

Item 6

(Information Item)

Update on the Governor's May Revision to the 2023-24 State Budget

SUMMARY:

This item provides an update on the 2023-24 State Budget as reflected in the Governor's May Revision.

RECOMMENDATION:

This is an information item; no action is required.

BACKGROUND:

In January 2023, Governor Newsom presented his proposed 2023-24 State Budget, marking the beginning of the annual budget process. The Governor's January budget proposal maintained full support for Commission programs without any negative funding impacts. Between January through April 2023, the Legislature held several Budget Committee hearings to review the Governor's proposal and inform their own priorities ahead of budget negotiations. The Governor's May Revision marks a significant milestone in the budget process, as it features updated state revenues and other adjustments for consideration in final budget negotiations happening through end of June 2023.

The state's economic landscape has changed since the release of the January 2023 budget proposal, which at the time was based on an approximately \$20 billion deficit and included several funding delays, reductions, and other proposals meant to mitigate negative impacts to state programs and state reserves. The Department of Finance (DOF) reported in its [April 2023 economic update](#) a \$4.7 billion (3.7%) shortfall in personal income tax revenues compared to its January 2023 projection of \$126.7 billion. This year's May Revision is also further complicated by the personal income tax filing extension until October 16, 2023, for Californians impacted by the 2022-23 winter storms. This tax filing extension into mid-fall has resulted in an incomplete state revenue outlook, further compounded by the broader uncertainty of the economy.

Commission staff will provide the status of all relevant financial aid and higher education budget proposals in the Governor's May Revision budget.

RESPONSIBLE PERSON(S):

Jake Brymner, Deputy Director
Policy and Public Affairs Division

California Student Aid Commission

ATTACHMENT(S):

2023 May Revision Higher Education Summary
Analysis of May Revision Proposals on Commission Programs and Priorities