



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lee Wilcox

SUBJECT: STATE FISCAL YEAR 2019-2020
BUDGET UPDATE

DATE: July 15, 2019

Approved

Date

7-15-19

INFORMATION

This memorandum summarizes the fiscal year 2019-2020 State Budget related to the City of San José's priorities policies and programs.

On June 27, 2019, the Governor signed the fiscal year 2019-2020 State Budget. The total budget is \$214.8 billion, up by about \$4 billion from the Governor's January budget proposal. The Budget invests additional one-time and ongoing funds in several City priority areas including emergency preparedness/fire response, public safety, housing and homelessness, and family friendly policies.

Housing and Homelessness

Housing and homelessness is a major priority in the State Budget. The Budget includes \$2.75 billion to help plan, build, and provide programs for housing and homelessness. This includes \$1.75 billion to address the housing crisis in the following programs:

- \$250 million in planning and production grants, including to local governments,
- \$500 million for the Infill Infrastructure Grant Program,
- \$500 million to expand the use of the Low Income Housing Tax Credit Program, and
- \$500 million for the Mixed Income Loan Program.

The Budget also includes \$650 million for homelessness. Of this amount, \$275 million will go to the thirteen of the State's most populous cities for flexible homeless emergency aid funding. The State's Department of Finance will calculate each city's share based on homelessness point-in-time counts. Last fiscal year, the State Budget included \$150 million for flexible homeless emergency aid funding to eleven of the largest cities in California, and the City of San José received \$11.3 million of those funds. The State is allocating \$175 million to counties and \$190 million to Continuums of Care for local homeless emergency aid.

The budget trailer bill on housing, which provides details on the overall budget bill, includes a judicial financial penalty for jurisdictions that do not comply with the State Housing Element.

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The City complies with State law, and the Department of Housing and Community Development has certified the City of San José's Housing Element.

Emergency Preparedness

Thanks to the leadership of Assemblymember Kansen Chu, with support from Assemblymembers Ash Kalra, Evan Low, and Senator Jim Beall, the City of San José received \$5.5 million for emergency preparedness in the State Budget. \$2.5 million of the funding will go to equipment for the new San José Emergency Operations Center (EOC). This funding complements the November 2018 Measure T Bond, which will fund the construction of the EOC but is not able to fund furniture, fixtures, and equipment for the EOC. \$3 million of the funding will go towards supporting the construction of the new San José Fire Department training center.

The budget also includes \$75 million for State operations and local assistance to prepare for and respond to Public Safety Power Shutdown events.

Family Friendly Policies

The Budget includes a parents' agenda with \$10 million to develop a master plan for early learning and childcare. Additionally, the Budget includes \$80.5 million in ongoing funds from cannabis revenues to provide childcare for low-income families. The budget trailer bill on education includes \$142.7 million over five years, plus an additional \$102.3 million from the Federal government, for the Early Learning and Care Infrastructure Grant program to provide grants to child care providers to build, rehabilitate, or expand facilities. The budget trailer bill also includes \$195 million over five years for the Early Learning and Care Workforce Development Grant to expand the number of early child care professionals and increase the education credentials for existing professionals.

Finally, the State Budget increases California's Paid Family Leave program for each parent to eight weeks from six weeks, which the State pays for by reducing reserves in the State's Disability Insurance program by fifteen percent. The Governor also announced that his paid family leave task force will issue recommendations by November for consideration in the Fiscal Year 2020-2021 Governor's Budget.

Additional Budget Priorities

The State Budget also includes funding for the following:

- \$750,000 to the San José Police Department for car break-in prevention;
- \$5 million in one-time funding to support Early Learning and After-School Library Program Grants for underserved communities, \$3 million in one-time funding to support mobile libraries in underserved communities, and \$1.7 million to support Digitization and Cultural Preservation library activities;
- \$87.9 million for State and local government outreach efforts on the 2020 Census;

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- \$250,000 for San José State University to plan for a mixed-use housing project on the site of the State of California Alfred E. Alquist Building;
- \$15 million for a Cannabis Tax Fund to provide grants to local governments to create and administer equity programs, and \$26 million for a competitive grant program for local governments on public health and safety programs, including local partnerships on prevention programs for youth and collaborative enforcement efforts;
- \$92 million in a one-time increase to support integrated, community-scale housing and transit-oriented development through the Transformative Climate Communities program; and
- \$5 million in one-time funding to the Office of Emergency Services' Family Violence Prevention Grant Program for domestic and sexual violence prevention efforts.

The legislature has introduced several budget trailer bills to accompany the budget. These trailer bills do not have a hard deadline, but the legislature generally adopts the bills shortly after the budget. The City will continue to work with the Governor, San José's legislative representatives, and legislative leadership to advance the Council's priorities through the budget trailer bills. The City will also work to access grant funding in new or enhanced programs at the State.

COORDINATION

The City Manager's Office coordinated this memo with the City Attorney's Office, the City's State Legislative Advocates, and the Departments of Housing, Library, Public Works, and Police and the Offices of Economic Development, Emergency Management, and Employee Relations.

/s/

LEE WILCOX
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For questions, please contact Bena Chang, Director of Intergovernmental Relations, 408-975-3240.

