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California's budget has billions in cuts to close deficit

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SACRAMENTO, Calif. (AP) — California Democratic Gov. Gavin Newsom signed a \$202.1 billion budget on Monday, reflecting an economy and tax revenues hobbled by

the coronavirus pandemic. The budget contains billions of dollars in cuts to state worker salaries, the court system and public colleges and universities. But that spending would be restored if the federal government sends the state more aid by Oct. 15.

AP NEWS

Here's a look at some of the biggest components of the budget:

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FALLING REVENUES

California's budget went from an anticipated \$6 billion surplus in January to an estimated \$54.3 billion deficit. The remarkable reversal is blamed on the coronavirus pandemic, which caused state revenues to fall after Newsom issued a stay-at-home order that forced many businesses to close and caused more than 6.7 million Californians to file for unemployment benefits.

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FILLING THE BUDGET HOLE

Temporary tax increases on businesses, mostly those that have more than \$1 million in annual revenue, will raise about \$4.4 billion. Another \$11.1 billion will come from the state's reserves. More than \$11 billion will come from cuts to a variety of state programs — cuts that would be restored should the federal government send the state more aid by Oct. 15. And the state will delay \$12.9 billion in payments to public schools. The rest comes from delaying some expenses to future years and borrowing from internal funds.

K-12 EDUCATION

Public schools will get roughly the same amount of money they got last year. They will not get a cost-of-living adjustment, so some districts will have to make cuts. But the budget prevents districts from laying off teachers and other support staff to balance their budgets. Districts will also get more than \$5.3 billion in federal and state money to help schools reopen in the fall after closing because of the coronavirus.

HIGHER EDUCATION

AP NEWS

The budget plan cuts state colleges and universities by a combined \$1.7 billion. But all of that spending could be restored if the federal government sends the state more aid by Oct. 15.

HEALTH CARE

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No major cuts to health care programs. It does not expand government-funded health insurance to low income adults 65 and older who are living in the country illegally. But it signals the Legislature's intent to do this in the future.

HOUSING AND HOMELESSNESS

The budget includes \$248 million in cuts to housing programs, but that spending would be restored if the federal government sends the state more money by Oct. 15. Local governments will get nearly \$1.8 billion in federal money to respond to the coronavirus, which includes housing the homeless. Plus, the state is giving local governments an additional \$300 million for homeless services.

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TAX BREAKS

For the first time, low income immigrants in California who don't have a Social Security number will be eligible for a credit that increases the size of their state tax refunds. But the program will only be available to working immigrants who have at least one child 5 and younger. The credit will be available to people regardless of their immigration status, including people living in the country illegally.

Source: California Department of Finance, Gov. Gavin Newsom.

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