



# CWDA

Advancing Human Services  
for the Welfare of All Californians

## State Budget Update #5 Governor Signs 2019-20 Budget

June 28, 2019 | 2 Pages

The Governor signed Assembly Bill (AB) 74, the 2019-20 state budget, into law yesterday evening (June 27), along with 14 budget trailer bills, including the health and human services omnibus bills. There still remain a number of trailer bills to be signed, including the Cal EITC expansion trailer bill, and a couple of trailer bills yet to be enacted by the Legislature, including the bill containing the final agreement between the Governor and the Legislature on housing. In signing AB 74, the Governor vetoed only \$5.3 million GF in the areas of the Judicial Branch and the Public Employees Relation Board. There were no vetoes in the health and human services areas of the budget.

The enacted 2019-20 budget contains total spending of \$214.8 billion, of which \$147.8 billion is General Fund, and including total reserves of \$19.2 billion. The budget makes an extra payment of about \$9 billion over the next four years to pay down unfunded pension liabilities and \$4.5 billion to pay down debt. About 88 percent of the new expenditures in 2019-20 are one-time rather than ongoing, reflecting the Administration's prioritization on long-term spending sustainability.

The final CWDA budget tracking chart, which provides the details on the Legislative actions for all the issues we have been tracking since January, is attached. Following a recap of a couple of issues that were not yet fully resolved as of June 9<sup>th</sup>, when the Legislature approved the 2019-20 state budget bill.

### **EITC and Tax Conformity**

The final agreement between the Governor and the Legislature on the California EITC expands the amount of credits provided from \$400 million to \$1 billion (compared to the \$1.2 billion originally proposed by the Governor), which will increase the number of participating households from 2 million to 3 million. The expanded California EITC will provide a \$1,000 credit to families with children under the age of six, expand eligibility to include full-time workers making \$15 per hour, and revise the calculation factors to increase the credit amount for certain taxpayers. The final agreement does not include eligibility for otherwise eligible workers who file taxes with an Individual Taxpayer Identification Number (ITIN), nor does it

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include the advance payment provisions for the credit originally proposed by the Governor. There was also agreement reached by the Governor and the Legislature on conforming state tax law to reflect some of the changes enacted in the federal tax law passed in 2017.

**Housing and Homelessness**

The final agreement on housing includes \$1.75 billion to support the production and planning of new housing, including measures to hold local jurisdictions accountable for meeting housing demand. The specific details of the housing and homelessness package are still being released as of this update. We will provide you that detail it becomes available.

The statement released by the Governor on the 2019-20 budget and the relevant budget trailer bills can be found at the following links:

- [Governor's Statement](#)
- Human Services Trailer Bill ([SB 80](#))
- Health Trailer Bill ([SB 78](#))
- Mental Health Trailer Bill ([SB 79](#))
- EITC Trailer Bill ([AB 91](#))

This budget update was created by CWDA Staff. Direct questions to the contact at right.

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