Economy Strong but Recession Looming

- California’s economy keeps growing

- State Budget has record reserves due to responsible fiscal policy

- But federal government no longer dependable

- LAO recommends no more than $1 billion in ongoing spending and $4 billion in total spending
2019 Goals for California and Key Wins

• 2019: Amazing $21.5 billion Surplus

• Record Reserve Levels $19.2 billion combined

• Key Investments
  – $9 billion Reduced Liabilities
    – $5.9 billion for Pensions
  – $6.5 billion One-time Spending
    – $1.9 billion for Housing and Homelessness
  – $4 billion new ongoing investments
    – Higher Education - $638 million for UC and CSU
    – Health Care - $550 million
2020 Blueprint: Embracing Progress, Securing the Future

• Goal 1: Ensure the State is Ready for Future Uncertainty and Protect Promises Made

• Goal 2: Continue Moving Forward

• Goal 3: Remove Remaining Great Recession Cuts

• Goal 4: Aggressive Oversight for Effective Government
Goal 1: Ensure the State is Ready for Future Uncertainty and Protect Promises Made

• Build Reserves

• Eliminate threat to 2019 Investments subject to suspension in 2022

• Keep out-years balanced
Goal 2: Continue Moving Forward

• Early Care and Education
  – Provide funding for Preschool Facilities
  – Expand Access to Early Care and Education programs

• K-12 and Higher Education
  – Help K-12 schools deal with funding needs
  – Improve California’s Special Education program
  – Increase higher education access at CSU, add California student enrollment at UC, and reform financial aid
Goal 2: Continue Moving Forward

• Health and Human Services
  – Improve California’s behavioral health system by enhancing fiscal incentives for counties and investments in growing the workforce
  – Simplify social services and aging programs’ rules for vulnerable Californians
  – Build on existing investments to improve health care access and affordability
  – Help Californians impacted by recent federal cuts to food programs
  – Provide hearing aids for deaf children

• Making California More Affordable
  – Provide EITC to all working families with children
  – Implement existing Housing and Homelessness investments to maximize proven solutions that work
  – Expand Paid Family Leave
Goal 2: Continue Moving Forward

- Addressing Disasters and the Climate Crisis
  - Reduce Greenhouse Gas Emissions and other pollution from transportation
  - Respond to wildfires and emergency power disruptions

- Continuing Corrections Reform
  - Reduce recidivism with a more focused approach towards rehabilitation
  - Implement previous budget action by consolidating and reducing the number of prisons over the next four years
Goal 3: Remove Remaining Great Recession Cuts

• Address legacy cuts from the recession

• Address rate freezes in health and human services programs

• Make progress on fixing Developmental Services rates
Goal 4: Aggressive Oversight for Effective Government

• Ongoing oversight
  – DMV wait times
  – Department of Toxic Substances Control
  – Protecting vulnerable recent immigrants
  – Fix challenges in the legal Cannabis system
  – Highlight the needs of low performing students
  – Safe and Affordable Drinking Water
  – Gender Pay Equity for State Employees