

## Item 5

### Update on 2022-23 State Budget (May Revision)

(Information item)

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**SUMMARY:**

This item provides an update on the 2022-23 State Budget as reflected in the Governor's May Revision.

**RECOMMENDATION:**

This is an information item; no action is required.

**BACKGROUND:**

In January 2022, Governor Newsom presented his proposed 2022-23 State Budget. Since the release of the January budget proposal, numerous different developments and factors have impacted state economic and revenue outlooks, including tax revenues exceeding earlier estimates for the second year in a row. On November 17, 2021, the Legislative Analyst's Office (LAO) estimated that California would see a [\\$31 billion budget surplus](#) available toward the 2022-23 Budget. Then in January 2022, the Governor's Budget Proposal reported a [\\$45.7 billion surplus](#). On April 2022, the Department of Finance (DOF) reported a projected [\\$17.5 billion increase in revenue](#). Revenue collections further outpacing prior estimates have even prompted the LAO to raise awareness that the State Appropriations Limit (SAL, or the "Gann Limit") could impact policymaker decisions around how to utilize funding available given other constitutional requirements on state appropriations, such as the Proposition 98 required funding for K-14 education or mandated deposits into the Budget Stabilization Account ("Rainy Day Fund" reserves).

Another updated estimate on state revenues will be included in the Governor's May Revision along with other adjustments based on new program cost projections and other policy considerations. Commission staff will provide the status of all relevant budget proposals in the Governor's May Revision budget.

**RESPONSIBLE PERSON(S):**

Jake Brymner, Deputy Director  
Policy and Public Affairs Division

**ATTACHMENT(S):**

Summary of Governor's May Revision to the 2022-23 State Budget Proposal  
May Revision Summary on Higher Education