

# FY 2021-22 May Revise Initial Summary of Impacts

**Overall, the May Revise is very good news for Marin with no cuts and many significant one-time opportunities.** In just one year, the state has transitioned from a \$54 billion shortfall with the anticipated effects of the COVID-19 pandemic to a nearly \$76 billion projected surplus between this fiscal year and next. The May Revise misses an opportunity to bolster public health with new ongoing funding, and there are no funds to reimburse counties for the costs of this fall's Gubernatorial Recall Election. However, it provides tremendous opportunities in many areas - most notably homelessness, mental health, childcare and broadband. Approximately 90 percent of all proposed increases are one-time.

Because the state budget relies heavily on high income earners, who have done well along with the stock market, revenues far outpaced initial fears. This is despite broad service sector job losses that contributed to high unemployment in 2020 - and an uneven recovery since. Combined with an additional \$26 billion in federal relief funds, the state now expects over \$100 billion in discretionary spending in 2021-22.

Some major highlights are summarized below:

## **HOMELESSNESS/AFFORDABLE HOUSING**

The state wants cities and counties to move away from strategies that just manage homelessness towards true systems-level solutions that prevent and end homelessness. New state funding includes:

- \$2.75 billion to cities and counties for additional Homekey acquisitions over two years, for a combined \$3.5 billion in total Homekey funding
- \$1.75 billion to support shovel-ready affordable housing projects, and another \$300 million for preservation of affordable housing units with expiring affordability covenants
- \$475 million to expand the CalWORKs Housing Support Program, which provides rental assistance, moving costs, and landlord recruitment activities to rapidly rehouse families
- \$150 million to support transitioning Project Roomkey participants into permanent housing
- \$50 million for an encampment strategy with grants to local governments to assist people in moving out of unsafe, unhealthy encampments

## **DIRECT AID AND RENT/UTILITY RELIEF**

- \$8 billion to extend \$600 one-time payments to middle class families
  - \$600 direct payments to all taxpayers with adjusted earnings up to \$75,000 (and who did not receive a first payment)
  - Additional \$500 to families with dependents
  - Additional \$500 to undocumented families
- \$2 billion to pay overdue water and utility bills
  - \$7.2 billion combined is now authorized for rent/utility relief (including January's \$2.6 billion (SB 91) and March's additional \$2.6 billion)
  - Trailer bill language is expected to maximize use of funding and for 100 percent back-rent
- \$1.5 billion for three new rounds of grants to small businesses, with two closed rounds targeting currently waitlisted applicants and a third round for both new and waitlisted applicants

## **HEALTH AND HUMAN SERVICES/CHILDCARE**

- \$4.0 billion to improve behavioral health of all youth aged 0-25 regardless of health coverage
- \$1.4 billion to construct, acquire, and rehabilitate assets over three years to expand the community continuum of behavioral health treatment resources
- \$1 billion for an additional 100,000 childcare slots, and \$250 million in infrastructure grants for childcare facilities, per-child stipends for licensed childcare and preschool providers
- \$1 billion to expand Medi-Cal to undocumented adults aged 60 years and older
- \$900 million, growing to \$2.7 billion in 2024-25, to establish universal transitional kindergarten (TK), creating a "14th grade" of public education by 2024-25

- \$248 million in 2022-23 to eliminate the IHSS 7 percent reduction in service hours
- \$124 million ongoing for IHSS continuation of the 65 percent state sharing ratio, and continuation of the 10 percent over three years option
- \$35 million over five years for Universal Basic Income (UBI) pilot programs, city or county administered, requiring a local-match commitment to target low-income residents

### **COMMUNITY HARDENING**

Significant new grant opportunities for community hardening, including counties with fairgrounds and other local facilities regularly used for disaster and evacuation

- \$250 million to build disaster-resistant communities
- \$250 million for CalOES to build resiliency in disadvantaged communities
- \$150 million to support development and enhancement of community resilience centers

### **CLIMATE CHANGE/ENVIRONMENT**

- \$5.1 billion over four years to expand and protect water supplies
- \$3.2 billion to increase zero-emission vehicle use
- \$1.3 billion for communities facing the impacts of climate change today, including heat, sea level rise, and community-driven infrastructure investments in disadvantaged communities

### **BROADBAND**

- \$7 billion over three years to expand broadband infrastructure, increase affordability, and enhance access to broadband, including:
  - \$4 billion for a statewide middle-mile network, reducing the cost of future last-mile deployment and increasing competition and affordability
  - \$2 billion to support last-mile fiber through the existing CASF subsidy program, providing 100 Mbps broadband to those without
  - \$500 million for telephone carriers-of-last-resort in rural areas to upgrade to broadband

### **TRANSPORTATION/TRANSIT**

- \$2 billion to State Highway Operation and Protection Program and for local road, bridge projects
- \$1.5 billion for a three-year statewide beautification effort
- \$1.4 billion for purchase and lease of green buses and trucks, and \$407 million for clean bus and rail equipment and associated infrastructure

### **OTHER**

- \$300 million to backfill counties to eliminate debt on existing fines and fees for traffic/non-traffic infraction tickets issued to low-income individuals January 1, 2015 to June 30, 2021
- \$130 million to support the development of infrastructure required to process recyclables and manufacture products from recyclable material
- \$125 million to establish and revitalize local community open spaces to fund new parks, beautification of existing parks, and recreation opportunities in underserved communities
- Budget trailer bills are expected to include an extension (to December 31, 2021) of the deadline for county assessment appeals boards to decide cases, without which many counties would be forced to grant automatic downward assessments due to pandemic interrupted hearings

As always, we will monitor events in coming weeks and months and keep your Board updated. The Legislature will have until June 15<sup>th</sup> to adopt a State budget, though many items may require budget trailer bill resolution through the summer into September.

Please let us know if you have any questions.