

Summary of Governor's 2023-24 May Revision

May 12, 2023

California's revenue whipsaw was on full display this morning when Governor Gavin Newsom released his 2023-24 May Revision, revealing an updated budget deficit of \$31.5 billion. (Recall that exactly a year ago we were reporting an historic budget surplus of \$97.5 billion!) Due to declining capital gains revenues, which are in large part the result of inflationary pressures and a tightening federal monetary policy that have impacted the stock markets, the deficit reflects a normalizing of the percentage share that capital gains contributes to the state's coffers and is a result of the built-in volatility of the state's personal and corporate income tax structure. Of course, the federal and state tax filing deadline delays – imposed due to severe winter storms across the state – insert greater uncertainty in the state's projected revenues.

While the Administration is not projecting an economic recession, there are of course a number of economic risks to the budget plan.

- ***Economic fallout from a debt limit impasse.*** The Governor noted that the federal government's inability to reach a debt limit solution and the resulting unprecedented federal default – a “manufactured crisis” that he laid at the feet of United States House of Representatives Speaker Kevin McCarthy – would necessarily have a dramatic impact on state revenues, given the link between state revenues and the financial markets.
- ***Higher interest rates.*** Additional federal interest rate increases by the Federal Reserve – or even sustained inflation above three or four percent without further increases – could further slow the economy.
- ***Uncertainty in financial institutions.*** The three major regional bank failures have occurred in 2023. While state and federal regulators have stabilized these situations, uncertainty remains in the financial system.
- ***Delayed tax receipts from fall filing deadlines.*** As a result of the delays in federal and state tax filing to October 2023 for 55 of the state's 58 counties, the May Revision forecasts roughly \$42 billion in scheduled tax receipts will be delayed (about \$28.4 billion in personal income tax revenues and about \$13.3 billion in corporation tax). This is the first time that income taxes have been delayed until the fall, inserting a new level of uncertainty to the May Revision revenue forecast. (The Administration anticipates that the state will have sufficient cash to manage the delay.)

As a result of these considerable risks, the May Revision does not reflect a withdrawal from the Budget Stabilization Account (BSA) to close the projected shortfall. The Administration suggests that the BSA will help protect the state from having to make drastic reductions to core programs to close any significant deficit that may result post-October.

The May Revision maintains \$37.2 billion in reserves: \$22.3 billion in the Proposition 2 Budget Stabilization Account (the state's Rainy Day Fund) for fiscal emergencies; \$450 million in the Safety Net Reserve; \$10.7 billion in the Public School System Stabilization Account; and an estimated \$3.8 billion in the state's operating reserve. The Administration is proposing transferring \$450 million in funds from the Safety Net Reserve to the General Fund.

The Administration incorporates a modestly adjusted approach to addressing the budget shortfall in a manner that avoids reductions that would have significant impact on programs as follows:

- ***Spending Reductions and Pullbacks.*** The May Revision includes an additional \$1 billion in spending reductions across 2021-22 through 2023-24 fiscal years. Combined with the Governor's Budget \$5.7 billion in reductions and pullbacks and a \$57 million adjustment, the May Revision includes total solutions in this category of \$6.7 billion. Generally, the reductions in the May Revision reflect reversions of unused funds, rather than cuts to programs.
- ***Trigger Reductions.*** The May Revision does not include additional trigger reductions, but maintains most of the \$3.9 billion in trigger reductions included in the Governor's Budget.
- ***Delayed Spending.*** The May Revision delays an additional \$695 million across the multi-year budget period without reducing the total amount of funding in the same period. Combined with the Governor's Budget proposed delays of \$7.4 billion, \$8.1 billion in spending delays is proposed.
- ***Fund Shifts.*** The May Revision includes \$3.3 billion in shifts of spending commitments from the General Fund to other funds. Combined with the Governor's Budget fund shifts of \$4.3 billion and \$90 million adjustment, there is a total of \$7.5 billion in shifts to other funds.
- ***Revenue/Borrowing.*** The May Revision includes \$3.7 billion in revenue and borrowing, which consists primarily of an additional \$2.5 billion from the Managed Care Organization (MCO) tax and \$1.2 billion in additional borrowing from special funds. Combined with the proposed Governor's Budget amount of \$1.2 billion, there is a total of \$4.9 billion in new revenue or borrowing proposed for 2023-24.
- ***Safety Net Reserve Withdrawal.*** As mentioned previously, the May Revision proposes to shift \$450 million from the Safety Net Reserve, leaving \$450 million available in the fund.

The Governor's [May Revision](#) and accompanying [press release](#) are available online. (Be careful before you print, as the full May Revision summary is a 137-page document.) A few notes to the reader as you dive into the details. With very limited exceptions, we do not mention proposals that remain unchanged from the January budget. Secondly, as it relates to infrastructure investments, please see all details on the Administration's infrastructure plans grouped under the section entitled (extra points for creativity!) "Infrastructure" starting on page 18. These items are not repeated under the specific policy heading. (For example, you will find details on courthouse construction investments only under Infrastructure and not under the Judicial Branch section.)

The updated General Fund budget summary is included below for reference.

2023-24 May Revision General Fund Budget Summary (Dollars in Millions)		
	2022-23	2023-24
Prior Year Balance	\$55,462	\$24,119
Revenues and Transfers	\$205,129	\$209,054
Total Resources Available	\$260,591	\$233,173
Non-Proposition 98 Expenditures	\$158,357	\$145,733
Proposition 98 Expenditures	\$78,115	\$78,368
Total Expenditures	\$236,472	\$224,101
Fund Balance	\$24,119	\$9,072
Reserve for Liquidation of Encumbrances	\$5,272	\$5,272
Special Fund for Economic Uncertainties	\$18,847	\$3,800
Public School System Stabilization Account	\$9,936	\$10,684
Safety Net Reserve	\$900	\$450
Budget Stabilization Account/Rainy Day Fund	\$22,252	\$22,252
Note: Numbers may not add due to rounding.		

May Revision Overview

A brief summary of the key points of the Governor's May Revision follows. Look for more details on specific proposals under the policy-specific headlines that are included below.

- ***K-12 Education.*** The May Revision fully funds the 8.22 percent cost-of-living adjustment, maintains the Equity Multiplier, continues to fully fund the first and second years of expanded eligibility for Transitional Kindergarten, and fully funds the Universal School Meals program.
- ***Higher Education.*** The May Revision maintains the commitment to the compacts with both the University of California (UC) and California State University (CSU), providing five percent increases to each segment.
- ***Health Care.*** The May Revision maintains funding to expand full-scope Medi-Cal eligibility to all income-eligible Californians, regardless of citizenship status. It also sustains over \$8 billion in various behavioral health investments, and implements the California Food Assistance Program expansion for income-eligible individuals aged 55 years or older, regardless of immigration status, by October 2025.
- ***Housing and Homelessness.*** The May Revision continues the Administration's emphasis on local accountability for housing production, as well as maintaining \$3.4 billion in funding proposed for homelessness programs.
- ***Climate.*** The May Revision maintains \$2.7 billion in a multi-year wildfire and forest resilience package and adds \$290 million for a flood risk reduction package to reduce flood risk and enhance flood system resilience. The Administration notes its interest in continuing to engage with the Legislature in pursuing a climate bond over the coming months. The May Revision also includes an additional \$1.1 billion in General Fund shifts across climate resilience programs that would be bond eligible.

- **Infrastructure.** The May Revision includes proposals to facilitate and streamline project approval and completion to maximize California's share of the federal infrastructure spending opportunity and expedite the implementation of projects that meet our social, climate, and economic goals.

Community Assistance, Recovery, and Empowerment (CARE) Act

The May Revision increases funding proposed for the implementation of the CARE Act over the level proposed in the Governor's January budget.

Of particular interest to counties, the May Revision proposes \$67.3 million in 2023-24, \$121 million in 2024-25, and \$151.5 million in 2025-26 and annually thereafter to support county behavioral health department costs for the CARE Act. The Administration notes these increases are based on engagement with county stakeholders and include \$15 million in start-up funds for Los Angeles County.

Additionally, the May Revision proposes an increase to the amount of funding proposed in January to support public defender and legal services organizations. The increase results from changing the estimated number of hours per participant for legal services from 20 to 40 hours. In total, the May Revision now proposes \$22.9 million in 2023-24, \$51.6 million in 2024-25, and \$64.4 million in 2025-26 and ongoing for these costs.

Lastly, the May Revision adjusts the ramp-up schedule of funding for the Judicial Branch to implement the CARE Act but includes no change to the ongoing funding at full implementation. Specifically, the Judicial Branch would receive \$32.7 million in 2023-24, \$55.3 million in 2024-25, and \$68.5 million ongoing for CARE Act implementation.

Health

Medi-Cal

► Managed Care Organization (MCO) Tax

On Monday, the Department of Health Care Services (DHCS) released an updated MCO Provider Tax [proposal](#) that includes a renewal of the provider tax, via [trailer bill language](#) (TBL), effective this April, nine months earlier than planned in the proposed Governor's Budget. This earlier start results in approximately \$3.7 billion in additional General Fund revenue that was not accounted for in the Governor's January budget proposal. The May Revision proposes the renewal of the MCO tax effective from April 1, 2023 through December 31, 2026, resulting in \$19.4 billion in funding to help maintain the Medi-Cal program and support increased investments while minimizing the need for reductions to the program.

To implement the renewed MCO Provider Tax early, DHCS must submit the MCO Provider Tax proposal to the federal Centers for Medicare & Medicaid Services (CMS) by June 30, 2023. Additionally, the May Revision increases MCO Provider Tax revenue to achieve an approximately \$5 billion annual state benefit. The proposal would leave the tax in place through 2026, which DHCS believes is as long as they can get federal approval for the tax as proposed.

The last MCO tax, which expired December 31, 2022, was used to offset General Fund spending on Medi-Cal, and the January budget proposed to continue that precedent. But the Legislature, providers, health plans and labor have been pressuring the Newsom Administration to use the MCO tax to fund the Medi-Cal program. In this proposal, the Administration is proposing a compromise to (1) to set aside \$2.5 billion in 2023 to “achieve a balanced budget,” (2) set aside a portion to increase Medi-Cal rates, and (3) put \$10.3 billion in a special reserve fund.

Additional details on components of the MCO tax include:

- *Provider Rate Increases* – Effective January 1, 2024, the Administration proposes to increase rates to at least 87.5% of Medicare for Primary Care (inclusive of Nurse Practitioners and Physician Assistants), Maternity Care (inclusive of OB/GYN and doulas) and non-specialty mental health services. The cost of the rate increases, inclusive of the Designated State Health Program (DSHP) rate increase in the Governor's Budget, will be approximately \$237 million (\$98 million General Fund) in 2023-24, \$580 million (\$240 million General Fund) in 2024-25, and \$582 million (\$241 million General Fund) in 2025-26 and ongoing. These rate increases will be funded by the MCO tax and be an adjustment to base rates, including the elimination of the historical AB 97 reduction and accounting for the Prop 56 supplemental payments. This is important because these rate increases are passed on directly, efficiently, and consistently to the providers. Additionally, the state will direct managed care plans pay providers at least these rates.
- *Special Reserve Fund* – The MCO tax is anticipated to generate \$13.6 billion, of which \$11.1 billion will support Medi-Cal investments that to “help secure access, quality, and equity in the Medi-Cal program over an 8 to 10 year period.” The Administration is proposing to put \$10.3 billion into a special fund reserve for future consideration. This strategy will allow the focused Medi-Cal augmentations to be sustainable over a long period of time and give certainty to program providers while attending to the state's need of not creating outyear budget challenges. Following the submission of the MCO Provider Tax proposal to CMS, DHCS, in collaboration with key stakeholders in the Medi-Cal delivery system, will assess ongoing, long-term rate enhancements to determine which will deliver the greatest benefit to improving Medi-Cal systems across California, with a focus on enhancing equitable access to care. The evaluation will prioritize augmentations to primary care, maternal care, behavioral health, as well as specialty care, outpatient, and acute care systems. The aim is to increase the provider commitment to serving Medi-Cal members, particularly those in disproportionately impacted areas, and build robust teams and programs, with a strong workforce, to ensure high-quality care is provided in the right settings at the right time.

DHCS will then submit proposed investments and augmentations to the Legislature in the 2024-25 Governor's Budget, with an intended effective date of January 1, 2025. The Administration estimates that the model could achieve \$3.7 billion total fund (\$1.5 billion General Fund/MCO Tax) annually for ongoing rate increases beginning in 2025 for roughly 8 to 10 years, contingent on the finalization and approval of the proposed plan.

► **Medi-Cal Adjustments**

The May Revision reflects lower Medi-Cal expenditures of approximately \$1.4 billion General Fund in 2022-23 compared to the Governor's Budget. The May Revision projects Medi-Cal expenditures of \$37.6 billion General Fund in 2023-24, an increase of \$6.7 billion General Fund compared with the revised 2022-23 expenditures.

► **DHCS Trailer Bill**

The Department proposes the additional May Revision Trailer Bill Language as follows:

- *Doula Services Implementation Evaluation* – DHCS proposes to extend the timelines for the workgroup to examine implementation of the doula benefit in the Medi-Cal program from April 1, 2022, until December 31, 2023, to April 1, 2023, until June 30, 2025, to align with implementation of the benefit one year later than originally anticipated. The proposal would align the date extension with the associated evaluation report and sunset date.
- *Medical Interpreter Pilot Program* – DHCS proposes to extend the expenditure authority of the Medical Interpreter Pilot Project for a period of 12 months, from June 30, 2024 to June 30, 2025. The program's inoperative date would be extended from July 1, 2024 to July 1, 2025, as well as the sunset date from January 1, 2025 to January 1, 2026.

Behavioral Health

► **Behavioral Health Bond/ Mental Health Services Act Modernization**

The Governor discussed the behavioral health bond and proposed Mental Health Services Act (MHSA) modernization at today's press conference. However, there are no materials about the bond or the MHSA reforms in the May Revision document. The Administration has indicated that these items will be addressed in a policy bill – not through the budget process.

► **Behavioral Health Bridge Housing Program**

The May Revision includes \$500 million one-time Mental Health Services Fund in 2023-24 in lieu of General Fund for the Behavioral Health Bridge Housing Program, effectively eliminating the Governor's Budget proposed delay of \$250 million General Fund to 2024-25. The May Revision shifts \$817 million General Fund from 2022-23 to the next three fiscal years to reflect updated programmatic timelines. The May Revision maintains the total \$1.5 billion augmentation for the Behavioral Health Bridge Housing Program.

► **Behavioral Health Medicaid Section 1115 Demonstration Waiver**

The Administration is changing the name of their behavioral health Medicaid Section 1115 demonstration waiver, which was released in November 2022, from the California Behavioral Health Community-Based Continuum (CalBH-CBC) to the Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Demonstration Waiver.

DHCS plans to submit the BH-CONNECT Demonstration proposal for federal approval in the summer of 2023 with implementation beginning no sooner than January 1, 2024.

The May Revision fiscal impact for the DHCS and Department of Social Services over the five years of the waiver is estimated to be \$6.1 billion total funds (\$306.2 million General Fund). The DHCS budget includes \$6 billion (\$185 million General Fund, \$87.5 million Mental Health Services Fund, \$2.1 billion Medi-Cal County Behavioral Health Fund, and \$3.6 billion federal funds) over five years to implement BH-CONNECT.

A critical part of CalAIM, the BH-CONNECT Demonstration includes both statewide and county opt-in components to strengthen the continuum of mental health services, with a focus on children and youth, individuals experiencing or at risk of homelessness, and justice-involved individuals. The May Revision includes an update to the BH-CONNECT Demonstration to include a new Workforce Initiative. BH-CONNECT will make targeted long- and short-term investments in a robust, diverse behavioral health workforce. New investments will be directed toward strengthening the pipeline of behavioral health professionals needed to staff existing and new behavioral health treatment settings as well as toward improving short-term recruitment and retention efforts. The Department anticipates the BH-CONNECT workforce initiative would include \$480 million in funding for each year of the five-year demonstration period (\$2.4 billion total funding). The \$480 million would be comprised of federal funds available through the Demonstration, with the non-federal share funded through designated state health programs (DSHP) and a portion of Mental Health Services Act (MHSA) state directed revenues. The May Revision includes minor updates to the BH-CONNECT Demonstration for May Revision including updating the fiscal estimate for Centers of Excellence to reflect training and certification activities for therapy benefits; adding Federal Financial Participation for the Centers of Excellence and the cross-sector incentive pool; and making a technical correction to the start date of the initial Child Welfare-Specialty Mental Health Services assessments (joint home visits).

► **CalAIM Behavioral Health Payment Reform**

The Department proposes amendments to their proposed trailer bill language that authorize the DHCS, rather than the Department of Finance, to submit the offset and transfer schedule to the California State Controller once counties elect to authorize the Controller to transfer certain Mental Health Services Fund and Realignment funding into the Medi-Cal County Behavioral Health Fund. Additionally, the amendments further describe when the Department will provide the transfer schedule to the Controller.

► **988 Suicide and Crisis Lifeline (AB 988)**

The May Revision includes \$15 million one-time 988 State Suicide and Behavioral Health Crisis Services Fund in 2023-24 to support eligible 988 call center behavioral health crisis services, for a total of \$19 million in 2023-24 and \$12.5 million in 2024-25 and ongoing.

► **CalHOPE**

The May Revision maintains funding to temporarily extend support for the CalHOPE program. In lieu of General Fund, the May Revision includes \$50.5 million one-time Mental Health Services Fund in 2023-24.

► Older Adult Behavioral Health

The May Revision includes \$20 million General Fund in 2023-24, \$20 million General Fund in 2024-25, and \$10 million General Fund in 2025-26 at the California Department of Aging to support the continuation of the Older Adult Friendship Line – a targeted media campaign for older adults – and competitive grants to local jurisdictions to build organizational capacity to identify and address older adult behavioral health and substance use disorder needs.

Public Health

► Public Health Workforce Investments

The May Revision restores funding of \$49.8 million General Fund over four years for various public health workforce training and development programs.

► 2023-24 COVID-19 Response

The May Revision reduces resources for COVID-19 response by \$50 million General Fund. The decrease is driven in part by a ramp down of emergency response activities across the state consistent with the end of the state of emergencies at the federal and state level.

► Opioid and Fentanyl Response

In addition to the January investments, the May Revision includes an additional \$141.3 million in Opioid Settlements Fund over four years for DHCS to support the Naloxone Distribution Project, for a total of \$220.3 million over four years. Additionally, the May Revision includes \$30 million one-time Opioid Settlements Fund in 2023-24 to support the development of a lower cost, generic version of a naloxone nasal spray product through the CalRx Naloxone Access Initiative at the Department of Health Care Access and Information. This CalRx partnership will enable the state to make naloxone more accessible statewide.

Department of Health Care Access and Information

► Distressed Hospital Loan Program

The May Revision includes up to \$150 million one-time General Fund in total over 2022-23 and 2023-24 for the Distressed Hospital Loan – as detailed in [AB 112](#), which was part of the Legislature's early action budget package last week. The Governor was asked about distressed hospitals during his press conference, and he responded that he is "very aware" of hospital financial issues, including distressed hospitals. He did not provide a date for when he will sign AB 112.

Funding for the Distressed Hospital Loan Program is from statewide General Fund savings at the May Revision and will not require new spending above the Governor's Budget.

► CalRX and Reappropriation

The May Revision includes a \$2 million one-time General Fund reappropriation from the Capital Infrastructure Security Program and allows the use of these funds for reproductive health care if necessary. These funds are available from the one-time \$20 million General Fund from the Capital Infrastructure Security program included in the 2022 Budget Act, which is not fully subscribed.

This includes statutory changes to provide flexibility for the CalRx Program to procure various pharmaceutical drugs, such as Mifepristone or Misoprostol if necessary, to address urgent and emerging reproductive health care needs.

► **Temporarily Borrowing from Hospital Building Fund Reserve**

The May Revision proposes to borrow \$150 million from the reserve of the fee-supported Hospital Building Fund to be repaid in 2026-27. A budgetary loan from the Hospital Building Fund to the General Fund is proposed from idle resources not required for currently projected operational or programmatic purposes.

► **Temporarily Borrowing from California Health Data and Planning Fund**

The May Revision proposes to borrow \$15 million from the California Health Data Planning Fund reserve to be repaid in 2026-27. The loan from the California Health Data and Planning Fund to the General Fund is proposed from idle resources not required for currently projected operational or programmatic purposes.

Human Services

CalWORKs

► **Grant Increase**

The May Revision reflects a 3.6 percent increase to CalWORKs Maximum Aid Payment levels, effective October 1, 2023, which is estimated to cost \$111.2 million in 2023-24. These increased grant costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund.

► **CalWORKs Single Allocation Early Reversion**

The May Revision proposes to revert approximately \$280 million General Fund from 2021-22 that is projected to go unexpended in the CalWORKs Single Allocation. The Administration will engage with the County Welfare Directors Association to determine the precise amount.

In-Home Supportive Services

► **IHSS Caseload Update**

The May Revision includes \$22.4 billion (\$8.4 billion General Fund) for the IHSS program in 2023-24. Average monthly caseload in this program is estimated to be 645,000 recipients in 2023-24. The Governor noted in his opening remarks about the growth in the deficit that it is partially due to caseload increases and specifically mentioned IHSS caseload.

► **Minor Recipient Provider Eligibility**

The May Revision includes \$60.7 million (\$27.9 million General Fund) ongoing to increase access to authorized services and better serve the IHSS program's minor recipients and their families. On the May Revision stakeholder call this afternoon, Administration officials indicated that the proposal will allow minors with immigrant parents to have their parent as their IHSS provider.

Food and Nutrition

► California Food Assistance Program (CFAP) Expansion Update

The Administration provided an update that the CFAP expansion. They originally estimated that food benefits issuance would occur in January 2027 and are now estimating that benefits will begin in October 2025. To begin to effectuate the change, automation is anticipated to begin in July 2023. The May Revision includes \$40 million General Fund for automation and outreach efforts.

► County CalFresh Administration Rebase

The May Revision includes \$406.5 million (\$159.5 million General Fund) to reflect a revised budgeting methodology for county CalFresh administration activities, pursuant to [AB 207](#), the 2022 human services trailer bill.

► Summer Electronic Benefit Transfer (EBT) Program

The May Revision includes \$47 million (\$23.5 million General Fund) for outreach and automation costs to phase in a new federal Summer EBT program for children who qualify for free or reduced-price school meals beginning summer 2024.

► Federal Reimbursement of Food Benefit Theft

The federal Consolidated Appropriation Act of 2023 mandated the federal reimbursement of Supplemental Nutrition Assistance Program food benefit theft. The May Revision includes \$42.9 million federal financial participation for associated administration and automation activities.

Immigration

► Southern Border Humanitarian Support

With the end of the federal COVID-19 public health emergency, the Newsom Administration is transferring funding for border operations from the Department of Public Health to the Department of Social Services. The May Revision includes one-time \$150 million General Fund in 2023-24 in the Rapid Response program for continued humanitarian efforts in partnership with local providers. The humanitarian mission will continue to fund respite sheltering for migrants and support their safe passage through border regions. The mission will prioritize sheltering services for vulnerable populations, including families with young children, people who are medically fragile, and particularly vulnerable individuals, including LGBTQ+ individuals, older individuals, and individuals with disabilities. Local jurisdictions, including immigrant affairs offices, will continue to be important partners in building additional capacity to shelter and welcome migrants as will community-based organizations.

California supports permanent federal investment by Congress in migrant sheltering operations as a critical component of border security infrastructure and welcoming people fleeing violence and persecution. The DOF budget document clearly states that the federal government is responsible for immigration policies and migrant sheltering in border communities.

Child Support Services

► Local Child Support Administration

The May Revision continues the Governor's January proposal for an additional \$35.8 million (\$12.1 million State General Fund) for local child support administration in 2023-24 and ongoing.

► Child Support Pass-Through to Formerly Assisted Families

The May Revision adjusts the timeline for the state's implementation of full pass-through of funding for families formerly assisted by CalWORKS, consistent with the Department of Child Support Services' (DCSS) recent updates to the Legislature. Specifically, DCSS estimates an implementation date of April 2024. The May Revision notes that additional time, compared to last year's estimates, is necessary due to a greater degree of system change complexity than previously anticipated. The revised implementation date results in approximately \$70 million of General Fund revenue in the May Revision.

Child Care

The May Revision includes \$6.6 billion (\$3 billion General Fund) for child care programs. The state continues to work with Child Care Providers United California (CCPU) to negotiate a successor agreement to the current agreement expiring June 30, 2023.

► Cost-of-Living Adjustment (COLA)

The May Revision includes \$183.3 million General Fund for Child Care and Development Programs and \$840,000 for the Child and Adult Care Food Program to reflect a statutory COLA of 8.22 percent.

► Revised Projection of 2022-23 General Child Care Funding

The May Revision reflects anticipated one-time savings of \$588 million General Fund in 2022-23 based on estimated General Child Care expenditures that will go into contract by the end of the fiscal year. Expenditure authority for General Child Care is unchanged.

► Child Care Family Fee Waivers and 2022-23 Stipends

The May Revision reflects May 2023 budget legislation that allows DSS to use \$29.4 million in available federal funds to continue to waive family fees from July 1, 2023 to September 30, 2023, and authorizes DSS to use roughly \$169.2 million in available federal funds to provide temporary stipends to state-subsidized child care providers.

Housing

The May Revision maintains the \$350 million in cuts and potential trigger restorations from the Governor's Budget, defers an additional \$345 million General Fund for acquisitions of foreclosed properties by non-profits to create affordable housing, and makes a \$17.5 million General Fund reduction to a \$25 million program for adaptive reuse of commercial and industrial structures for housing that failed to attract applications for the full amount of available funding.

The 2021 Budget Act Included \$500 million General Fund for the Foreclosure Intervention Housing Prevention Program through June 30, 2027. The May Revision defers \$345 million over four fiscal years with allocations of \$50 million in 2023-24, \$100 million in 2024-25, \$100 million in 2025-26, and \$95 million in 2026-27.

Homelessness

The May Revision does not include substantive changes to the Governor's January proposal for the Homeless Housing, Assistance and Prevention (HHAP) program. Specifically, the May Revision continues to budget one-time funding for HHAP in 2023-24 with no commitment to ongoing funding for the program. The Administration continues to also focus on accountability, noting that meaningfully addressing homelessness takes a three-part approach:

- Creating mechanisms for local efforts to address homelessness,
- Increasing regional coordination on homelessness solutions, and
- Holding local governments accountable for their respective roles in achieving outcomes that lead unhoused and unsheltered persons to access affordable, permanent housing and the services they need to stay housed.

Additionally, the Administration reaffirms its commitment to focusing HHAP expenditures on reducing unsheltered homeless by prioritizing permanent housing, Homekey operating sustainability, and CARE Act housing supports. Lastly, the May Revision states the Administration's goal of working with the Legislature to enhance local accountability and regional coordination.

Climate Change

The May Revision maintains \$48 billion over multiple years of previous budget investments into a wide variety of climate programs. The following highlights new proposals in addition to, or modifying, the Governor's January Budget.

Climate Resilience Bond

The Governor's May Revision proposes to shift \$1.1 billion in General Fund from climate resilience programs to a future climate bond proposal, to be developed in collaboration with the Legislature. Specific program impacts include:

- Water Recycling - \$270 million
- Salton Sea Restoration - \$169 million
- Community Resilience Centers - \$160 million
- Transformative Climate Communities - \$100 million
- Regional Resilience Program - \$100 million
- Urban Greening - \$100 million
- Statewide Parks Program - \$86.6 million

- Sustainable Groundwater Management Act Implementation - \$50 million
- Multi-Benefit Land Repurposing - \$20 million

Zero Emission Vehicles

The May Revision proposes to shift \$635 million General Fund (\$500 million in 2023-24) over three years to the Greenhouse Gas Reduction Fund (GGRF) to support the state's ongoing transition to ZEVs.

Wildfire and Forest Resilience

The Governor proposes \$25 million one-time General Fund for the Climate Catalyst Fund, which partially restores the General Fund reduction proposed in the Governor's January Budget.

Water

Citing significant improvement in statewide water conditions, the Governor's May Revision proposes three new reductions to water programs beyond the January Budget:

- *2023 Drought Contingency* – a reduction of \$125 million one-time General Fund.
- *Delta Salinity Barriers* – a reduction of \$24.5 million one-time General Fund.
- *Agriculture and Delta Drought Response Program* – a reduction of \$25 million one-time General Fund.

Tulare Basin and Statewide Flood Response and Support

In response to historic atmospheric rivers and current and anticipated flooding, the May Revisions includes \$290 million one-time General Fund for the following programs:

- *Flood Contingency* - \$125 million one-time General Fund for costs associated with preparedness, response, recovery, and other associated activities related to 2023 storms.
- *Flood Control Subventions* - \$75 million one-time General Fund for local flood control projects, including communities already impacted by the winter storm events.
- *Small Agricultural Business Relief Grants* – an increase of \$25 million one-time General Fund to expand the scope of the existing Small Agricultural Business Relief Grants Program to provide direct assistance to eligible businesses impacted by the recent storms.
- *Disaster Response Emergency Operations Account Set-Aside* - \$25 million one-time General Fund in the current year in anticipation of increased disaster relief and response costs.
- *San Joaquin Floodplain Restoration* - \$40 million one-time General Fund which restores the Governor's January Budget proposal.

Transportation Fuels – Consumer Price Gouging Protections

To support implementation of SB x1 2 (Chapter 1, Statutes of 2023), which codified the deal the Governor and Legislature reached on price gouging on transportation fuels, the May Revision proposes the following appropriations:

- *Energy Resources Procurement Programs Account* - \$5.9 million and 14 positions on an ongoing basis for the California Energy Commission (CEC) to collect new data, analyze and track trends in the petroleum supply chain, etc.
- *Cost of Implementation Account* - \$1 million for the California Air Resources Board to support development of the Transportation Fuels Transition Plan.
- *Occupational Safety and Health Fund* - \$286,000 and 1 position for the Department of Industrial Relations to support the analysis on managing refinery turnaround and maintenance schedules to prevent price spikes.

Environmental Protection

The May Revision includes \$4.8 million General Fund in 2023-24 and 2024-25 to support the State Water Board's oversight role under the Sustainable Groundwater Management Act for groundwater basins deemed inadequate.

The May Revision includes \$1.9 million Department of Pesticide Regulation Fund and \$1.4 million ongoing to improve and streamline the Department's registration and reevaluation processes, identify alternatives to high-risk fumigants, and support implementation of sustainable pest management in agricultural, urban, and wildland settings.

The May Revision includes \$67.3 million from the Lead-Acid Battery Cleanup Fund over two years, including \$40.4 million in 2023-24 and \$26.9 million in 2024-25. This funding is from fee increases on lead-acid batteries in 2022 and will be used to clean up 6,425 parkways with high levels of lead or other metals surrounding the former Exide Technologies facility in Los Angeles County.

Finally, the May Revision includes up to \$140 million in loans from the Beverage Container Recycling Fund anticipated to be repaid over three years; \$100 million will be loaned to the General Fund and up to \$40 million to the Hazardous Control Waste Account.

Infrastructure

Despite the state budget deficit, the May Revision estimates that the state will spend \$180 billion over the next ten years on roads, bridges, clean energy, public transit, water infrastructure and conveyance, broadband and other critical infrastructure from state and federal sources. The May Revision proposes statutory changes to expedite infrastructure projects that advance the state's climate, equity, and economic goals and maximize federal funding return. Details of the policy proposal were not made available with the May Revision and are anticipated in the coming weeks.

Moreover, the May Revision outlines the state's investments that are part of the Governor's Five-Year Infrastructure Plan - \$56.6 billion in total

Capital Expenditures: Program Area	Five-Year Capital Funding
Transportation	\$50,221,788
Judicial Branch	\$2,887,425
Natural Resources	\$1,741,553
General Government	\$654,768
Corrections and Rehabilitation	\$538,518
Education	\$306,528
Health and Human Services	\$206,808
Total	\$56,557,388

spending across all categories, as detailed in the chart and narrative below.

Judicial Branch

For 2023-24, the May Revision proposes \$261.7 million (\$108.6 million General Fund and \$153 million Public Buildings Construction Fund) for two new courthouse projects (one in Sunnyvale and one in Nevada City), two continuing projects (in San Bernardino and Monterey counties), and for the partial reimbursement of prior construction loans for three courthouses in Sacramento, El Centro, and Redding.

California Office of Emergency Services

The May Revision includes \$176.5 million (\$1.8 million General Fund and \$174.7 million Public Buildings Construction Fund) in 2023-24 for two capital projects to enhance security at the Cal OES headquarters and construction of a new Southern California Regional Emergency Operations Center.

Transportation

The Governor proposes additional fund shifts to transportation programs in the May Revision. Specifically, the May Revision proposes to shift \$150 million one-time General Fund to the State Highway Account for port and goods movement projects.

California Highway Patrol

For 2023-24, the Governor proposes \$305.9 million (\$11.5 million General Fund and \$294.4 million Public Buildings Construction Fund) for 11 continuing area office replacement projects (Quincy, Humboldt, Baldwin Park, Santa Fe Springs, San Bernardino, Gold Run, Redding, Los Banos, Antelope Valley, Barstow, and Porterville).

Department of Motor Vehicles

The May Revision proposes \$83.4 million (\$2.5 million General Fund and \$81 million Public Buildings Construction Fund) in 2023-24 for the construction and build phases of replacement projects in Delano, Inglewood, and San Francisco and for the performance criteria phase of the El Centro Field Office Replacement project.

Exposition Park

For 2023-24, the May Revision proposes \$15.2 million (\$500,000 General Fund, \$600,000 other funds, and \$14.1 million Public Buildings Construction Fund) for security and parking projects at Exposition Park.

Department of Parks and Recreation

The Governor's May Revision proposes \$37.9 million (26.8 million General Obligation bond funds and \$11.1 million other funds) for several continuing projects at various units of the State Parks System.

Department of Water Resources

The May Revision proposes \$163.9 million General Fund for various flood risk reduction projects, including \$25 million for Systemwide Flood Risk Reduction projects, Paradise Cut Bypass Expansion and Ecosystem Enhancement and Yolo Bypass Fix-In-Place. The Governor also proposes \$90.5 million for the USACE Urban Projects/Feasibility Studies, \$43.7 million for the South Delta Permanent Operable Gates, and \$4.8 million for the Joint Operations Center replacement project.

Department of State Hospitals

For 2023-24, the May Revision proposes \$48 million (\$8.1 million General Fund and \$39.9 million Public Buildings Construction Fund) for the following five projects:

- Potable Water Booster System project at Atascadero State Hospital - \$4.7 million
- Sewer and Wastewater Treatment Plant project at Atascadero State Hospital - \$1 million
- Consolidation of Police Operations project at Metropolitan State Hospital - \$39.9 million
- Central Utility Plant Replacement at Metropolitan State Hospital - \$1.9 million
- Fire Water Line Connection project at Metropolitan State Hospital – \$536,000

Department of Corrections and Rehabilitation

The May Revision, for 2023-24, proposes \$462.4 million (\$101.8 million General Fund and \$360.6 million Public Buildings Construction Fund) for projects that address a variety of CDCR infrastructure needs. Of note, within this funding, the Governor proposes funding for two capital projects to support the transition of San Quentin from a maximum-security prison into a facility focused on improving public safety through rehabilitation and education.

California Department of Education – State Special Schools

In 2023-24, the May Revision proposes \$6.9 million General Fund for the construction and working drawings phases of three continuing projects, including the Middle School Activity Center project at the Fremont School, and the Remove Modular Buildings and the Athletic Complex Replacement and Expansion projects at the Riverside School.

Higher Education

The May Revision, in recognition of the ongoing need to construct and/or renovate educational facilities, states its intention to engage with the Legislature regarding the potential placement of a general obligation bond supporting the construction and/or modernization of education facilities on a future ballot for consideration by the voters.

State Office Building Program

The May Revision proposes, for 2023-24, \$402 million General Fund to pay a portion of the construction loan for the design-build phase of the Sacramento Region: New Richards Boulevard

Office Complex project. Additionally, the Plan includes \$36,000 General Fund for the execution of a lease-purchase option to acquire the California Tower Building in Riverside.

Debt Financing

As shown in the Debt Service on General Obligation and Lease Revenue Bonds figure below, debt service on infrastructure bonds is expected to increase to \$8.9 billion by 2026-27, assuming only limited new lease revenue bonds are authorized.

Debt Service on General Obligation and Lease Revenue Bonds					
(Dollars in Millions)					
Fiscal Year	General Fund Revenues	All Funds		General Fund	
		Debt Service	Service Ratio ^{1/}	Debt Service	Service Ratio ^{1/}
2022-23 ^{e/}	\$204,888	\$7,541	3.68%	\$5,148	2.51%
2023-24 ^{e/}	\$206,197	\$8,116	3.94%	\$5,740	2.78%
2024-25 ^{e/}	\$209,161	\$8,357	4.00%	\$5,906	2.82%
2025-26 ^{e/}	\$206,773	\$8,589	4.15%	\$6,130	2.96%
2026-27 ^{e/}	\$212,372	\$8,867	4.18%	\$6,325	2.98%

^{1/} The debt service ratio expresses the state's debt service costs as a percentage of its General Fund revenues.
^{e/} Estimated

Economic Development

The May Revision continues the state's efforts to support businesses and maintain investments made in recent years. The May Revision also includes statutory changes to extend the sunset date for several programs administered by the Office of the Small Business Advocate to allow additional time to award grants and for program closeout activities. Details on significant adjustments are provided below.

Small Agricultural Business Relief Grants

The May Revision includes an increase of \$25 million to expand the scope of the current California Small Agricultural Business Drought Relief Grant Program to provide direct assistance to eligible agriculture-related businesses that have been affected by recent storms.

Technical Assistance to Small Businesses

The May Revision includes an increase of \$23.5 billion in federal funds to be spent over five years, for the Office of the Small Business Advocate to provide technical assistance to small businesses applying for State Small Business Credit Initiative capital programs.

City of Fresno Public Infrastructure Plan

The Governor's Budget included \$300 million to be spent over three years for the Local Government Budget Sustainability Fund to provide grants to support revenue stability in counties with high unemployment and high rates of poverty. The May Revision maintains \$50 million for this purpose and reallocated \$250 million to support the City of Fresno's Infrastructure Plan to invest in the downtown area.

California Small Business COVID-19 Relief Grant Program

A decrease of \$50 million to the program is proposed in the May Revision; however, the Office of the Small Business Advocate has continued to award grants and estimates that there will be an additional amount remaining after all grants have been awarded.

General Government

Cannabis

The May Revision estimates that there will be \$567.4 million available for these purposes in 2023-24, which includes \$150 million General Fund to backfill the estimated decline in revenues:

- Education, prevention, and treatment of youth substance use disorders and school retention - \$340.4 million (60 percent)
- Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation - \$113.5 million (20 percent)
- Public safety-related activities - \$113.5 million (20 percent)

These figures reflect a total decrease of \$102.2 million compared to the Governor's Budget estimate.

Local Public Safety and State Corrections

Proposition 47

The estimated net state correctional system savings resulting from the implementation of Proposition 47 (2014) now totals \$112.9 million, an increase of \$11.9 million from the January budget proposal. The savings derived from implementation of Proposition 47 are dedicated to three policy priorities identified by the initiative: (1) behavioral health treatment and diversion programs (65 percent), (2) programs to improve outcomes for K-12 students and reduce truantcies (25 percent), and (3) support for victims' services through trauma recovery centers (10 percent).

Community Corrections Performance Incentive Grant (SB 678)

The May Revision does not alter last year's budget agreement to continue the temporary freeze of the statutory formula for the SB 678 grant program. Statewide, probation departments will receive \$123.8 million, consistent with their 2021-22 and 2022-23 allocations.

Post-Release Community Supervision Funding

In recognition of increases in post-release community supervision responsibilities associated with implementation of Proposition 57 (2016), the May Revision proposes \$9.3 million for county probation departments, reflecting an upward increase of \$1.1 million as compared to the January budget.

Division of Juvenile Justice Closure and Realignment

The Governor's May Revision acknowledges the June 30 closure of the state's remaining juvenile detention facilities now operated by the Division of Juvenile Justice (DJJ). It is estimated that 150 youth will remain in DJJ's custody at the time of final facility closure. While the state indicates it continues to partner directly with counties to plan for the transfer of DJJ youth and young adults to the county of commitment, there is no funding offered in the May Revision to support the care and custody for this specific cohort of youth.

Incompetent to Stand Trial (IST)

The Governor's May Revision does not include any substantive changes to the felony IST growth cap and penalty structure. The budget summary notes that the waiting list for IST beds continues to decline to 992. Of that number, 200 persons deemed IST are receiving early stabilization services.

Additional Grant Investments

The May Revision proposes changes to and includes additional funding for various existing public safety initiatives, including:

- *Gun Buyback Program* – This year's budget includes \$25 million to support a competitive gun buyback program administered by the Board of State and Community Corrections (BSCC). The May Revision does not propose additional funding for this initiative but proposes to shift the funding and state administrative functions to the Office of Emergency Services to facilitate and expedite direct work with local law enforcement agencies.
- *Grants for Missing and Murdered Indigenous Persons* – An additional investment of \$12 million in one-time funding for a competitive grant program to assist tribes with identifying, collecting data, investigating and solving cases involving missing indigenous persons. This program will continue to be administered by the BSCC.
- *Nonprofit Security Grant Program* – The May Revision provides \$10 million in one-time funding to support security enhancements for nonprofit organizations at risk for hate-motivated violence.

State Corrections

The Governor's May Revision provides a California Department of Corrections and Rehabilitation (CDCR) population estimate for the state's adult prison facilities, which anticipates further reductions as compared to fall 2022 projections. Specifically, current projections show long-term downward trends, with the incarcerated population decreasing from 95,560 in 2022-23 to 92,882 in 2023-24 (a difference of 2,678). The CDCR population is projected to drop below 90,000 (to

89,946) in 2025-26. The parole population also is on a downward trend, projected to move from 39,646 in 2022-23; to 37,222 in 2023-24; and, over the longer term, to 36,061 in 2026-27.

The May Revision proposes funding for two projects associated with the Governor's reimagining of the renamed San Quentin Rehabilitation Center. A recently announced [advisory council](#) will inform the redesign on the prison facility into an innovative model for rehabilitation. The two funding elements include (1) \$360.6 million for specified building demolition and construction of a new educational and vocational center and (2) \$20 million for various improvement projects.

Other expansions or new initiatives proposed for funding in the May Revision include expansion of tele-mental health services for incarcerated individuals, additional support for contract medical services, as well as one-time and ongoing funding to enable California Correctional Health Care Services to develop an information technology system to support the Medi-Cal billing process consistent with the CalAIM Justice-Involved initiative.

Judicial Branch

Court-Appointed Dependency Counsel Funding

The May Revision makes no changes to dependency counsel funding in the budget year or subsequent fiscal years.

Other Adjustments of Note

The May Revision makes the following updates and changes to judicial branch budget items:

- *Court Appointed Special Advocate (CASA) Program* – The May Revision restores a \$20 million reduction in 2023-24 and 2024-25 proposed in the Governor's proposed January budget.
- *Trial Court Trust Fund Backfill* – The May Revision provides \$105.1 million ongoing to address continued revenue declines anticipated in 2023-24.
- *Ability-to-Pay Backfill Reduction* – The May Revision reduces by \$20.7 million in 2023-24 and \$30 million ongoing the backfill associated with the implementation of the ability-to-pay program established pursuant to [AB 199](#), the 2022-23 courts trailer bill.

Department of Justice

The Governor's May Revision notes several funding increases for various Department of Justice (DOJ) initiatives and statutorily driven workload, including:

- *Carry Concealed Weapon (CCW) Permits* – \$5 million in 2023-24 and \$3.2 million in 2024-25 to process additional CCW permit applications.
- *Ammunition Authorization Program Fees* – Statutory changes will authorize DOJ to adjust the Ammunition Authorization Program fee to align with reasonable costs for regulating ammunition transactions in the state, and a loan of \$4.3 million over the next two fiscal years to support operating costs while DOJ makes fee adjustments.

- *Firearms Information Technology System Modernization* – Additional funding (\$6.4 million one time and \$2.6 million ongoing) is proposed to continue work on modernizing the firearms IT system.
- *Criminal Records Relief* – Consistent with [SB 731](#) (Durazo, 2022), the May Revision includes \$1.8 million in 2023-24 and \$1.5 million in 2024-25 to support information technology modifications to existing systems to facilitate criminal record relief for eligible individuals.
- *Sex Offender Registration* – Consistent with [SB 384](#) (Wiener, 2017), the May Revision includes \$1.7 million ongoing for workload as well as system support and maintenance for a tiered sexual offender registration system.

1991 and 2011 Realignment Revenue Updates

The Administration updates 1991 and 2011 revenue estimates twice a year – with the release of the January proposed budget and at the May Revision. The Governor's 2023-24 May Revision estimates that the two sources of Realignment funding – state sales tax and vehicle license fees – will increase, respectively, by 3.1 percent from 2021-22 to 2022-23 and by 0.1 percent from 2022-23 to 2023-24. Below we have included two charts detailing revenue updates across all accounts and subaccounts for the 1991 and the 2011 Realignment structure.

The May Revision revenue estimates for 1991 and 2011 Realignments result in higher estimated growth for individual subaccounts in 2022-23. Specific to the Community Corrections Subaccount, the May Revision estimates total growth funding of \$64.5 million in 2022-23 (compared to the \$20.1 million estimated in January). These projections would then create a 2023-24 base of \$1.958 billion in 2023-24. However, the Department of Finance projects only \$7.5 million in 2023-24 growth (compared to the \$49.5 million projected in January).

Additionally, the Department of Finance estimates Vehicle License Fee growth funding for the Enhancing Law Enforcement Activities Subaccount. The \$347.3 million in estimated growth for 2022-23 (compared to the \$329.3 million estimated in January) is dedicated to the Juvenile Justice Crime Prevention Act, Juvenile Camps, Juvenile Probation, and Citizens Option for Public Safety programs.

1991 Realignment Estimate at 2023 May Revision

(Dollars in Thousands)

2021-22 State Fiscal Year (Actual)							
Amount	CalWORKs MOE	Health	Social Services	Mental Health	Family Support	Child Poverty	Total
Base Funding							
Sales Tax Account	\$752,888	\$87,215	\$2,409,972	\$115,314	\$418,627	\$251,580	\$4,035,595
Vehicle License Fee Account	367,663	1,070,952	216,223	104,743	185,798	419,359	2,364,738
Subtotal Base	\$1,120,551	\$1,158,167	\$2,626,195	\$220,057	\$604,425	\$670,939	\$6,400,333
Growth Funding							
Sales Tax Growth Account:	\$-	\$109,354	\$70,065	\$221,816	\$-	\$261,392	\$662,627
Caseload Subaccount	-	-	(70,065)	-	-	-	(70,065)
General Growth Subaccount	-	(109,354)	-	(221,816)	-	(261,392)	(592,562)
Vehicle License Fee Growth Account	--	364	-	737	-	869	1,970
Subtotal Growth	\$-	\$109,718	\$70,065	\$222,553	\$-	\$262,261	\$664,597
Total Realignment 2021-22^{1/}	\$1,120,551	\$1,267,885	\$2,696,259	\$442,610	\$604,425	\$933,200	\$7,064,929
2022-23 State Fiscal Year (Projected)							
Base Funding							
Sales Tax Account	\$752,888	\$149,119	\$2,480,037	\$337,129	\$466,077	\$512,972	\$4,698,222
Vehicle License Fee Account	367,663	1,071,315	216,223	105,480	185,798	420,228	2,366,708
Subtotal Base	\$1,120,551	\$1,220,434	\$2,696,259	\$442,610	\$651,875	\$933,200	\$7,064,929
Growth Funding							
Sales Tax Growth Account:	\$-	\$6,672	\$66,200	\$13,534	\$-	\$15,949	\$102,355
Caseload Subaccount	-	-	(66,200)	-	-	-	(66,200)
General Growth Subaccount	-	(6,672)	-	(13,534)	-	(15,949)	(36,155)
Vehicle License Fee Growth Account	-	23,553	-	47,774	-	56,298	127,625
Subtotal Growth	\$-	\$30,225	\$66,200	\$61,309	\$-	\$72,247	\$229,981
Total Realignment 2022-23^{1/}	\$1,120,551	\$1,250,659	\$2,762,459	\$503,918	\$651,875	\$1,005,447	\$7,294,910
2023-24 State Fiscal Year (Projected)							
Base Funding							
Sales Tax Account	\$752,888	\$-	\$2,537,092	\$346,700	\$619,636	\$527,021	\$4,783,337
Vehicle License Fee Account	367,663	1,210,828	216,223	153,255	69,837	476,527	2,494,333
Subtotal Base	\$1,120,551	\$1,210,828	\$2,753,315	\$499,955	\$689,473	\$1,003,548	\$7,277,670
Growth Funding							
Sales Tax Growth Account:	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Caseload Subaccount	-	-	--	-	-	-	--
General Growth Subaccount	-	-	-	-	-	-	-
Vehicle License Fee Growth Account	-	3,989	-	8,092	-	9,536	21,618
Subtotal Growth	\$-	\$3,989	\$-	\$8,092	\$-	\$9,536	\$21,618
Total Realignment 2022-23^{1/}	\$1,120,551	\$1,214,818	\$2,753,315	\$508,047	\$689,473	\$1,013,084	\$7,299,288

^{1/} Excludes \$14 million in Vehicle License Collection Account moneys not derived from realignment revenue sources.

2011 Realignment Estimate at 2023 May Revision
(Dollars in Millions)

	2021-22	2021-22 Growth	2022-23	2022-23 Growth	2023-24	2023-24 Growth
Law Enforcement Services	\$2,936.5		\$3,336.8		\$3,422.8	
Trial Court Security Subaccount	597.3	40.0	637.3	8.6	645.9	1.0
Enhancing Law Enforcement Activities Subaccount ^{1/}	489.9	258.1	489.9	347.3	489.9	336.8
Community Corrections Subaccount	1,593.0	300.3	1,893.2	64.5	1,957.7	7.5
District Attorney and Public Defender Subaccount	56.7	20.0	76.7	4.3	81.0	0.5
Juvenile Justice Subaccount	199.6	40.0	239.7	8.6	248.3	1.0
Youthful Offender Block Grant Special Account	(188.6)		(226.4)		(234.6)	
Juvenile Reentry Grant Special Account	(11.0)		(13.2)		(13.7)	
Growth, Law Enforcement Services		658.5		433.3		346.8
Mental Health ^{2/}	1,120.6	37.2	1,120.6	8.0	1,120.6	0.9
Support Services	4,419.5		5,125.9		5,277.5	
Protective Services Subaccount	2,650.1	334.6	2,984.7	71.8	3,056.5	8.4
Behavioral Health Subaccount	1,769.4	371.7	2,141.1	79.8	2,221.0	9.3
Women & Children's Residential Treatment Services	(5.1)		(5.1)		(5.1)	
County Intervention Support Services Subaccount ^{3/}	-		(3.7)		-	
Growth, Support Services		743.5		159.6		18.6
Account Total and Growth	\$9,878.5		\$10,176.1		\$10,186.3	
Revenue						
1.0625% Sales Tax	9,117.5		9,319.1		9,338.8	
General Fund Backfill ^{4/}	13.0		19.8		20.7	
Motor Vehicle License Fee	748.0		837.2		826.7	
Revenue Total	\$9,878.5		\$10,176.1		\$10,186.3	

This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

^{1/} Base Allocation is capped at \$489.9 million. Growth does not add to the base.

^{2/} Base Allocation is capped at \$1,120.6 million. Growth does not add to the base.

^{3/} This chart reflects a fiscal year 2022-23 transfer of \$3.7 million from Behavioral Health Subaccount Fund 3217 to the County Intervention Support Services Subaccount Fund 3325 pursuant to Government Code section 30027.10.

^{4/} General Fund backfill pursuant to Revenue and Taxation Code sections 6363.9 and 6363.10; Chapter 690, Statutes of 2019; Chapter 78, Statutes of 2020; Chapter 82, Statutes of 2021; Chapter 225, Statutes of 2022; and Chapter 251, Statutes of 2022.

What's Next?

The houses' budget subcommittees will convene next week to review the Governor's May Revision proposals; the Senate hearings will be held daily from Tuesday through Thursday over the next two weeks. Currently, the Assembly has scheduled only one week of subcommittee hearings next week from Monday through Thursday. As is normal during the budget season, there is considerable behind-the-scenes work – negotiations as well as drafting of specific language – that takes place in addition to the public hearings. We will keep you apprised on development throughout what we anticipate will be a prolonged budget season, with the next major deadline coming on June 15 when the Legislature must approve and present to the Governor a balanced budget.

Please feel free to reach out to Grace Ferguson at UCC or your Advocacy Team with any questions on the content of the May Revision or any aspect of the state budget process.