

May 31, 2013

The 2013-14 Budget: Conference Committee Overview

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented to:
Budget Conference Committee



Key Features of Budget Plans

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	Governor	Senate	Assembly
Revenue Projections	2012-13: \$98.2 billion. 2013-14: \$97.2 billion.	LAO revenue projections (\$3.2 billion above Governor over the budget window).	LAO revenue projections.
Expenditures	2012-13: \$95.7 billion. 2013-14: \$96.4 billion.	2012-13: \$96.7 billion. 2013-14: \$98.2 billion.	2012-13: \$96.7 billion. 2013-14: \$98.3 billion.
Proposition 98 Funding (state and local sources)	2012-13: \$56.5 billion. 2013-14: \$55.3 billion.	2012-13: \$57.4 billion. 2013-14: \$56.9 billion.	2012-13: \$57.4 billion. 2013-14: \$57.7 billion (including childcare rebenching).
Proposition 98 "Reserve"	—	2012-13: \$619 million. 2013-14: \$1.1 billion.	2012-13: \$700 million. 2013-14: \$500 million.
New Ongoing Proposition 98 Program Commitments	\$2.8 billion.	\$3.4 billion.	\$4.9 billion.
Redirection of County Savings Related to Affordable Care Act	\$300 million in 2013-14.	\$300 million in 2013-14 (placeholder amount).	\$300 million in 2013-14 (placeholder amount).
Loan from Cap-and-Trade Auction Revenues	Loans all anticipated revenues through 2013-14 (\$500 million) to General Fund. No scheduled repayment date.	Adopts Governor's proposal.	Loans \$400 million of auction revenues to General Fund, with repayment beginning in 2014-15. Loans \$100 million from other special funds. Leaves \$100 million of auction revenues subject to future appropriation.
Estimated 2013-14 Reserve (Special Fund for Economic Uncertainties)	\$1.1 billion ^a	\$1.5 billion.	\$1.3 billion.

^a Administration estimate, based on Governor's revenue and Proposition 98 projections. If LAO revenue projections were used, reserve would be several hundred million dollars higher.

Major Non-Proposition 98 Augmentations Proposed by the Legislature (2013-14, In Millions)

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	Assembly	Senate	Comments
Health and Human Services			
CalWORKs grant increase (child poverty adjustment)	\$212	—	Reflects half-year costs. Assembly package includes grant increases annually in each of the following four years, with costs rising to around \$1 billion in 2017-18.
CalWORKs policy changes and “early engagement” augmentation	25	—	Full-year ongoing costs would be around \$160 million. Includes two-year limit on application of maximum family grant rule, elimination of vehicle asset test, lifting once-per-lifetime limit on homeless assistance, and augmentation of administration’s proposed family stabilization services.
Mental health treatment	—	\$143	One-time costs, principally to expand residential treatment bed capacity.
Medi-Cal adult dental care	—	131	Ongoing spending, to grow with caseload and medical inflation. Potential offset of some costs in Department of Developmental Services programs.
Applied behavioral analysis benefit (Medi-Cal managed care)	—	50	One-time spending.
Undo distinct-part nursing facility rate freeze	—	32	Ongoing spending, to grow with facility cost inflation.
Higher Education			
Scholarship program	173	—	Half-year cost for 2013-14. Spending in 2014-15 would rise to between \$350 million and \$460 million, with potential added costs if public university tuition increases.
Cal Grant augmentations	55	—	Eliminates income and asset ceilings for renewal awards, reverses prior-year 5 percent reduction in Cal Grant B and C award amounts, and cancels scheduled cut in private award amounts. Costs grow to \$95 million by 2017-18.
Judiciary			
Augmentations for court operations	100	100	

Addressing Risk Related to Revenue Estimates

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- The houses have addressed downside risk of adopting LAO revenues by:
 - Establishing Proposition 98 reserves.
 - Increasing the state's regular reserve.

- The additional \$3.2 billion in LAO revenues results in:
 - \$2.4 billion in additional required state funding for schools.
 - \$0.8 billion available for other purposes.

- As an example, the Senate plan uses reserves to negate risks associated with:
 - Over two-thirds of added school spending.
 - Roughly half of the remainder monies.