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TAB SECTION: 4

X ACTION REQUIRED

DATE OF MEETING: 5/15/13

PREPARED BY: Best/Hoffman

DATE MATERIAL PREPARED: 5/8/13

AGENDA ITEMS: Discuss State Budget Update (Governor's Budget May Revision) and Potential Policy Implications

ENCLOSURES: Draft FY 2013-14 Governor's Budget Overview May Revise

OTHER MATERIAL RELATED TO ITEMS: The Draft FY 2013-14 Governor's Budget Overview May Revise will be distributed at the committee meeting

Issue:

- Staff report: Mental Health provisions of May revise
- Discuss State Budget Update on Governor's Budget May Revision
- Discuss Potential Policy Implications of Governor's Budget May Revision

Background:

The Governor's (FY) 2013/14 State Budget Proposal, released on January 10, 2013 proposes a multiyear plan that is balanced, maintains a \$1 billion reserve, and pays down budgetary debt from past years. Overall General Fund spending is projected to grow by 5 percent, from \$93 billion in 2012-13 to \$97.7 billion in 2013-14. The vast majority of the spending growth is in education and health care. Overall, General Fund spending would increase by 5% over 2012-13, due to mostly to proposals to augment the state's funding for education and health care.

In order to achieve budget savings, the Governor proposes to:

- Suspend four newly identified mandates (\$104 million)
- Use the 2012-13 funds appropriated above the Proposition 98 minimum guarantee to prepay obligations to schools (\$172 million);
- Continue using miscellaneous state highway account revenues to pay for transportation bond debt service (\$67 million)
- Extend the hospital quality assurance fee (\$310 million)
- Extend the gross premiums tax on Medi-Cal managed care plans (\$364 million)

This discussion will address the Governor's May Revise to his January proposal.

Proposed Motion:

Adopt the Draft FY 2013-14 Governor's Budget Overview May Revise to present to the Commission