

EARLY ACTION AGREEMENT OVERVIEW

April 4, 2024

There is agreement between the Governor and the Legislature on an Early Action budget package that will reduce the budget shortfall by approximately \$17.3 billion. High-level details of this Early Action agreement are outlined below.

The Early Action agreement includes \$17.3 billion in a mix of solutions, which are primarily a subset of Governor's Budget solutions:

Category	Amount
Reductions	\$3.6 billion
Revenue/Borrowing	\$5.2 billion
Delays	\$3.1 billion
Fund Shifts	\$3.4 billion
Deferrals	\$2.1 billion

Note: totals off due to rounding

The Early Action agreement includes, by category:

Reductions – \$3.6 billion – Significant Issues Include:

- Salary Savings Sweep from Vacant Positions - \$762.5 million.
- Withdraw Elimination of Two-week Fee-For-Service Checkwrite Hold - \$532.5 million.
- School Facility Aid Program - \$500 million.
- CalWORKs Single Allocation Partial Reversion - \$336.6 million.
- UCLA Institute of Immunology and Immunotherapy Project - \$300 million.
- Watershed Climate Resilience - \$206.5 million.
- Broadband - Loan Loss Reserve - \$150 million.
- Climate Innovation Program - \$100 million.
- Foreclosure Intervention Housing Preservation Program - \$85 million.

Delays – \$3.1 billion – Significant Issues Include:

- Formula Transit and Intercity Rail Capital Program - \$1 billion.
- Preschool, TK and Full-Day Kindergarten Facilities Grant Program - \$550 million.
- Behavioral Health Bridge Housing - \$235 million.
- CA Jobs First - \$183.3 million.
- Vulnerable Community Toxic Clean-Up - \$175 million.
- Behavioral Health Continuum Infrastructure Program - \$140.4 million.
- Diablo Canyon Land Conservation and Economic Development - \$110 million.
- Broadband Last Mile - \$100 million.

- Ports and Freight Infrastructure - \$100 million.
- Clean Energy Reliable Investment Plan - \$100 million.
- Oroville Pump Storage - \$90 million.
- Health and Human Services Innovator - \$74 million.

Revenue/Borrowing – \$5.2 billion – Significant Issues Include:

- Managed Care Organization Tax - \$3.8 billion.
- AIDS Drug Assistance Program Rebate Fund Loan - \$500 million (with commitment to enhance program in the future).
- Balance is primarily other special fund loans.

Fund Shifts – \$3.4 billion – Significant Issues Include:

- Greenhouse Gas Reduction Fund - \$1.8 billion.
- Retirement Contribution Reductions Using Prop 2 - \$1.3 billion.
- Medi-Cal Drug Rebate Special Fund Reserve - \$162.7 million.
- Employment Training Fund for UI Interest Payment - \$100 million.

Deferrals – \$2.1 billion Total – Significant Issues Include:

- Statewide Payroll Deferral - \$1.6 billion.
- UC and CSU Deferrals - \$499.1 million.

Finally, the agreement includes budget language authorizing the Administration to freeze additional one-time funding that was included in the 2021, 2022, or 2023 Budget Acts.