



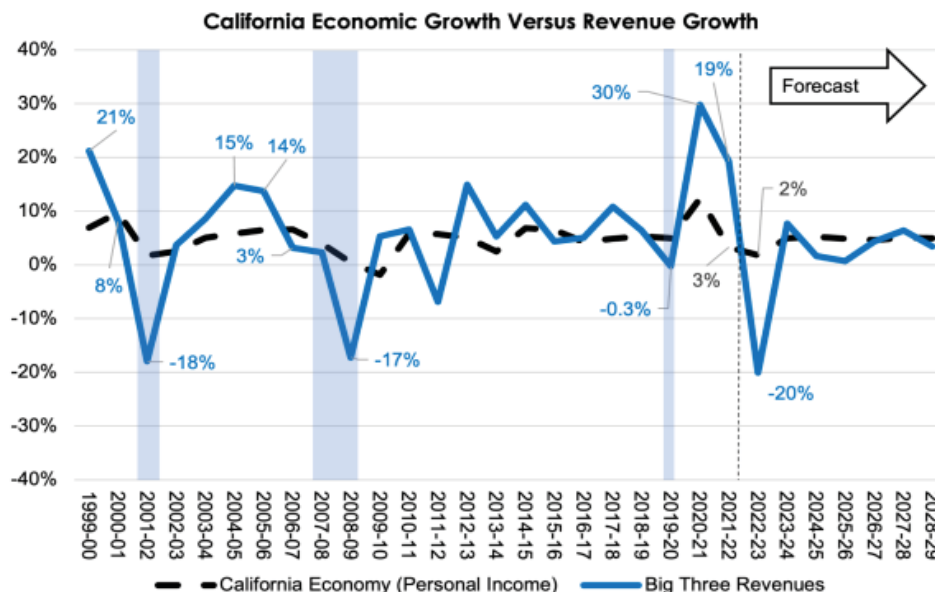
CRUZ STRATEGIES

State Budget Update

Southern California Association of Governments
Legislative/Communications & Membership Committee

January 16, 2024

“Story of Correction and Normalization”



Shaded bars indicate previous U.S. recessions.
Source: California Department of Finance, 2024-25 Governor's Budget Forecast.

Key Budget Highlights

- \$291.5 Billion Budget
- \$37.9 Billion Deficit (vs. \$68 Billion LAO estimate)
 - Prepared for a Rainy Day (\$13.1)
 - Reductions (\$8.5)
 - Shifts/Deferrals (\$5.5)
 - Delays (\$5.1)
 - Internal Borrowing (\$5.7)

Figure 2

How the Governor Addresses a \$58 Billion Budget Problem

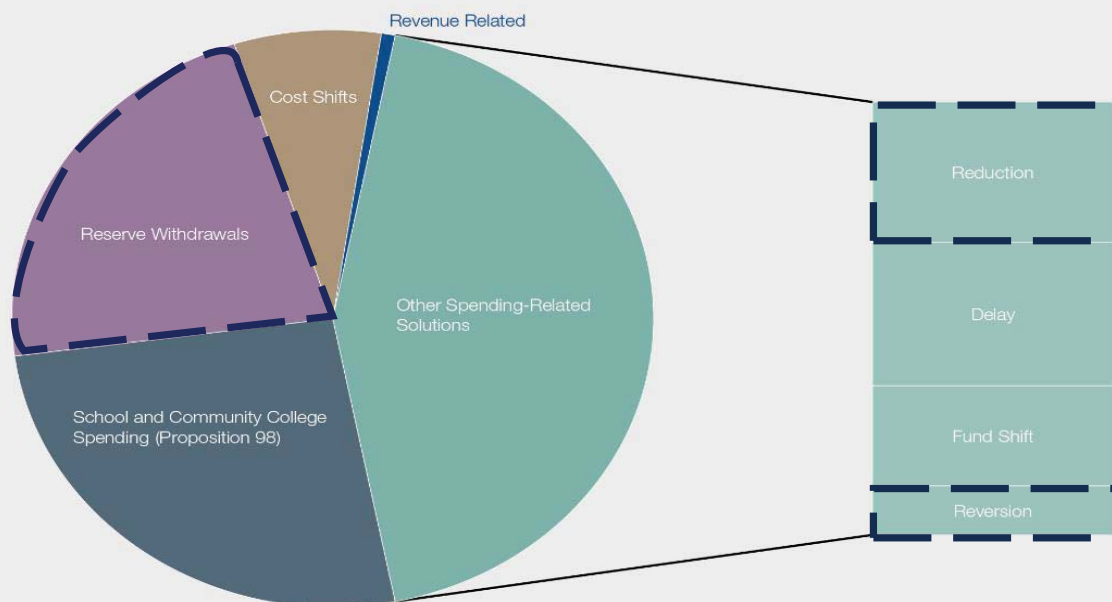
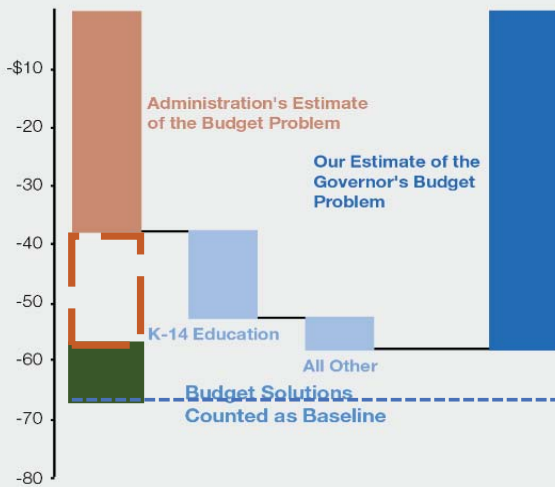


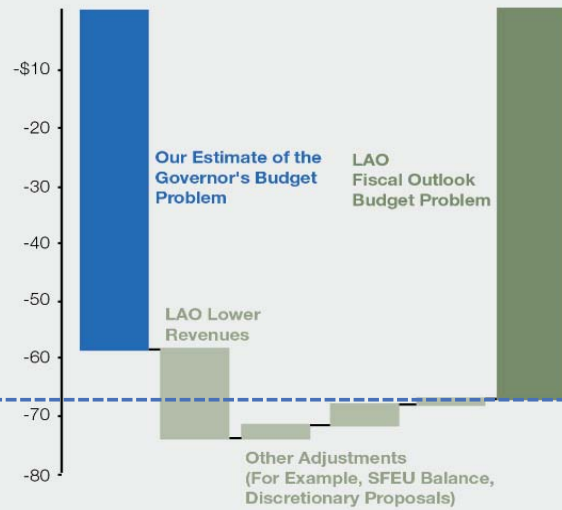
Figure 1

We Estimate the Governor Solved a \$58 Billion Budget Problem...

(In Billions)



...Roughly \$10 Billion Lower Than Our Fiscal Outlook Estimate



SFEU = Special Fund for Economic Uncertainties.

LAOA

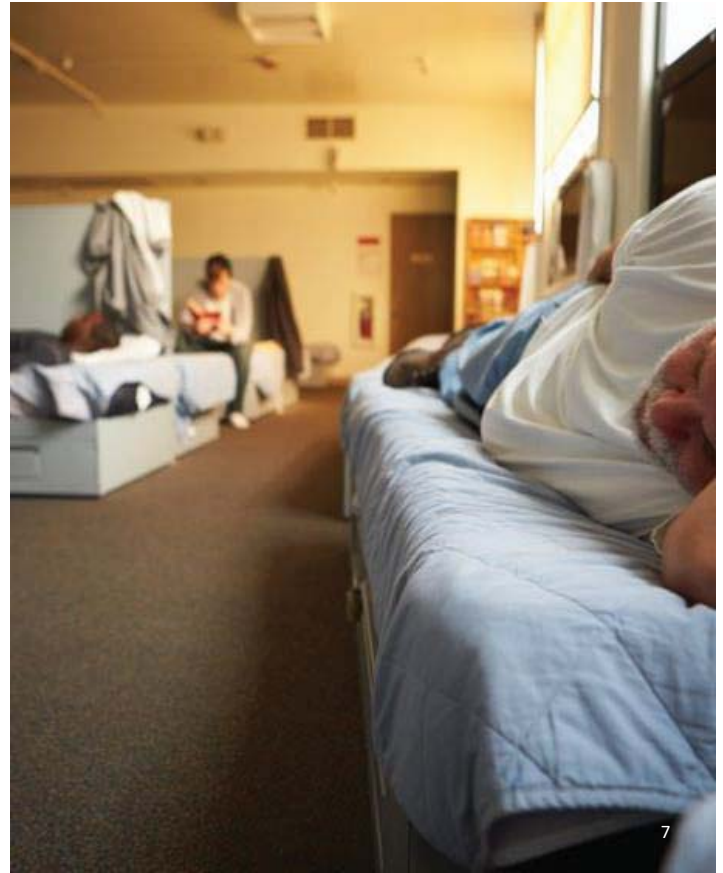
Housing – Cuts \$1.2 Billion

- ❖ **Regional Early Action Plans (REAP 2.0)** - \$300m Reversion.
- ❖ **Multifamily Housing Program (MHP)** –\$250 million reversion.
- ❖ **Infill Infrastructure Grant Program (IIG)** - \$200 million reversion.



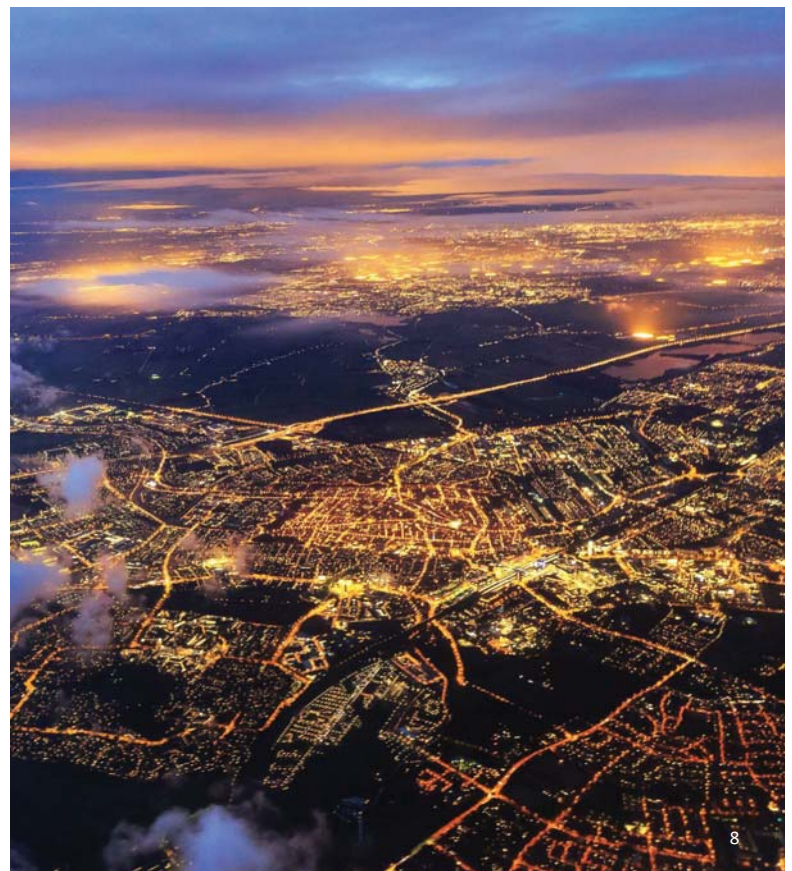
Homelessness – Maintains Key Programs; Some Shifts

- ❖ **Homeless Housing, Assistance, and Prevention (HHAP)** - \$1 billion.
- ❖ **Encampment Resolution** - \$400 million.
- ❖ **Veterans Housing** - \$50 million Reversion.



Transportation – Shifts, Cuts and Delays

- ❖ **Shifts Transit and Intercity Rail Capital (TIRCP)** – Shifts funding to \$530 million from Cap and Trade fund (GGRF).
- ❖ **TIRCP Formula Grants** - \$1 billion delayed to next budget + Shifts to GGRF.
- ❖ **Active Transportation** – Cuts \$200m (aims to protect previously awarded projected).



Climate – Shifts and Delays (mostly)

- ❖ **Zero Emission Vehicles** – maintains ~\$10 billion with multiple shifts (GGRF) and delays.
- ❖ **Water** – maintains ~\$7.8 billion (cuts \$1.4) with shifts and delays to PFAS and watershed programs.
- ❖ **Wildfire** – maintains ~\$3 billion w shifts (GGRF).



Speaker Robert Rivas

“California’s revenue situation is uncertain and can change quickly, so we must be prepared for ongoing challenges. **The caucus is committed to fiscal restraint and spending oversight** while delivering solutions to improve the quality of life for all Californians and protect the most vulnerable.”

- ❖ **New Budget Chair – Jesse Gabriel (D – Encino)**



Senate Pro Tempore – Mike McGuire

“We’ve all known this was going to be a challenging budget year.

Governor Newsom has shown a cautious approach and rightfully protected some of the most critical programs and services that benefit everyday Californians along with our most vulnerable families and seniors. housing”

❖ Sworn in on February 5, 2024

State Budget Process

