



November 2022 Legislative Advocate Report
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Legislative Leadership Update

Now that the dust from the November election is settling, the Legislature is gearing up for the 2023-24 Legislative Session. The Assembly Democrats held a caucus meeting and announced that Speaker Rendon (D – Lakewood) will remain Assembly Speaker until June 30th and will then be replaced by Assembly Member Robert Rivas (D – Salinas).

Assembly Member Al Muratsuchi (D – Torrance) was announced as the next Assembly Education Committee Chair. No announcements have yet been made about his Senate counterpart in the Senate Education Committee, nor who the Chair of the Assembly Higher Education Committee will be. It is likely the Chairs and members of those Committees will be announced in January.

Fiscal Outlook Declines

The Legislative Analyst’s Office recently released their [2023-24 Fiscal Outlook](#), which presents a sobering fiscal outlook for the next few years. Due to continued inflation and rising interest rates from the Federal Reserve, California’s revenues have significantly declined, leaving the state with a \$25 billion deficit in 2023-24, and likely future deficits between \$8 to \$17 billion in the next few years. In addition to the shortfall, the fiscal situation could shift as this does not factor in a recession, which may likely be on the horizon. As a result, the LAO is recommending the state refrain from dipping into its reserves and instead focus on pulling back recent augmentations that have not yet been distributed. This would allow the state to maintain reserves should a recession materialize in the future.

Due to the reduced General Fund, it is estimated that Proposition 98 funding between 2021-22 through 2023-24 would decrease by \$13 billion. The 2023-24 Proposition 98 requirement is estimated to be \$108.2 billion, reflecting a decrease of \$2.1 billion from 2022-23. Despite this decrease, the LAO highlights the fact that the state could still afford to maintain existing school and community college funding while providing a cost-of-living adjustment of up to 8.38 percent in 2023-24.

The LAO’s forecast will be used as an educational tool by the Legislature as they begin to consider discussions that may need to take place when they begin the new Legislative Session. The Department of Finance is currently in the process of solidifying next year’s budget proposal, which will be released by the Governor by January 10th. It is possible additional economic changes may take place between now and when the Governor’s budget proposal is released, which could cause these forecasts to shift.