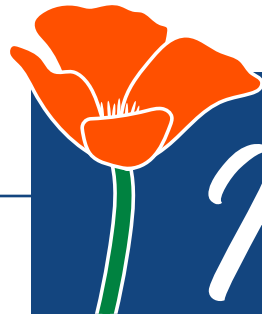


SENATE BUDGET PLAN

Key Values

History of Responsible Budgeting: Prior to the Decade of Responsible Budgeting, state faced budget shortfalls even during the good times!

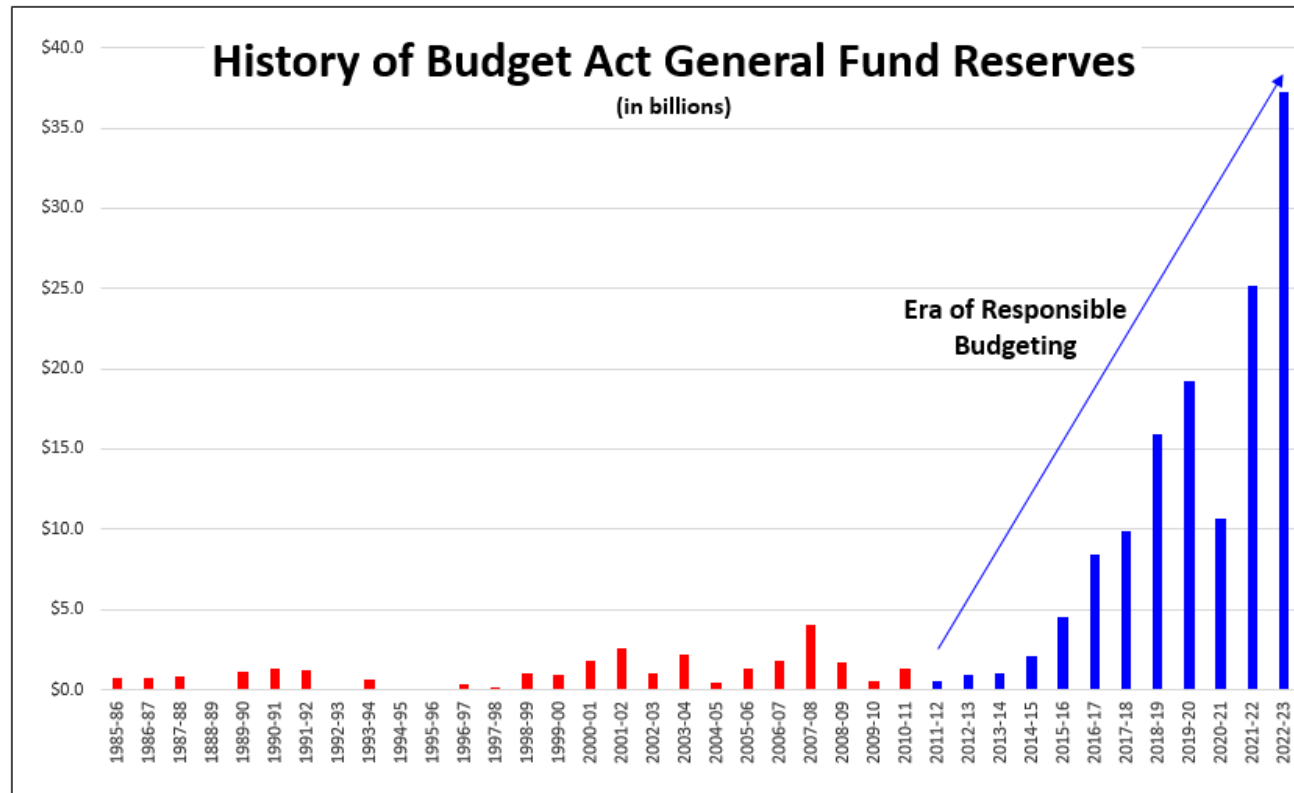


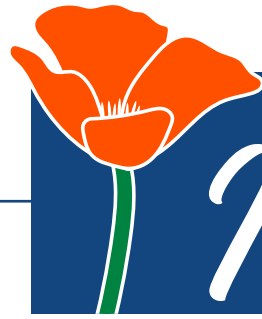


SENATE BUDGET PLAN

Key Values

History of Responsible Budgeting: Protecting Our Progress is only possible thanks to responsible actions, such as Building Reserves to historic levels.





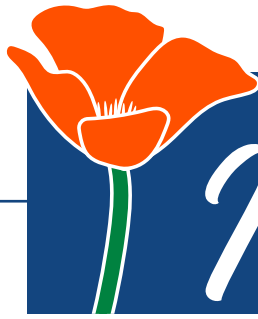
Summary of “Protect Our Progress” Key Values:

KEY VALUE #1: Protect Our Progress of recent budget achievements from significant cuts. *(Details in following slides.)*

KEY VALUE #2: Protect Our Progress through strong oversight to ensure effective and accountable implementation of recent commitments.

KEY VALUE #3: Protect Our Progress by maintaining commitment to Responsible Budgeting and Resiliency, even in tough times.

KEY VALUE #4: Protect Our Progress while developing options for making even more progress once economy rebounds.



SENATE BUDGET PLAN

Key Value #1

Protect Our Progress From Program Cuts

(Highlights of Progress to Protect)

ECE THRU GRADE 12 EDUCATION

Child Care Improvements:

- *Rate increases.*
- *Multi-Year Slot increases.*

Record level of Discretionary Funds for California schools.

Phasing-in Universal Transitional Kindergarten.

Stable funding for home-to-school transportation.

Universal School Meals.

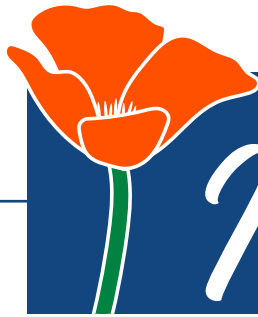
HIGHER EDUCATION

Record funding levels for Community Colleges, CSU, and UC.

Investment in student housing.

Path to Debt Free College with expanded Cal Grants & Middle Class Scholarship 2.0.

Student support programs and services.



Protect Our Progress From Program Cuts

(Highlights of Progress to Protect)

HUMAN SERVICES

No Child In Deep Poverty:

- Record CalWORKs grant increases on track for No Child in Deep Poverty.

SSI/SSP Grant back to pre-Great Recession Levels.

Developmental Services:

- Rate Reform implementation.

CA Food Assistance:

- Planned expansion for over 55, regardless of immigration status.

Child Welfare System Improvements.

HEALTH

Expansions of Medi-Cal

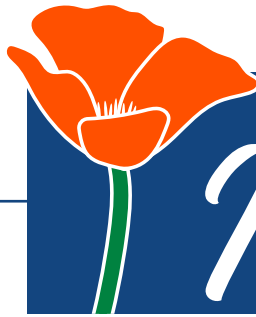
- Medi-Cal for All, regardless of immigration status.
- Continuous Coverage for Children.
- Reduced Seniors Share of Cost.

Protection and support for Abortion and Reproductive Health.

Support for Youth Behavioral Health.

Behavior Health Infrastructure Investments.

Investment in Health Care Workforce.



Protect Our Progress From Program Cuts

(Highlights of Progress to Protect)

RESOURCES & ENVIRONMENT

Multi-year Climate Package:

- *Funding to address sea level rise.*
- *Investments in wildfire prevention activities.*
- *Funding to assist communities and protect ecosystems impacted by drought.*

Clean Energy investments to ensure a future of reliability and affordability.

Support for equitable transition to zero-emission vehicles.

TRANSPORTATION AND HOUSING

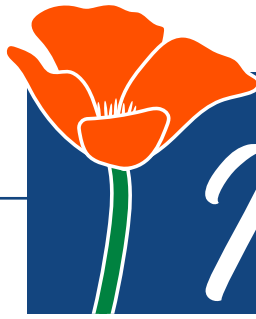
Transportation Infrastructure

Investments, including:

- *Transit and intercity rail.*
- *Ports and Good Movement*
- *Grade Separations.*

Affordable Housing Support.

Homelessness Reduction investments.



Protect Our Progress From Program Cuts

(Highlights of Progress to Protect)

PUBLIC SAFETY

Expanded Access to Justice:

- *Fine and fee relief.*
- *Increased support for the courts.*
- *Support for indigent defense.*

Improved Reentry Opportunities and Rehabilitative Programming.

Strengthened Public Safety.

- *Firearm Relinquishment.*
- *Community Violence Prevention Programs.*

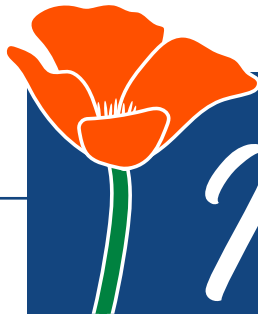
LABOR

Women in Construction, and Apprenticeship and Career Pathway Programs for Youth.

COVID-19 Supplemental Paid Sick Leave and relief for Small Businesses and Non-Profits.

Developed Workers Tax Fairness Tax Credit – available to be turned on.

Unemployment Insurance
Small Business Relief.



SENATE BUDGET PLAN

Key Value #1

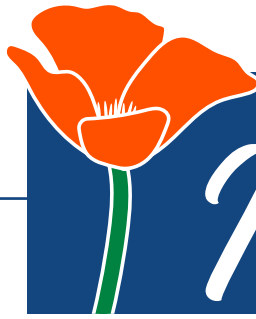
Protect Our Progress From Program Cuts

(Highlights of Progress to Protect)

GENERAL GOVERNMENT

Expanded Eligibility to the CalEITC and Young Child Tax Credit.

Created HOPE Savings Accounts for foster children and those who lost parents to COVID.



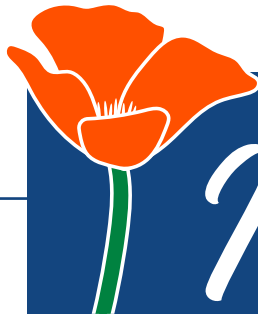
Protect Our Progress Through Strong Oversight to Ensure Effective and Accountable Implementation of Recent Commitments

Silver lining of reduced opportunity for new budget commitments, is additional time to focus on implementation or recent commitments, through:

Full Committee Oversight and Accountability Hearings on Major Recent Commitments:

- *Housing and Homelessness.*
- *Early Care and Education.*
- *CalAIM – the “reimagining of Medi-Cal – Implementation.*

Robust Subcommittee Oversight and Accountability Hearings throughout all areas of the budget.



Protect Our Progress by Maintaining Commitment to Responsible Budgeting & Resiliency, Even in Tough Times

Delay Draw Down of Reserves.

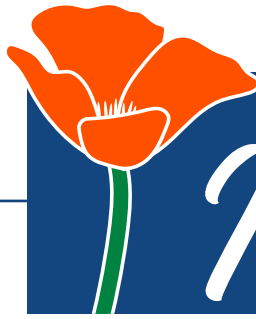
- *It is unclear how long or how deep this downturn will be, the longer before drawing down reserves, the better.*

Work to Harmonize Conflicting Constitutional Requirements of Prop 2 (Rainy Day Fund), Prop 98, & the GANN Limit.

- *Develop solution that improves the Rainy Day Fund, strengthens school funding, protects the non-Prop 98 portion of the budget, and establishes a more common sense tax rebate process.*

Develop Additional Budget Resiliency Tools, such as:

- *Make use of state's record level of cash balances (separate from budget reserves) to assist state finances.*
- *Explore common sense revenue options that protect the middle class and small businesses.*



Protect Our Progress by Developing Options for Making More Progress once Economy Rebounds

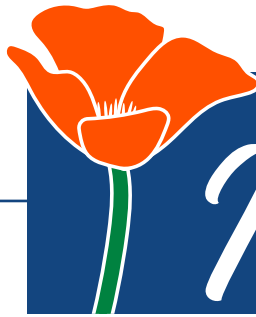
Just as economic downturns are inevitable, so too are economic recoveries.

The work of developing ideas and investments goes on, even though there should be measured expectations of what can get across the finish line this year.

Ideas and programs can be developed and be ready to deploy once the economy rebounds and the budget grows again.

- For example, last year the Senate championed the Workers Tax Fairness Tax Credit and got it signed into law – but it will not be “turned on” until a future budget action, once the costs can be paid for.

The following slides highlight potential options for doing the groundwork to make more progress in future years.



Key Value #4

Protect Our Progress by Developing Options for Making More Progress once Economy Rebounds

ECE THRU GRADE 12 EDUCATION

Build on Child Care improvements to ensure access for working families.

Expand and support a diverse school workforce.

Continue supporting students and staff as we recover from the pandemic.

Strengthen reliable funding for school districts – no “fiscal cliffs.”

HIGHER ED

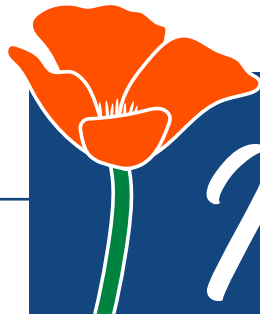
Finish effort to get to Debt Free College.

Reduce time to degree.

Expand degree pathways.

Support Higher Ed students’ basic needs and mental health support.

Support improved faculty and non-faculty staff compensation.



Key Value #4

Protect Our Progress by Developing Options for Making More Progress once Economy Rebounds

HEALTH & HUMAN SERVICES

Reduce Deductibles/Copays in Covered California.

Improve Health Equity and Racial Justice in Public Health.

End the Epidemics of HIV, HepC, and STIs.

Complete efforts to expand CalWORKs to ensure No Child In Deep Poverty.

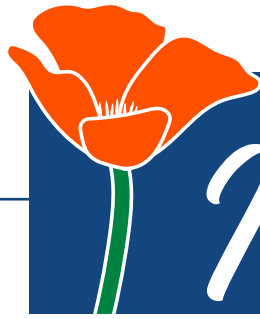
Expand CA Food Assistance to all ages.

HOUSING AND TRANSPORTATION

Establish multi-year commitment to combat homelessness.

Develop CA Dream For All first time homebuyer program into self-sustained, revolving, ongoing program.

Develop options to support ongoing local transit operations.



Key Value #4

Protect Our Progress by Developing Options for Making More Progress once Economy Rebounds

PUBLIC SAFETY

Expand support for victims of crime.

Expand reentry programming and support.

Continue to reduce reliance on fines and fees in the criminal justice system.

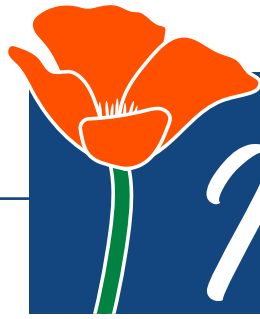
GEN GOVERNMENT AND LABOR

Expand and Strengthen Tax Credit Programs, such as:

- *CalEITC, Young Child Tax Credit, Renters Tax Credit, and the Workers Tax Fairness Tax Credit.*

Provide Unemployment Insurance for undocumented workers.

Build on efforts to address workforce shortages.



SENATE BUDGET PLAN

Key Value #4

Protect Our Progress by Developing Options for Making More Progress once Economy Rebounds

RESOURCES AND ENVIRONMENT

Promote clean, affordable, and reliable energy.

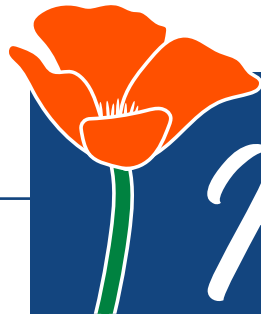
Fight climate change and effectively reduce GHG emissions in all sectors of the economy.

Continue progress in reducing wildfire risk through a broad portfolio of actions.

Improve drought resiliency of the state's water supply.

Improve Flood Protection in Central Valley and elsewhere.

Protect the state's coastal and inland areas from sea level rise.



Key Values

Conclusion

California's fiscal health remains in sound condition, with a diversified economy and record low unemployment.

But as with the rest of the country and the world, there is great economic uncertainty, and we have already seen reduced revenue forecasts.

Unlike the past, a decade of responsible budgeting of building reserves, paying down debts, and not overcommitting one-time resources – all the while making historic advancements in every corner of the budget – has prepared California to protect our progress during these challenging economic times.