



Final Action Report

A Summary of the 2023 Budget Act

October 27, 2023

Chapters 12, 38, 189, and 862 Statutes of 2023

Senate Committee on Budget and Fiscal Review
Senator Nancy Skinner, Chair

FINAL ACTION REPORT

October 27, 2023

Senate Bills 101, 104, and 105 and Assembly Bill 102
2023-24 Budget Bills

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CALIFORNIA STATE SENATE

COMMITTEE ON BUDGET AND FISCAL REVIEW

LEGISLATIVE OFFICE BUILDING – ROOM 502
SACRAMENTO, CA 95814



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ELIZABETH SCHMITT

ASSISTANT CONSULTANT
SANDY PEREZ

COMMITTEE ASSISTANT
SAMUEL LANCHESTER

(916) 651-4103
FAX (916) 668-7004

October 27, 2023

The Senate Committee on Budget and Fiscal Review has completed its Final Action Report, which is a detailed summary of the 2023-24 budget actions taken by the Legislature, and signed into law by the Governor. This report is available on the website of the Committee on Budget and Fiscal Review: <https://sbud.senate.ca.gov/finalactionreports>.

I hope you will find this information useful. Please feel free to contact the staff of the Committee on Budget and Fiscal Review should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Nancy Skinner".

NANCY SKINNER

Chair, Senate Budget and Fiscal Review

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INTRODUCTION

2023 Budget Act

Summary

This Final Action Report from the Senate Committee on Budget and Fiscal Review provides a summary of the 2023 Budget Act, including related statutory changes, and reflects actions taken by the Senate Committee on Budget and Fiscal Review and final negotiations between the leadership of the Legislature and the Administration. The budget authorizes General Fund expenditures of \$225.9 billion and assumes \$235 billion in total General Fund resources. Under the budget act, there are combined total reserves in the Budget Stabilization Account (BSA), the Special Fund for Economic Uncertainties (SFEU), the Public School System Stabilization Account (PSSSA), and the Safety Net Reserve of approximately \$32.3 billion. This reserve total includes approximately \$22.3 billion in the BSA.

On June 15, 2023, the Legislature passed SB 101 (Skinner), Chapter 12, Statutes of 2023, which represented the Legislature's budget agreement. On June 27, 2023, the Legislature passed AB 102 (Ting), Chapter 38, Statutes of 2023, which was a Budget Bill Junior that made changes to the Budget Act adopted in SB 101 and represented the budget agreement between the Legislature and the Administration. On September 11, 2023, the Legislature passed SB 104 (Skinner), Chapter 189, Statutes of 2023, and on September 14, 2023, passed SB 105 (Skinner), Chapter 862, Statutes of 2023, both Budget Bill Juniors that made additional changes to the Budget Act. The 2023 Budget Act reflects the responsible budgeting practices of the last decade. Faced with a challenging budget situation, the Budget Act of 2023 not only meets the primary goal of protecting the progress of recent years, but it also builds reserves to record highs and makes key targeted program improvements and investments that will further improve the lives of Californians. The Legislature also approved numerous budget trailer bills prior to adjourning on September 15, 2023. Budget trailer bills are designed to implement certain provisions of the 2023 Budget Act as noted elsewhere in this report. The 2023 Budget Act was signed by the Governor on June 27, 2023, representing the state's thirteenth consecutive on-time budget. Subsequently, the Governor signed the remainder of the budget and trailer bills that were passed by the Legislature.

In contrast to the surplus of the 2022 Budget Act, in building the 2023 Budget the state faced a budget shortfall of over \$30 billion due to deteriorating revenue estimates, in comparison to what was estimated in June 2022. The final budget package closed the budget gap through a combination of solutions that largely avoided making significant cuts to ongoing programs and legislative priorities.

Despite the budget shortfall, responsible budgeting allowed our state to maintain the significant investments in critical programs and services that were put in place in the 2022 Budget Act and build upon prior years' progress. These efforts include continued funding for K-12 and higher education, increases in the human services and health areas, maintenance of programs to prevent

and address homelessness, increases in housing supplies, and some targeted reductions and changes to programs to combat climate change.

As described by the Department of Finance’s Final Budget Summary document, \$31.7 billion in solutions were included as follows:

- Fund Shifts—\$9.3 billion from shifting expenditures from the General Fund to other funds.
- Reductions—\$8.1 billion in General Fund spending reductions.
- Delays—\$7.9 billion in delayed spending – extending expenditure periods across multiple years.
- Revenue and Internal Borrowing—\$6.1 billion in revenue, primarily from the Managed Care Organization tax, and internal borrowing from special fund balances.
- Trigger Reductions—\$340 million in reductions that will be restored in the January 2024 Governor’s Budget if there are sufficient resources to do so at that time.

Budget Framework and Resources

The budget primarily incorporates the Administration's revenue estimates for the General Fund. The General Fund budget summary is as follows:

General Fund Budget Summary Prior Year and Adopted Budget (Dollars in Millions)		
	<u>2022-23</u>	<u>2023-24</u>
Prior Year Balance	\$55,810	\$26,352
Revenues and Transfers	<u>205,134</u>	<u>208,688</u>
Total Resources Available	\$260,944	\$235,040
Non-Proposition 98 Expenditures	156,475	147,533
Proposition 98 Expenditures	<u>78,117</u>	<u>78,395</u>
Total Expenditures	\$234,592	\$225,928
Fund Balance	\$26,352	\$9,112
Reserve for Liquidation of Encumbrances	5,272	5,272
Special Fund for Economic Uncertainties	21,080	3,840
Safety Net Reserve	\$900	\$900
Public School System Stabilization Account (PSSSA)	\$9,929	\$10,831
Budget Stabilization Account	\$22,252	\$22,252

The Budget Act of 2023 includes total expenditures of \$225.9 billion General Fund, \$81.9 billion special funds, and \$143.9 billion in federal funds. The adopted budget contains total General Fund reserves of \$37.8 billion, including \$22.3 billion in the Budget Stabilization Account, the state's constitutionally required Rainy Day Fund, \$900 million in the Safety Net Reserve, \$10.8 billion in the PSSSA, and \$3.8 billion in the SFEU.

The budget includes revenue assumptions for 2023-24 of \$193.6 billion, representing a decrease of about 0.2 percent from the prior year. According to the Legislative analyst's Office (LAO), revenue decline in 2023-24 was driven by changes in personal income tax collections from a decrease in high income earner taxes (technology sector changes) and decreases in business investment in the state.

In addition, federal funds continued a decline between 2022-23 and 2023-24, from \$153.2 billion to \$143.9 billion, a six percent decrease. This is a result of the wind down of programs that were enacted to support states during the COVID-19 pandemic.

Personal income tax, the largest source of General Fund revenue, is projected to decrease by four percent in 2023-24, sales and use tax is projected to increase by one percent, and the corporation tax is projected to stay relatively level. Revenue assumptions for major General Fund tax sources are shown in the next table.

**General Fund Revenue Sources
Prior Year and Adopted Budget
(Dollars in Millions)**

	<u>2022-23</u>	<u>2023-24</u>	<u>Percent Change</u>	<u>Percent Total¹</u>
Personal Income Tax	\$122,769	\$118,161	-3.8	56.6
Sales and Use Tax	33,072	33,366	0.9	15.9
Corporation Tax	42,091	42,081	0.0	20.2
Insurance Tax	3,673	3,881	5.7	1.9
Other Sources ²	4,073	11,199	174.9	45.3
Total	\$205,678	\$208,688		

¹Based on 2023-24, ²Excludes transfers and loan repayments. Dollars may not add due to rounding.

Budget Expenditure Highlights

The budget package represents a continuation of our commitment to responsible budgeting, maintaining reserves for future use, protecting key programs and investments, while adopting strategic solutions to close a budget gap. Major spending categories are shown in the table below:

**General Fund Expenditure by Agency
Prior Year and Adopted Budget
(Dollars in Millions)**

	<u>2022-23</u>	<u>2023-24</u>	<u>Percent Total¹</u>
Legislative, Judicial, Executive	\$18,116	\$9,756	4.3
Business, Consumer, Housing	3,984	2,739	1.2
Transportation	1,986	1,390	0.6
Natural Resources	15,738	7,474	3.3
Environmental Protection	3,893	589	0.3
Health and Human Services	61,590	73,852	32.7
Corrections and Rehabilitation	15,696	14,750	6.5
Education	99,140	101,815	45.1
Labor and Workforce	1,274	864	0.4
Government Operations	6,892	4,010	1.8
General Government	6,283	8,689	3.8
Total	\$234,592	\$225,928	--

¹Based on 2023-24.

The budget incorporates priorities of the Legislature and the Administration and includes funding for various initiatives and programs. This report details all of the actions that make up the 2023 Budget Act. Some highlights include:

K-12 EDUCATION

- **Equity Multiplier.** The budget includes \$300 million ongoing Proposition 98 General Fund, distributed through the equity multiplier formula, to local educational agencies with school sites that have a prior year non-stability rate of 25 percent, as identified through the Stability Data File, and also have 70 percent of students who are socio-economically disadvantaged.
- **County Court School Funding and Accountability.** The budget provides \$80 million ongoing Proposition 98 General Fund to support county court and community school operations, including protections for declining enrollment and the establishment of the Student Support and Enrichment Block Grant. The budget also includes additional accountability measures for court and community schools that improve access for juveniles with a high school diploma or a California high school equivalency to public postsecondary academic and career technical education courses, and improve transparency of operations and funds allocated to county offices of education for court and community schools.
- **2023-24 Budget Solutions.** The budget enacts funding shifts or reductions from previous budgets related to K-12 education, including:
 - A delay of \$550 million General Fund for the Preschool, Transitional Kindergarten, and Full Day Kindergarten Facility Grant program to 2024-25.
 - A total delay of \$1.1 billion Proposition 98 General Fund to the Learning Recovery Emergency Block Grant.
 - Shifts \$1 billion Proposition 98 General Fund from the Hybrid and Zero-Emission Truck and Voucher Incentive Project and related infrastructure to 2024-25 and 2025-26.
 - Reduces the appropriation for the School Facility Program from \$4.2 billion to \$4.1 billion General Fund.
 - Reduces the appropriation for the Arts, Music, and Instructional Materials Discretionary Block Grant from \$3.48 billion to \$3.28 billion Proposition 98 General Fund.

HIGHER EDUCATION

- **Student Housing at University of California (UC), California Community Colleges (CCC), and California State University (CSU).** The budget avoids delays and cuts to previous, current, and future student housing projects in the following ways:
 - Includes solutions that preserve Higher Education Student Housing Grant Program funding for affordable student housing projects across UC, CCC, and CSU campuses by shifting support from General Fund to bonds. For additional information on this agreement, please refer to the Higher Education section within this report.
 - Avoids funding delays to the California Student Housing Revolving Loan Fund (Fund) and instead provides \$200 million General Fund in 2023-24 and \$300 million annually from the 2024-25 to 2028-29 fiscal years for the purposes of this program. The Fund will provide zero-interest loans to qualifying campuses at UC, CSU, and CCC for the purposes of constructing affordable student, faculty, and staff housing.
- **Financial Aid Reform.** The budget includes significant financial aid reforms such as:
 - Providing \$289 million for the Middle Class Scholarship program in 2024-25 to maintain the current level of the program and maintain efforts to reach the goal of Debt Free College.
 - Making foster youth the first population to achieve Debt Free College by expanding the Student Success Completion Grant for CCC foster youth students and, separately, adding \$5.2 million General Fund ongoing to the Middle Class Scholarship for CSU and UC foster youth students. Changes to both programs will cover their total cost of attendance.
- **Student Support Programs.** The budget provides ongoing increases to bolster basic needs, including rapid rehousing, mental health services, and food insecurity, and support current and former foster youth, students with disabilities and students of color across all UC, CSU, and CCC campuses. For additional information on these and other agreements, please refer to the Higher Education section within this report.
- **Associate Degree in nursing programs at CCC.** The budget provides \$60 million Proposition 98 General Fund per year for five years, starting in 2024-25, to grow, educate, and maintain the next generation of registered nurses through the community college system.

NATURAL RESOURCES

- **Flood Contingencies.** The budget includes \$135 million General Fund, appropriated as follows: \$20 million for the community of Pajaro, \$20 million for the community of Planada, and \$95 million for other response and recovery activities. The Department of Finance has submitted the notification for spending the \$95 million to the Joint Legislative Budget Committee, as follows:
 - \$67 million to DWR for critical levee repairs;
 - \$14 million to State Water Resources Control Board (SWRCB) to address needs resulting from flood impacts to domestic wells;
 - \$11.7 million to the Department of Social Services to provide direct assistance to individuals affected by floods who are ineligible for support through other programs; and,
 - \$2.3 million to CDFA and the University of California to restore services at a flood-damaged animal and food safety laboratory.
- **California Small Agriculture Business Drought and Flood Relief Grant Program.** The budget includes \$20 million to the Governor's Office of Business and Economic Development for the Small Agriculture Business Drought and Flood Relief Grant Program; and \$5 million to CDFA for the California Underserved and Small Producers Program Drought and Flood Relief Grant Program.
- **Flood Control Subventions Program (FCSP).** The budget appropriates \$75 million General Fund to continue implementing FCSP, which provides financial assistance for the state cost-share of federally authorized and federally led flood management projects undertaken by local partners.
- **Disaster Response Emergency Operations Account (DREOA).** The budget appropriates \$25 million in 2022-23 for additional potential flood emergency costs that may have materialized in the current year. (These funds will be provided through the California Office of Emergency Services).
- **Drought and Flood Streamlining.** The budget includes trailer bill language that does the following: exempts specified activities regarding the diversion of floodflows for groundwater recharge from specified notification and permitting requirements; provides that diversion of floodflows for groundwater recharge do not require an appropriative water right if specified conditions regarding the diversion are met; exempts from the California Environmental Quality Act (CEQA) specified actions related to the implementation of Colorado River water conservation agreements with the US Bureau of Reclamation.

FOOD AND AGRICULTURE

- **Sustainable Agriculture Package.** The budget maintains \$53 million General Fund and Greenhouse Gas Reduction Fund in 2023-24 for the sustainable agriculture package.
- **California Nutrition Incentive Program.** The budget includes \$35 million General Fund for the California Nutrition Incentive Program at California Department of Food and Agriculture (CDFA).
- **Enteric Fermentation Incentive Program.** The budget includes \$25 million General Fund for the Enteric Fermentation Incentive Program at CDFA.
- **Organic Transition.** The budget includes \$5 million General Fund for the Organics Transition Program at CDFA.
- **Oversight Costs for Fairs and Exposition Branch.** The budget includes \$2.5 million ongoing from the General Fund to fund existing Fairs and Exposition Branch positions and operating expenses.

ENERGY, AIR QUALITY, AND UTILITIES

- **Zero-Emission Vehicle Package.** The budget maintains \$847 million General Fund and Greenhouse Gas Reduction Fund (GGRF) in 2023-24 for the zero-emission vehicle package.
- **Energy Package.** The budget maintains \$1.3 billion General Fund and GGRF in 2023-24 for the energy package.
- **Clean Energy Reliability Investment Plan.** The budget includes \$100 million in 2023-24 for various energy programs.
- **Electric Vehicle Supply Equipment Payment Standards.** SB 123 (Committee on Budget and Fiscal Review), Chapter 52, Statutes of 2023, requires an electric vehicle charging station that is newly installed or made publicly available to offer specified payment methods, including a contactless payment method that accepts major credit or debit cards, an automated toll-free telephone number or a short message system that provides the electric vehicle charging customer with the option to initiate a charging session and submit payment, and Plug and Charge payment capabilities meeting the International Organization for Standardization (ISO) 15118 standard (for direct current fast charging stations).
- **Green Financing.** SB 124 (Committee on Budget and Fiscal Review), Chapter 53, Statutes of 2023, authorizes California Infrastructure and Economic Development Bank (IBank) and

Department of Water Resources to access and utilize federal funding provided in the Inflation Reduction Act, to finance projects that reduce greenhouse gas emissions.

HEALTH

- **Distressed Hospital Loan Program.** The budget includes General Fund expenditure authority of \$150 million in 2022-23 and \$150 million in 2023-24 for the Department of Health Care Access and Information, in collaboration with the California Health Facilities Financing Authority, to administer the Distressed Hospital Loan Program. The program will provide interest free cashflow loans to not-for-profit and public hospitals in significant financial distress, or to governmental entities representing a closed hospital, to prevent the closure or facilitate reopening of those hospitals.
- **Managed Care Organization (MCO) Tax and Provider Rate Increases.** The Legislature approved trailer bill language to assess a tax on managed care organizations operating in California to provide a stable funding source for the delivery of health care services in the Medi-Cal program and support critical investments to ensure access, quality, and equity. The tiered, enrollment-based Managed Care Organization (MCO) tax will be assessed from April 1, 2023, through December 31, 2026, and will support: 1) the nonfederal share of increased capitation payments to Medi-Cal managed care plans to account for their projected tax obligation, 2) the nonfederal share of Medi-Cal managed care rates for the delivery of health care services to beneficiaries of the Medi-Cal program, and 3) transfers to the Medi-Cal Provider Payment Reserve Fund to support investments in the Medi-Cal program.
- **Cost-Sharing Reduction Subsidies Beginning in 2024 Coverage Year.** The budget includes expenditure authority from the Health Care Affordability Reserve Fund of \$82.5 million in 2023-24 and \$165 million annually thereafter to support a program of financial assistance for individuals purchasing coverage in the Covered California health benefit exchange. For the 2024 coverage year, these subsidies will result in elimination of deductibles and reduction in copayments and other health care cost sharing for more than 600,000 Californians. The Legislature also approved trailer bill language to require all revenues collected from the individual mandate penalty to be annually deposited in the Health Care Affordability Reserve Fund to be used by Covered California to improve affordability in the health benefit exchange.

HUMAN SERVICES

- **Child Care Rates.** The budget includes \$1.65 million one-time General Fund available over two years to provide rate increases and other adjustments to California's subsidized child care providers, pursuant to the ratified collective bargaining agreement between the state and Child Care Providers United (CCPU). This funding increases monthly child care reimbursement rates by 20 percent and includes an additional \$390 million for health, training, and a first-in-the-nation retirement program for family child care providers.

- **Child Care Family Fee Reform.** The budget includes \$29.4 million in federal funds and \$56 million General Fund to enact permanent family fee reform to reduce the costs of child care for low-income families. Under the new family fee structure, families below 75 percent of state median income will pay no fee for subsidized child care and families at or above 75 percent state median income will pay fees capped at one percent of monthly income.
- **CalWORKs Permanent 10 Percent Grant Increase.** The budget permanently extends the 10 percent increase to CalWORKs grants which was funded in the Budget Act of 2022 and was set to expire in 2024.
- **Summer Electronic Benefits Transfer (EBT).** The budget includes \$47 million (\$23.5 million General Fund) to implement a new federal summer food assistance program for children who qualify for free- or reduced-price school meals beginning summer 2024.
- **CalFresh \$50 Minimum Nutrition Benefit Pilot Program and other Food Assistance Investments.** The budget includes \$915,000 in 2023-24 and \$15 million in 2024-25 to implement the CalFresh Minimum Nutrition Benefit Pilot Program, to provide eligible pilot households with a minimum monthly CalFresh benefit of \$50. The budget also includes \$9.9 million General Fund to extend the California Fruit and Vegetable EBT Pilot Project, \$3 million to continue the CalFresh Safe Drinking Water Pilot Program, and \$40 million to implement the California Food Assistance Program (CFAP) expansion by 2025.
- **Support for Foster Youth and Foster Family Agencies.** The budget includes \$1 million in 2023-24, \$200,000 in 2024-25, and \$18.8 million in 2025-26 to provide a housing supplement for foster youth in Supervised Independent Living Placements (SILPs), and additionally provides \$10.1 million (\$8 million General Fund) to provide a one-time increase to the current rates paid to foster family agencies.

GENERAL GOVERNMENT

- **Broadband.** The budget includes statutory changes that do the following:
 - Require lease agreements entered into by the Department of Technology as part of the state middle mile system to include sufficient fiber strands to support speeds comparable to those offered by infrastructure built or jointly built by the state;
 - Require the Department of Technology to post a map of the middle mile project segments upon execution of a lease, build or joint build contract for the project segment; and,
 - Require the California Public Utilities Commission to prioritize public housing developments for Broadband Public Housing Account grants if they have not received a grant and do not have access to free broadband internet service.

- **Middle Mile Broadband Infrastructure Program.** The budget increases the Federal Trust Fund authority of the Department of Technology to accept a \$73 million federal grant award to support the Middle Mile Broadband Infrastructure Program and other technical changes.
- **Bagley-Keene Open Meeting Act.** The budget includes statutory changes that authorize state entities to hold public meetings, subject to specified notice and accessibility requirements, through teleconferencing and make public meetings accessible telephonically or otherwise electronically to the public, as specified. These provisions sunset on December 31, 2023.
- **California Film and Television Tax Credit Program 4.0.** The budget extends the authority for the California Film Commission (CFC) to allocate, and for qualified taxpayers to claim, the California Motion Picture and Television Production Credit for an additional five years, starting in 2025-26 (Film and Television Tax Credit 4.0) maintaining the current authorization amount of \$330 million per year. The credit structure is amended to make it refundable, allowing taxpayers with insufficient tax liability to make use of the credit. Recipients receive 96 percent of the credit amount with an additional four percent if the applicant chooses to submit a diversity workplan that includes specified diversity goals for the project.

HOUSING & HOMELESSNESS

- **Homeless Housing, Assistance, and Prevention (HHAP) Round 5 and Related Accountability Measures.** HHAP provides local assistance grants to counties, big cities, continuums of care, and tribal governments to aid them in addressing homelessness. The budget includes \$1 billion from the General Fund for a fifth round of HHAP funding tied to increased accountability measures, including requiring formation and adherence to a regional coordination plan. Additional adjustments include moving up deployment of “bonus” awards previously withheld and the provision of incentives for meeting certain housing production prerequisites, including submission of a compliant housing element.
- **Multifamily Housing Program Augmentation.** The budget includes the provision of an additional \$100 million to the Department of Housing and Community Development’s flagship affordable housing development grant program, bringing the total 2023-24 allocation to \$325 million.

ECONOMIC DEVELOPMENT

- **Additional Year of CalCompetes Grants.** The budget includes \$120 million to support a third year of CalCompetes grants, which are designed to incentivize businesses to stay in or move to California. Under the grant-based programs, CalCompetes provides up-front funding to businesses in exchange for their promise to make investments and to hire in

California. The budget directs CalCompetes to place particular emphasis on domestic microchip production.

- **Continuation and Expansion of Youth Job Training Programs.** The budget provides for continuation of the Youth Job Corps program through allocation of \$78.1 million annually from the General Fund. The budget also continues and eventually doubles the size of the Climate Action Corps program through the allocation of \$4.7 million annually from the General Fund in 2023-24 through 2025-26, and \$9.3 million in 2026-27.
- **Investment in City of Fresno Public Infrastructure Plan.** The budget redirects \$250 million in General Fund to the City of Fresno's Public Infrastructure Plan for investment in a high speed rail station, parking, green space, walkability, and water projects in the downtown area.

PUBLIC SAFETY, CORRECTIONS, AND JUDICIAL

- **Prison Closures.** The budget includes a net reduction of \$403.1 million General Fund and \$2.8 million special funds to reflect the closures of California City Correctional Facility, the California Correctional Center, and the Division of Juvenile Justice, and the deactivations of facilities at six institutions. The budget also includes statutory intent to close additional state prisons and language requiring the Department of Corrections and Rehabilitation to report on operational capacity.
- **San Quentin Rehabilitation Center.** The budget includes \$360.6 million one-time Public Buildings Construction Fund and \$20 million one-time General Fund to build a new center focused on rehabilitation, education, and workforce development and make various other facility improvements at San Quentin Rehabilitative Center (formerly San Quentin State Prison). The budget also includes statutory exemptions to enable project completion by 2025, as outlined in Senate Bill 135 (Committee on Budget and Fiscal Review), Chapter 190, Statutes of 2023.
- **Rehabilitation and Reentry Programs.** The budget includes funding to improve rehabilitative programming and family connection, including \$28.5 million ongoing to implement free phone calling at state prisons as required by SB 1008 (Becker), Chapter 827, Statutes of 2022, \$21 million to support the delivery of rehabilitative programming in prisons statewide, and statutory changes to support community reentry centers and family visitation.
- **Firearm Safety.** The budget includes funding to support firearm safety and to combat illegal possession of firearms, including \$21 million for a local gun buyback program, \$4 million for education and outreach in multiple languages around Gun Violence Restraining Orders and Domestic Violence Restraining Orders, \$19.4 million for the Department of Justice workload related to tracking and licensing firearms, and \$17.3 million over three

years to expand collaborative courts and improve firearm relinquishment efforts in the courts.

- **Community Assistance, Recovery, and Empowerment (CARE) Act.** The budget includes \$55.5 million General Fund in 2023-24, \$106.9 million General Fund in 2024-25, and \$133.0 million General Fund in 2025-26 and ongoing for the Judicial Branch to implement the CARE Act pursuant to SB 1338 (Umberg), Chapter 319, Statutes of 2022. Of this amount, \$32.7 million in 2023-24, \$55.3 million in 2024-25, and \$68.5 million ongoing is for the judicial branch to administer the program. The remaining \$22.8 million in 2023-24, \$51.7 million in 2024-25, and \$64.5 million ongoing will support public defender and legal service organizations that will provide legal counsel to CARE participants.

LABOR

- **Avoids Cuts for Various Programs.** The budget supports a \$25 million Labor and Workforce Development Fund appropriation in 2023-24 for the California Worker Outreach Project, maintains ongoing funding for the Women in Construction priority unit at the Department of Industrial Relations, and maintains a commitment to fund community change learn-and-earn career pathways for community college students from historically underrepresented backgrounds. For additional information on these agreements, please refer to the Labor section within this report.
- **Domestic Worker and Employer Education and Outreach Program (DWEOP).** The budget includes \$35 million Labor and Workforce Development Fund to fund health and safety outreach and education for domestic work employees and employers through an expansion of DWEOP, and makes the program permanent.
- **Unemployment Insurance (UI) Small Business Relief Withdrawal.** The budget removes the \$500 million one-time General Fund commitment in 2024-25 that would have been used to offset the anticipated rising federal unemployment insurance tax rates resulting from the UI Trust Fund insolvency.
- **UI Debt Payment Withdrawal.** The budget withdraws the \$750 million one-time General Fund payment in 2023-24 that would have paid down a portion of the state's approximately \$18 billion UI Trust Fund debt.
- **UI Interest Payment and Unemployment Compensation Disability Fund Loan.** The budget includes a one-time loan of \$306 million from the Unemployment Compensation Disability Fund to the General Fund to support the state's payment of the UI loan interest payment.
- **EDDNext.** The budget includes \$198 million (\$99 million General Fund) one-time in 2023-24 to continue the planning and development of EDDNext, for the second year of a five-year plan to modernize EDD.

TRANSPORTATION

- **Transit.** The budget includes \$5.1 billion for transit across four years through the Transit and Intercity Rail Capital Program and the Zero Emission Transit Capital Program. SB 125 (Committee on Budget and Fiscal Review), Chapter 54, Statutes of 2023, provides statutory relief to transit operators as well as includes measures for accountability for transit operators to improve ridership and long-term sustainability.
- **Active Transportation Program.** The budget does not include any reductions to the Active Transportation Program, as proposed by the Governor.
- **Grade Separations.** The budget delays \$350 million General Fund for the Grade Separations program to 2025-26.
- **Ports and Freight Infrastructure.** The budget includes a delay of the \$600 million General Fund for the Port and Freight Infrastructure Program scheduled for 2023-24. This reduction will be implemented by maintaining \$200 million in 2023-24 and providing additional allotments of \$200 million in both 2024-25 and 2025-26. In addition, the budget includes a reduction of a portion of the General Fund scheduled to be provided to the Port and Freight Infrastructure Program in 2023-24 by \$150 million and backfills the decrease with an equal amount from the State Highway Account.
- **Climate Adaptation.** The budget shifts \$200 million for the Climate Adaptation program from the General Fund to the State Highway Account.

Subcommittee No. 1 – Education

6100	Department of Education	6600	Hastings College of the Law
6120	California State Library	6610	California State University
6360	California Commission on Teacher Credentialing	6870	California Community Colleges
6440	University of California	6980	California Student Aid Commission

Subcommittee No. 2 – Natural Resources, Environmental Protection and Energy

	Climate-Energy Package	3790	Department of Parks and Recreation
	Wildfire Prevention and Resilience Package	3810	Santa Monica Mountains Conservancy
	Water and Drought Resilience Package	3820	San Francisco Bay Conservation and Development Commission
	Nature-Based Solutions Package		
	Extreme Heat Package	3825	San Gabriel and Lower Los Angeles River and Mountains Conservancy
	California Carbon Sequestration and Climate Resiliency Project Registry	3830	San Joaquin River Conservancy
	CNRA Bond and Technical Proposals	3835	Baldwin Hills Conservancy
0540	Secretary for Natural Resources	3840	Delta Protection Commission
0555	Secretary for Environmental Protection	3845	San Diego River Conservancy
3100	California African American Museum	3850	Coachella Valley Mountains Conservancy
3100	Museum and Exposition Park	3855	Sierra Nevada Conservancy
3100	California Science Center	3860	Department of Water Resources
3125	California Tahoe Conservancy	3875	Sacramento-San Joaquin Delta Conservancy
3340	California Conservation Corps	3885	Delta Stewardship Council
3360	California Energy Commission	3900	Air Resources Board
3480	Department of Conservancy	3930	Department of Pesticide Regulation
3540	Department of Forestry and Fire Protection	3940	State Water Resources Control Board
3560	State Lands Commission	3960	Department of Toxic Substances Control
3600	Department of Fish and Wildlife	3970	Department of Resources Recycling and Recovery
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3720	California Coastal Commission	8570	Department of Food and Agriculture
3760	State Coastal Conservancy	8660	California Public Utilities Commission
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Subcommittee No. 3 – Health and Human Services

0000	Multiple Departments	4265	Department of Public Health
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4100	State Council on Developmental Disabilities	4440	Department of State Hospitals
4120	Emergency Medical Services Authority	4560	Mental Health Services Oversight and Accountability Commission
4140	Department of Health Care Access and Information	4700	Department of Community Services and Development
4150	Department of Managed Health Care	4800	California Health Benefit Exchange
4170	California Department of Aging	5160	Department of Rehabilitation
4180	Commission on Aging	5175	Department of Child Support Services
4185	California Senior Legislature	5180	Department of Social Services
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0511 Secretary for Government Operations Agency	7600	Department of Tax and Fee Administration
0515 Business, Consumer Services, and Housing Agency	7730	Franchise Tax Board
0650 Governor’s Office of Planning and Research	7760	Department of General Services
0840 State Controller	7910	Office of Administrative Law
0855 California Gambling Control Commission	8260	California Arts Council
0870 Office of Tax Appeals	8620	Fair Political Practices Commission
0890 Secretary of State	8800	Financial Information System for California
0954 Scholarshare Investment Board	8820	California Commission on the Status of Women and Girls
0984 CalSavers Retirement Savings Board	8825	California Commission on Asian and Pacific Islander American Affairs
1045 Cannabis Control Panel	8860	Department of Finance
1111 Department of Consumer Affairs – Boards and Bureaus	8885	Commission on State Mandates
1115 Department of Cannabis Control	8940	Military Department
1700 Department of Fair Employment and Housing	8955	Department of Veterans Affairs
1701 Department of Financial Protection and Innovation	9210	Local Government Financing
2100 Department of Alcoholic Beverage Control		Control Section 19.56
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Subcommittee No. 5 – Corrections, Public Safety, and the Judiciary, Labor and Transportation

	Transit	7100	Employment Development Department
0250	Judicial Branch	7120	California Workforce Development Board
0280	Commission on Judicial Performance	7300	Agricultural Labor Regulations Board
0521	California State Transportation Agency	7320	Public Employment Relations Board
0552	Office of Inspector General	7350	Department of Industrial Relations
0559	Labor and Workforce Development Agency	7501	Department of Human Resources
0690	Office of Emergency Services	7870	Victim Compensation Board
0820	Department of Justice	7900	California Public Employees' Retirement System
2600	California Transportation Commission	7920	State Teacher's Retirement System
2660	California Department of Transportation	8120	Commission on Peace Officer Standards and Training
2720	California Highway Patrol	8140	Office of the State Public Defender
2740	Department of Motor Vehicles	8830	California Law Revision Commission
5225	Department of Corrections & Rehabilitation	9800	Employee Compensation
5227	Board of State and Community Corrections		

SUBCOMMITTEE 1

ON

EDUCATION

Senate Committee on Budget and Fiscal Review

Members

John Laird, Chair

Dave Min

Rosilicie Ochoa Bogh

Lola Smallwood-Cuevas

Consultants

Yong Salas

Dr. Christopher Francis

SUBCOMMITTEE No. 1

EDUCATION

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K-12 EDUCATION

6100 CALIFORNIA DEPARTMENT OF EDUCATION (CDE)

K-14 EDUCATION - PROPOSITION 98 OVERALL

The budget act reflects a modest change to the Proposition 98 Guarantee from the 2022-23 Budget Act due to a decrease in revenues as the COVID-19 pandemic recovery continues and federal stimulus funding expires. The resulting Proposition 98 funding levels for K-12 schools and community colleges (K-14 education) are illustrated below:

Budget Year	Proposition 98 Minimum Guarantee	Change from 2022-23 Budget Act (June 2023)	Applicable Proposition 98 Test ¹	K-12 Per Pupil Expenditures
2021-22	\$110.56 billion	\$13.55 billion increase over 2022-23 revised.	Test 1	\$17,481
2022-23	\$107.36 billion	\$5.64 billion decrease over 2022-23 revised.	Test 1	\$17,407
2023-24	\$108.31 billion	\$660 million decrease over 2022-23 revised.	Test 1	\$17,678

The 2023-24 estimate of average daily attendance (ADA) was 5,371,161 reflecting an estimated ADA decline from 2022-23 of 0.3 percent, continuing a trend of ADA decline.

¹ In general, Test 1 is calculated based on a specified percent of General Fund revenues (currently around 38.2 percent, or 38.5 percent when accounting for the rebench of Proposition 98 related to the expansion of transitional kindergarten). Test 2 is calculated based on prior year funding, adjusted for changes in per capita personal income and attendance. Test 3 is calculated based on prior year funding, adjusted for changes in General Fund revenues, plus 0.5 percent and attendance.

Proposition 98 Funding by Segment			
(Dollars in Millions)			
	2021-22	2022-23	2023-24
K-12 Education*			
General Fund	\$70,236	\$67,786	\$68,101
Local property tax revenue	\$23,286	\$25,455	\$26,852
K-12 subtotal	\$93,521	\$93,241	\$94,953
California Community Colleges*			
General Fund	\$8,678	\$8,544	\$8,453
Local property tax revenue	\$3,515	\$3,787	\$4,003
CCC subtotal	\$12,193	\$12,331	\$12,456
Proposition 98 Reserve Deposit	\$4,840	\$1,787	\$903
Total Proposition 98	\$110,554	\$107,359	\$108,312
General Fund	\$83,754	\$78,117	\$77,457
Local property tax revenue	\$26,800	\$29,241	\$30,854
*K-12 education totals include state preschool and adult education. CCC totals include the K-12 Strong Workforce Program and Adult Education. **Totals include rounding.			

Source: Legislative Analyst's Office

Public School Stabilization Account. The Proposition 98 Guarantee calculation has triggered a deposit into the Public School System Stabilization Account, known as the Proposition 98 Rainy Day Fund based on economic factors. The budget includes 2021-22, 2022-23, and 2023-24 payments of \$4.8 billion, \$1.79 billion, and \$903 million, respectively, into the Proposition 98 Rainy Day Fund, for a balance of more than \$10.83 billion at the end of 2023-24.

K-12 EDUCATION – ALL FUND SOURCES

In addition to Proposition 98 (General Fund and property taxes), K-12 education is funded through a variety of other fund sources, including federal funds, state lottery funds, local fund sources, and other funds. According to the Department of Finance, total funding for K-12 education from all sources is approximately \$129.2 billion in 2023-24.

K-12 Major Expenditures and Policy Changes. The following significant investments in K-12 education were adopted in the 2023-24 budget:

- **Local Control Funding Formula (LCFF).** The budget provides a total of approximately \$78.6 billion Proposition 98 General Fund for the LCFF. This funding amount provides a cost-of-living adjustment (COLA) of \$3.43 billion (8.22 percent) for school districts, charter schools, and county offices of education (COEs), known as Local Educational Agencies (LEAs), in 2023-24. The budget also uses a total of \$1.7 billion in one-time funds to pay for LCFF costs in the 2022-23 and 2023-24 fiscal years.

- **Equity Multiplier.** The budget includes \$300 million ongoing Proposition 98 General Fund, distributed through the equity multiplier formula, to local educational agencies with school sites that have prior year non-stability rate of 25 percent as identified through the Stability Data File, and also have 70 percent of its students who are socio-economically disadvantaged.
- **TK-12 Accountability System.** The budget makes several changes to the TK-12 accountability system:
 - Requires local educational agencies that have the lowest performing pupil subgroups provide specific actions to address these pupil subgroups.
 - Requires local educational agencies with schools receiving equity multiplier funds provide focused goals.
 - Establishes equity leads in the statewide system of support.
 - Requires a mid-year update on the local control and accountability plan on the progress at a public meeting.
 - Provides additional assistance to local educational agencies that are unable to submit data to California Longitudinal Pupil Achievement Data System (CALPADS).
 - Provides an additional opportunity for struggling school districts to work with county offices of education that are geographic leads to improve pupil outcomes.
 - Requires local educational agencies to include information about the technical assistance it receives on its local control and accountability plan, as applicable.
 - Requires the Legislative Analyst's Office to provide recommendations for alternative reporting requirements for county offices of education on the local control and accountability plan.
- **County Court School Funding and Accountability.** The budget provides \$80 million ongoing Proposition 98 General Fund to support county court and community school operations, including financial protections against declining enrollment, and to establish the Student Support and Enrichment Block Grant. The budget also includes additional accountability measures for court and community schools that:
 - Requires collaboration between county probation departments and county offices of education, and in partnership with the community colleges, California State University, or the University of California, to ensure access to public postsecondary academic and career technical education courses for juveniles with a high school diploma or a California high school equivalency.
 - Requires an independent evaluation of county court and community schools, due November 1, 2025.

- If county superintendents and county probation officers enter into a memorandum of understanding, requires that provisions related to intake evaluation processes, transition plans, and others be included, and require the memorandum of understanding be posted on the county office of education website.
- Requires annual reporting of data regarding justice-involved youth.
- Convenes an Individuals with Disabilities Education Act workgroup to provide recommendations related to county court and community schools.
- Improves better transparency of funds allocated to county offices of education.
- **County Office of Education Funding for Differentiated Assistance.** The budget increases the base grant for county offices of education to provide differentiated assistance to school districts from \$200,000 to \$300,000, for a budget year cost of \$11.9 million ongoing Proposition 98 General Fund.
- **Expanded Learning Opportunities Program.** The budget makes changes to the Expanded Learning Opportunities Program:
 - Requires third-party operators of expanded learning opportunity programs to immediately report to its local educational agency partners of any health or safety-related issues.
 - Exempts expanded learning opportunity programs from licensing requirements.
 - Requires current license holders under the Community Care Licensing Division at the Department of Social Services to continue to maintain its license if it provides expanded learning services until June 30, 2024.
 - Requires the Department of Education, in consultation with the Department of Social Services, to establish a process and a timeline for local educational agencies that have contracted with third-party providers to operate expanded learning opportunity programs and California State Preschool programs to submit program information to the Department of Social Services.
 - Requires the Department of Education, in consultation with the Department of Social Services, to submit a report to the Legislature on information about expanded learning opportunity program providers, as specified.
 - Prevents local educational agencies from incurring fiscal penalties due to expanded learning program closures as a result of emergency conditions, as provided.
 - Makes other technical amendments.

- **2023-24 Budget Solutions.** The budget enacts funding shifts or reductions from previous budgets, including:
 - A delay of \$550 million General Fund for the Preschool, Transitional Kindergarten, and Full Day Kindergarten Facility Grant program to 2024-25.
 - A total delay of \$1.1 billion Proposition 98 General Fund to the Learning Recovery Emergency Block Grant.
 - Shifts \$1 billion Proposition 98 General Fund from the Hybrid and Zero-Emission Truck and Voucher Incentive Project and for related infrastructure to 2024-25 and 2025-26.
 - Reduces the appropriation for the School Facility Program from \$4.2 billion to \$4.1 billion General Fund.
 - Reduces the appropriation for the Arts, Music, and Instructional Materials Discretionary Block Grant from \$3.48 billion to \$3.28 billion Proposition 98 General Fund.
- **Proposition 28 Implementation.** The budget appropriates \$938 million in 2023-24 for purposes of Proposition 28, and makes several technical changes related to Proposition 28 implementation:
 - Allows for Proposition 28 Arts and Music Funding Guarantee entitlement payments to be issued through the Department's Principal Apportionment program.
 - Provides a feasible way to calculate funds for and issue funds to preschool programs.
 - Clarifies:
 - Terms defined for the purpose of the three-year time limit on use of funds.
 - The department's authority to collect data on unexpended funds from local educational agencies.
 - The department's authority to recover unexpended funds back to the state.
 - Reflects technical corrections for references to annual certification and the good cause waiver.
- **Transitional Kindergarten.** The budget makes the following changes to transitional kindergarten programs:
 - Extends the August 1, 2023 deadline for credentialed teachers to earn 24 units, or its equivalent, or a child development teacher permit or an early childhood education specialist credential, to August 1, 2025.
 - Requires transitional kindergarten classrooms to maintain one adult to 10 students in 2025-26, and states Legislative intent to appropriate funds for this purpose.

- Allows local educational agencies to enroll children whose fourth birthday falls between June 2 and September 1, or early enrollment children, as long as: (1) the classrooms that include early enrollment children meet a 1:10 adult-to-pupil ratio, (2) class sizes remain below 20 students, and (3) to the extent possible, teachers have earned 24 units or its equivalent or a child development teacher permit or an early childhood education specialist credential. Imposes fiscal penalties if the ratio or class size requirements are not met for transitional kindergarten classrooms that include the early enrollment children.
 - Prohibits the State Board of Education from granting waivers related to transitional kindergarten.
- **Charter School Facility Grant Program.** The budget provides one-time \$30 million Proposition 98 General Fund for the Charter School Facility Grant program. This is the second year of a two-year agreement that was passed in the 2022 Budget Act.
- **Charter School Renewal Extension.** The budget allows charter schools whose petitions expire between January 1, 2024 and June 30, 2027 to be extended by one year.
- **Charter School Appeals - Abuse of Discretion.** The budget clarifies existing law around abuse of discretion standards with regard to local denials of charter school petitions.
- **Nonclassroom-Based Charter Evaluation.** The budget requires the Legislative Analyst's Office and the Fiscal Crisis and Management Assistance Team to study and provide recommendations to the Legislature, the Department of Education, Department of Finance and the State Board of Education on the funding for nonclassroom-based charters.
- **California School Finance Authority Local Intercept Mechanism.** The budget authorizes local governments to intercept apportionments as part of financing mechanisms for local educational agencies.
- **Opioid Antagonist Distribution.** The budget provides \$3.5 million ongoing Proposition 98 General Fund to county offices of education to distribute opioid antagonists, with the intent that it complement efforts of the Naloxone Distribution Project.
- **California College Guidance Initiative.** The budget authorizes a data sharing partnership between the California College Guidance Initiative and the California Student Aid Commission.
- **Federal School Meal Supply Chain Assistance.** The budget appropriates \$142.6 million in one-time federal funds for the purchase of domestic food products by school nutrition programs as part of the federal Supply Chain Assistance Program.
- **Federal Stronger Connections Program.** The budget appropriates \$100 million in one-time federal funds for the Stronger Connections program.

- **Dishwasher Grants.** The budget includes \$15 million in one-time Proposition 98 General Fund for dishwasher grants.
- **Bilingual Teacher Professional Development Grant.** The budget appropriates \$20 million Proposition 98 General Fund one-time for the Bilingual Teacher Professional Development Grant.
- **Golden State Teacher Grant Program.** The budget modifies the Golden State Teacher Grant program to allow participants to serve at preschools, and expands program eligibility to institutions that offers services online to students and offers a professional preparation program approved by the Commission on Teacher Credentialing as of January 1, 2023, among other requirements.
- **Literacy Screening.** The budget requires an expert panel to approve a list of screening instruments to assess pupils in kindergarten through second grade for risk of reading difficulties, and appropriates \$1 million for this purpose. It also requires local educational agencies serving pupils in kindergarten through second grade to screen pupils for risk of reading difficulties using the instruments they will adopt from the approved list beginning no later than the 2025-26 school year.
- **Special Education Local Plan Areas.** The budget extends the moratorium on the creation of new single-district Special Education Local Plan Areas (SELPA) by two years to June 30, 2026. The budget also limits the amount of additional funding that SELPA are allowed to retain for non-direct student services before allocating special education base funding to member local educational agencies, for the 2023-24 fiscal year.
- **Literacy Coaches and Reading Specialists Grant Program.** The budget appropriates \$250 million Proposition 98 General Fund to expand the Literacy Coaches and Reading Specialists Grant Program, and makes clarifying amendments to the existing Literacy Coaches and Reading Specialists Grant program.
- **Diverse Education Leaders Pipeline Initiative.** The budget appropriates \$10 million to establish the Diverse Education Leaders Pipeline Initiative.
- **Restorative Justice Best Practices.** The budget appropriates \$7 million one-time Proposition 98 General Fund to provide support for local educational agencies opting to implement the Restorative Justice best practices that will be developed and posted on the Department of Education's website by June 1, 2024.
- **Literacy Roadmap.** The budget appropriates \$1 million to establish the Literacy Roadmap to help educators apply the state's curriculum framework to classroom instruction, navigate the resources and professional development opportunities available to implement effective literacy instruction, and improve literacy outcomes for all pupils with a focus on equity.
- **Wage Overpayment.** The budget further defines the resolution process when overpayment of an employee's wages by a local educational agency employer occurs.

- **Substitute Teacher Extension.** Extends the authority to allow substitute teachers for 60 cumulative days, to July 1, 2024.
- **Paradise Unified School District – Ratio Exemption.** Exempts Paradise Unified School District from maximum ratios of administrators to teachers for the 2021-22 fiscal year to the 2023-24 fiscal year.
- **Save the Children.** The budget provides \$3 million in one-time federal funds to Save the Children to support rural after school programs.
- **Beyond Differences.** The budget appropriates \$1 million to Beyond Differences to support local educational agencies with the implementation of high quality integrated academic, behavioral, and social-emotional learning practices.
- **California Department of Education – Data Science Office.** The budget establishes the Data Science Office with eight positions and \$1.2 million General Fund. The budget also includes budget bill language that requires the Department of Education to respond to all Joint Legislative Budget Committee and State Board of Education requests within 30 days.
- **Professional Development for Local Educational Agencies’ Fiscal Staff.** The budget provides \$750,000 ongoing Proposition 98 General Fund for the Fiscal Crisis and Management Assistance Team to support the professional development of local educational agencies and their fiscal staff.
- **Kincaid Fire Property Tax Backfill.** The budget provides \$632,000 one-time Proposition 98 General Fund for basic aid school districts that were impacted by the Kincaid Fire.
- **Technical Amendments.** The budget makes other various technical amendments, including:
 - Clarifies the intent of the Legislature on how classified employees are defined for purposes of the Classified Employee Summer Assistance program.
 - Makes technical and clarifying changes regarding the list of schools that the Superintendent of Public Instruction identifies for inspection for purposes of the Williams settlement.
 - Codifies current practices stemming from updates to teacher assignment monitoring outcomes reporting requirements related to the federal Every Student Succeeds Act and clarifying the roles of the Commission on Teacher Credentialing and Department of Education around data reporting on educator credentialing and assignment.
 - Makes clarifying amendments with regard to the Dream Resource Centers as an eligible expenditure as part of the Community Schools program.

- Delays the recommendations of the Universal Preschool Workgroup from January 15, 2023 to March 31, 2024.
- Makes technical changes to the Prekindergarten Planning and Implementation Grant, and allows the Department of Education to allocate or prorate returned and unallocated funds.
- **California School for the Deaf-Riverside: Athletic Complex Replacement and Expansion.** The budget includes an increase of \$2.2 million General Fund for the working drawings phase of an overall \$43.1 million General Fund project to replace all outdoor sport fields (football, track, softball, and baseball) and add a stand-alone practice soccer field at the Riverside School for the Deaf. The existing fields date to the opening of the school in the 1950s.
- **California School for the Deaf – Fremont.** The budget includes a supplemental appropriation of \$562,000 General Fund for the construction phase of the Fremont School for the Deaf: Middle School Activity Center project. The purpose of this project is to replace an outdated modular building with several structural deficiencies.
- **Federal Funds Adjustments.** The budget amends appropriations for a variety of federal education programs to reflect available one-time carryover and changes to federal grant awards.
- **Other Technical Changes.** The budget also reflects various technical changes related to baseline workload cost changes and other adjustments.

OTHER CHANGES

- **California State Preschool Program.** The budget makes the following changes for State Preschool:
 - *Family Fee Waivers.* Waives child care and state preschool fees through September 30, 2023 and implements permanent family fee reform beginning October 1, 2023. Under the new family fee structure, families below 75 percent of state median income will pay no fee for subsidized child care, and families at or above 75 percent state median income will pay fees capped at one percent of monthly income.
 - *One-time Increase for Preschool Providers.* Provides \$1.2 billion Proposition 98 General Fund and \$312.6 million General Fund for the same purpose for California State Preschool programs in the 2023-24 and 2024-25 fiscal years, subject to a ratified agreement and future legislation.

6360 CALIFORNIA COMMISSION ON TEACHER CREDENTIALING (CTC)

- **Teaching Performance Assessment Waiver.** The budget authorizes the Commission on Teacher Credentialing to waive the Teaching Performance Assessment requirement for educators who were unable to meet the requirement during the COVID-19 pandemic and who completed a Commission-approved induction program or completed two years of satisfactory teacher evaluations.
- **Fund Consolidation.** The budget abolishes the Test Development and Administrative Account, and absorbs remaining funds into the Teacher Credentials Fund.
- **Military Spouse Teaching Credential.** The budget allows the Commission on Teacher Credentialing to issue a comparable credential for military spouses and partners of servicemembers who are assigned to California.
- **Teacher and School Counselor Residency Grant Program.** The budget makes clarifying and technical amendments to the Teacher and School Counselor Residency Grant Program.
- **Transcript Review.** The budget requires the Commission on Teacher Credentialing to examine and determine the feasibility of expanding online services to perform transcript review to assess basic skills requirements and subject matter competence for all candidates to complete their credentialing requirements.

K-12 Education and Early Education Budget Trailer Bills

1. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
2. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
3. *Budget Act of 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*
4. *Budget Acts of 2022-2023 – Senate Bill 105 (Skinner), Chapter 862, Statutes of 2023.*
5. *K-12 Education Finance – Senate Bill 114 (Committee on Budget and Fiscal Review), Chapter 48, Statutes of 2023.*
6. *Arts and Music in Schools – Senate Bill 115 (Committee on Budget and Fiscal Review), Chapter 49, Statutes of 2023.*
7. *K-12 Education Finance – Senate Bill 141 (Committee on Budget and Fiscal Review), Chapter 194, Statutes of 2023.*
8. *Early Childhood Education – Assembly Bill 116 (Committee on Budget), Chapter 41, Statutes of 2023.*

HIGHER EDUCATION

6120 CALIFORNIA STATE LIBRARY

- **Delaying Support for Local Library Infrastructure.** The Budget Act of 2021 provided \$439 million General Fund one-time to support local library infrastructure projects. The Budget Act of 2022 provided an additional \$50 million and assumed an additional \$100 million in 2023-24 to support local library infrastructure projects. The budget delays the \$100 million to the 2024-25 (\$33 million), 2025-26 (\$33 million), and 2026-27 (\$34 million) fiscal years. Moreover, the budget reappropriates \$121 million General Fund that was previously provided in the 2021 Budget Act to provide local library infrastructure grants.
- **Support for Law Library.** The budget includes of \$462,000 General Fund in 2023-24 and ongoing to support and expand the Witkin State Law Library and its personnel.
- **California History Room.** The budget includes an increase of \$597,000 General Fund, of which \$357,000 is in 2023-24 and ongoing, to expand the California History Room Special Collections and provide personnel support.
- **Internal Audit.** The budget includes an increase of \$168,000 General Fund in 2023-24 and ongoing to support a State Library Audit Program.
- **Lunch at the Library Provisional Budget Bill Amendments.** The budget includes budget bill amendments that changes the reporting date for the Lunch at the Library program from October 1 each year to January 15 each year and aligns reporting content with attainable data.

6440 UNIVERSITY OF CALIFORNIA (UC)

6610 CALIFORNIA STATE UNIVERSITY (CSU)

6870 CALIFORNIA COMMUNITY COLLEGES (CCC)

- **Revolving Loan Fund.** The budget does not include the Governor's January proposed delays of \$900 million planned in 2023-24 to the 2025-26 fiscal year and \$250 million from the 2024-25 fiscal year to the 2025-26 fiscal year. Instead, the budget includes \$200 million General Fund in 2023-24 and \$300 million annually from the 2024-25 to 2028-29 fiscal years for this program. The Fund, created in the Budget Act of 2022, will provide zero-percent interest loans to qualifying campuses of the UC, CSU, and CCC for construction of affordable housing projects.
- **Student Housing Grant Program.** The budget restructures this program in the following ways:
 - Shifts \$1.1 billion in current and planned General Fund support for CCC affordable housing student grants to bonds. The bond proceeds may come from local financing issued by

community college districts for specified projects. To support the projects, the budget includes an increase of \$61.48 million General Fund in 2023-24 and ongoing.

- Shifts \$437 million in current and planned General Fund support for UC affordable housing student grants to UC-issued bonds. To support the projects, the budget includes an increase of \$50.7 million General Fund in 2023-24 and ongoing.
- Shifts \$655 million in current and planned General Fund support for CSU affordable housing student grants to CSU-issued bonds. To support the projects, the budget includes an increase of \$52 million General Fund in 2023-24 and ongoing.

Additionally, trailer bill language in SB 117 (Committee on Budget and Fiscal Review), Chapter 50, Statutes of 2023 and SB 142 (Committee on Budget and Fiscal Review), Chapter 195, Statutes of 2023 specifies the following:

- UC, CSU, and CCC campuses that will receive funding in the next round of the program.
- Expresses legislative intent that, no later than the adoption of the 2024 Budget Act, a statewide lease revenue bond, or other statewide financing or fiscal approach will be developed and included within the 2024 Budget Act to support California community college affordable student housing projects that have been approved as part of the Higher Education Student Housing Grant Program.
- Shifts the support of three CCC and UC intersegmental projects from CCC to UC. This shift facilitates UC issuance of revenue bonds for the CCC portions of three intersegmental UC-CCC affordable housing projects selected in the Higher Education Student Housing Grant Program.
- States that the three CCC and UC intersegmental projects to be covered through UC issuance of revenue bonds will retain a split in the number of beds for low-income students between the participating campuses that is consistent with the Higher Education Student Housing Grant Program application approved by the state and further defined in the subsequent operating agreements between each UC campus and the CCC district partnership.
- Clarifies that the CCC campuses that received General Fund support for grants in the Budget Act of 2022 shall revert those General Fund resources by June 29, 2024, or upon the enactment of the 2024 Budget Act, whichever is later.

6440 UNIVERSITY OF CALIFORNIA (UC)

- **Base Increase.** The budget includes an increase of \$215.5 million General Fund in 2023-24 and ongoing for operating costs. This five-percent base increase is consistent with the Governor's multi-year compact with UC.
- **Resident Undergraduate Enrollment Growth.** Consistent with the Budget Act of 2021, the budget includes an increase of \$30 million General Fund in 2023-24 and ongoing to offset revenue reductions associated with the replacement of 902 nonresident undergraduate students

enrolled at three campuses with an equivalent number of California resident undergraduate students at these campuses in 2023-24. This investment builds on the previous ongoing \$31 million General Fund provided in the 2022 Budget Act that supported a shift of 902 nonresident students.

- **UC Riverside School of Medicine - Project Debt Service Support.** Consistent with the 2019 Budget Act, the budget includes an increase of \$6.5 million General Fund in 2023-24 and ongoing to support the Medical School Project at UC Riverside. Consistent with the 2019 Budget Act, the budget also includes an additional \$14.5 million General Fund in 2023-24 and ongoing to support the Medical School Project at UC Merced beginning in 2024-25.
- **UC Riverside School of Medicine - General Operations Support.** The budget provides an ongoing \$2 million General Fund increase to support general operations at UC Riverside School of Medicine. The purposes of these funds are separate from the issue above.
- **Graduate Medical Education.** The budget includes an increase of \$4 million General Fund in 2023-24 and ongoing to offset the Proposition 56 revenue offset amount for a statewide grant program and maintain \$40 million ongoing for graduate medical residency slots. The May Revision includes an ongoing increase of \$1.2 million General Fund to offset declining Proposition 56 revenue for a statewide grant program and maintain \$40 million in total ongoing for graduate medical residency slots. Proposition 56 – California Healthcare, Research and Prevention Tobacco Tax Act of 2016 – was passed by voters on the November 8, 2016 ballot and implemented a surcharge on tobacco tax products.
- **Institute for Immunology and Immunotherapy at the University of California, Los Angeles (UCLA) Delay.** The budget delays \$200 million (\$100 million in 2022-23 and \$100 million in 2023-24) of support for the construction of an Institute for Immunology and Immunotherapy at the University of California, Los Angeles (UCLA) to fiscal year 2024-25.
- **Shift in Capital Outlay Support for Select Projects.** The budget shifts \$498 million in current and planned General Fund support for projects at UC Berkeley, UC Riverside, and UC Merced to UC-issued bonds. To support the projects, the budget includes an increase of \$33.3 million General Fund in 2023-24 and ongoing.
- **Disability Supportive Programs.** The budget includes \$1.5 million General Fund in 2023-24 and ongoing to be dispersed to disability-specific programs across UC campuses.
- **Basic Needs Support Increase.** The budget includes \$800,000 General Fund in 2023-24 and ongoing to support basic needs programs at UC campuses. Budget bill language clarifies basic needs provisions for CalFresh in order to identify new, continuing, and returning students who are potentially eligible for CalFresh benefits.
- **Mental health support services increase.** The budget includes \$1 million General Fund in 2023-24 and ongoing to support mental health support programs at UC campuses.
- **Rapid Rehousing Baseline Increase.** The budget includes \$200,000 General Fund in 2023-24 and ongoing to support rapid rehousing initiatives for UC students.

- **Economic impact study.** The budget includes \$250,000 General Fund in 2023-24 for a study of the impacts of oil and gas industry change on local services and jobs by UC Merced Labor Center.
- **Police Records Access Project.** The budget includes \$6.87 million General Fund in 2023-24, with an expenditure or encumbrance period of three-years, to launch a collaborative database with built-in tools that would make records related to police use of force and misconduct accessible to all members of the public – including journalists, researchers, public officials, activists and community members – through an interface that allows easy and sophisticated search and analysis.
- **Support for UC Division of Agriculture and Natural Resources (UC ANR).** The budget includes a shift of \$4.8 million from UC’s main appropriation to provide continued support for UC ANR.
- **Ralph J. Bunche Center.** The budget includes \$5 million General Fund in 2023-24 and \$3 million in 2024-25 and ongoing for the Ralph J. Bunche Center for African-American Studies at the University of California, Los Angeles.
- **AB 132 (Committee on Budget), Chapter 144, Statutes of 2021 Sunset Extension.** The budget includes trailer bill language in SB 117 that amends Section 66021.9 of the Education Code by extending by four years, until June 30, 2027, the ability for UC to provide scholarships from non-state funds to students. This was previously extended in AB 132 until June 30, 2023.
- **UC Firefighter Cancer Prevention and Research Program.** The budget appropriates \$7 million General Fund in 2023-24 to support UC, in partnership with the State Department of Public Health and the FIRESCOPE Cancer Prevention Subcommittee at the Office of Emergency Services, to establish a fire service community based participatory research program examining bio-markers of carcinogenic exposure and effect in order to identify the biological mechanisms that cause cancer in firefighters and to reduce the incidence of cancer among California firefighters.
- **UC Davis Equine Performance and Rehabilitation Center.** The budget appropriates \$5 million General Fund in 2023-24 to support this initiative.
- **UC Global Entrepreneurship Program.** The budget appropriates \$2 million General Fund to support the UC Global Entrepreneurship Program for in-residence projects for foreign-born entrepreneurs, soon-to-graduate, and recently graduated students.

6600 UC COLLEGE OF THE LAW, SAN FRANCISCO (CLSF)

- **Base Adjustment.** The budget provides an increase of \$2.2 million General Fund in 2023-24 and ongoing to support operating costs. This increase represents a three percent increase base augmentation.
- **Safety Program, Urban Alchemy.** The budget provides an increase of \$3 million, available over three years, to continue supporting a campus safety program that employs formerly incarcerated individuals and/or those who have experienced homelessness.

6610 CALIFORNIA STATE UNIVERSITY (CSU)

- **Base Increase.** The budget provides an increase of \$227.3 million General Fund in 2023-24 and ongoing for operating costs. This five-percent base increase is consistent with the Governor's multi-year compact with CSU.
- **Shift in Capital Support Funding.** The budget shifts \$404.8 million appropriated for the upfront support of various capital projects on CSU campuses to CSU-issued bonds. The budget includes \$27 million General Fund in 2023-24 and ongoing to support the projects. The projects were as follows:

Campus	Project
Bakersfield	New Energy Innovation Center
San Diego (Brawley center)	New STEM building
San Bernardino (Palm Desert center)	New student services building
Fullerton	New Engineering and Computer Science Innovation Hub
San Luis Obispo	Swanton Pacific Ranch rebuilding

- **CSU San Bernardino Master Of Science in Physician Assistant program infrastructure project.** The budget includes \$290,000 General Fund in 2023-24 and ongoing to support capital projects that will provide additional classroom and laboratory capacity to increase the class size from 40 students per cohort to 50 students per cohort each year. These projects will be covered with CSU-issued bonds.
- **CSU Chico Human Identification Laboratory.** The budget includes \$4.4 million General Fund in 2023-24 and ongoing to support the construction of the Human Identification Laboratory at CSU Chico's campus through the issuance of CSU bonds.

- **Shift in Finance Support for Cal Poly Humboldt.** The budget shifts \$201 million General Fund support included in the 2021 Budget Act to support Cal Poly Humboldt Infrastructure projects to CSU-issued bonds. To support the projects, the budget includes an increase of \$16 million General Fund in 2023-24 and ongoing.
- **Restoration of General Fund Support for University Farms.** The budget approves the May Revision proposal that restores \$75 million General Fund support for these projects included in the 2022 Budget Act. The January Governor's budget previously shifted fund support from General Fund to CSU-issued bonds but some expenditures for this purpose were determined to be ineligible for CSU-issued bonds.
- **Disabled Student Supports.** The budget includes \$1 million General Fund in 2023-24 and ongoing to be dispersed to disability-specific programs across CSU campuses.
- **Basic needs support increase.** The budget includes \$1.3 million General Fund in 2023-24 and ongoing to support basic needs programs at CSU campuses. Budget bill language clarifies basic needs provisions for CalFresh in order to identify new, continuing, and returning students who are potentially eligible for CalFresh benefits.
- **Mental health support services increase.** The budget includes \$800,000 General Fund in 2023-24 and ongoing to support mental health support programs at CSU campuses.
- **Rapid rehousing increase.** The budget includes \$300,000 General Fund in 2023-24 and ongoing to support rapid rehousing initiatives for CSU students.
- **CalFresh outreach support.** The budget appropriates \$3 million General Fund in 2023-24 to the Center for Healthy Communities at CSU Chico to address the continued crisis of food insecurity on college campuses.
- **CSU Dominguez Hills.** The budget appropriates \$15 million General Fund in 2023-24 to support this campus.
- **CSU Title IX Investigations.** The budget appropriates \$1 million General Fund in 2023-24 for CSU to improve investigations into Title IX sexual harassment claims.

6870 CALIFORNIA COMMUNITY COLLEGES (CCC)

- **Local Property Tax Adjustment.** The budget adopts a Proposition 98 framework that provides an additional \$142.7 million ongoing, using the Legislative Analyst's Office local property tax estimate.
- **Apportionments Cost-of-Living Adjustment (COLA).** The budget includes an 8.22 percent cost-of-living adjustment for apportionments for a total of \$678 million ongoing Proposition 98 General Fund.

- **CCC Flexible Spending.** The budget includes trailer bill language in SB 117 that allows districts to spend flexibly among the following purposes: 1) Recruitment and retention initiatives, 2) all purposes within the CCC COVID-19 Recovery Block Grant included in the 2022 Budget Act, and 3) the CCC Deferred Maintenance categorical program.
- **Recruitment and Retention Initiatives Reduction.** The budget rejects the Governor's January budget and May Revision proposals for this initiative. The budget also reduces the amount scored to 2022-23 from \$150 million to \$94.16 million Proposition 98 General Fund.
- **Deferred Maintenance Reduction.** The budget includes a net reduction of \$494.3 million one-time Proposition 98 General Fund based on reductions and appropriations scored to the 2021-22, 2022-23, and 2023-24 fiscal years.
- **California Community College COVID-19 Recovery Block Grant Decrease.** The budget rejects the May Revision proposed decrease of approximately \$345 million one-time Proposition 98 General Fund in support of the California Community College COVID-19 Recovery Block Grant.
- **Funding Budget Year Apportionments with One-Time Resources.** The budget uses \$503 million in one-time Proposition 98 General Fund to support Student-Centered Funding Formula costs for 2023-24.
- **CCC Categorical Program COLAs.** The budget includes an increase of \$95.5 million Proposition 98 General Fund in 2023-24 and ongoing to provide an 8.22 percent COLA for the Adult Education Program, apprenticeship programs, CalWORKs student services, campus child care support, Disabled Students Programs and Services, Extended Opportunity Programs and Services, and mandates block grant.
- **Enrollment Growth.** The budget includes \$26.4 million Proposition 98 General Fund in 2023-24 and ongoing to support 0.5 percent enrollment growth.
- **Workforce Training Grants.** The budget includes an increase of \$14 million reappropriated Proposition 98 General Fund one-time to support the administration of workforce training grants in collaboration with the California Department of Forestry and Fire Protection.
- **Chief Business Officer Mentorship Program.** The budget includes an increase of \$275,000 Proposition 98 General Fund, of which \$200,000 is ongoing, to develop a community college chief business officer professional learning program run through the Fiscal Crisis and Management Assistance Team to improve community college district leadership capacity and fiscal accountability.
- **Additional Categorical Program COLAs.** The budget includes \$16.9 million Proposition 98 General Fund in 2023-24 and ongoing to provide a COLA for basic needs centers, mental health services, rapid rehousing, NextUp, MESA, Puente, veteran's resource centers and Umoja.

- **Debt Free College for CCC current and former foster youth.** The budget includes trailer bill language to amend the Student Success Completion Grant so that students who are current or former foster youth receive \$5,250 per semester, or quarterly equivalent, for 12-15 units of study to cover their unmet need.
- **Associate Degree in nursing programs at CCC.** The budget includes, subject to future legislation, \$60 million per year, starting in 2024-25 for at least five years to grow, educate, and maintain the next generation of registered nurses through the community college system.
- **Categorical Program Statutory Changes to Meet CCC Roadmap Goals.** The budget rejects the May revision proposal for trailer bill language that allows all CCC districts to spend flexibly amongst the following categorical programs beginning in 2023-24: Student Equity and Achievement Program, Student Financial Aid, and Student Mental Health Resources. The proposed language would have directed the CCC Chancellor's Office to assess district-level progress towards the roadmap goals and revoked the flexible spending authority from CCC districts that do not hit their goals.
- **LGBTQ+ Pilot Project.** The budget includes \$10 million Proposition 98 General Fund a year for three years to support the LGBTQ+ Pilot Project.
- **Los Angeles Community College District Small Business Entrepreneurship and Innovation Center at East Los Angeles College.** The budget includes one-time \$2.5 million Proposition 98 General Fund to support this center.
- **Student Success and Completion Grant Program Adjustment.** The budget approved the May Revision decrease of \$50 million one-time Proposition 98 General Fund to reflect revised program participation. This brings the total support for the program to \$362.6 million General Fund in 2023-24.
- **CCC Facilities.** The budget includes General Obligation funding of \$232 million one-time for the construction phase of 12 projects and the design phases of two projects. Two projects with new funding will have previously authorized funding reverted. Of the \$232 million, \$121 million represents the next installment of the \$2 billion available to the CCCs under Proposition 51 and \$111 million is from older bonds measures.
- **CCC Strong Workforce Program (SWP).** The budget includes trailer bill language stating that districts may use their SWP funds (1) to enhance student services, (2) to cover fees charged by a third party for student certifications and licensing, and (3) for work-based learning.
- **Online and Hybrid Education Review and Recommendations.** The budget appropriates \$500,000 Proposition 98 General Fund to the Chancellor's Office of the CCC to enter into a memorandum of understanding with a third-party research institution to conduct a systematic review of online and hybrid education at community colleges throughout the state. SB 142 clarifies the types of study that can be conducted and requires nationally recognized research design standards.

- **CalFresh campus-county data sharing.** The budget includes trailer bill language in SB 117 that requests information from the CCC about current data sharing agreements with counties to improve student access to the CalFresh program.
- **Full-Time (FT) Faculty.** The budget includes trailer bill language in SB 117 that does the following:
 - Requires community college districts, as a condition of receiving funding for FT Faculty, to report its progress in increasing the percentage of instruction by full-time faculty and in diversifying faculty.
 - Requires the Chancellor's Office to, no later than May 30 of each year, synthesize the information received from the districts into a systemwide report to be posted on a public website.
 - Requires the Chancellor's Office to establish and implement a process that verifies that district expenditures related to FT Faculty are used for that purpose.
 - Requires colleges to expand their use of best practices in terms of Equal Employment Opportunity programs to promote faculty diversity by directing the Chancellor's Office to ensure that districts are performing analyses needed to identify and determine the causes of any underrepresentation in the faculty they hire.
- **CCC Part-Time Faculty Health Insurance.** The budget includes trailer bill language in SB 142 that allows districts that contract with the California Public Employees' Retirement System (CalPERS) to provide CalPERS health benefits to all faculty that have two courses or 40 percent of the cumulative equivalent of a minimum full-time teaching assignment.

6980 CALIFORNIA STUDENT AID COMMISSION (CSAC)

- **Middle Class Scholarships (MCS).** Consistent with the Budget Act of 2022, the budget includes an increase of \$227 million General Fund in 2023-24 to the MCS that focuses resources toward reducing a student's total cost of attendance. The budget also includes \$289 million in 2024-25 for MCS.
- **Cybersecurity.** The budget includes an increase of \$1.4 million General Fund in 2023-24, of which \$469,000 is ongoing, to assess CSAC's current information technology system, address cybersecurity issues, and support two positions.
- **Financial Aid Programs.** The budget includes a total of \$638,000 for five positions beginning in 2023-24 to support the Commission's financial aid workload.
- **Golden State Education and Training Grant Program Elimination.** The budget includes a decrease of \$480 million General Fund one-time to wind down the Golden State Education and Training Program at the end of the 2022-23 fiscal year.
- **Cal Grant Program Caseload Adjustments.** The budget reflects May Revision updated Cal Grant expenditures based on the latest estimates of enrollment of Cal Grant-eligible students. In

total, the adjustments estimated Cal Grant expenditures of approximately \$2.2 billion in 2021-22, \$2.3 billion in 2022-23, and \$2.3 billion in 2023-24.

- **Golden State Teacher Grant Program (GSTG).** The budget includes an increase of \$6 million one-time federal funds to support grants to students enrolled in a special education teacher preparation program at high-need school sites. (CSAC would receive the funding as reimbursements from the California Department of Education.) This funding would supplement the \$98 million state General Fund provided to CSAC for the program in 2023-24. As well, this proposal includes trailer bill language in SB 142 that expands program eligibility to institutions that offer services online to students and are either accredited by the Senior Colleges and Universities Commission of the Western Association of Schools and Colleges or regionally accredited by an agency recognized by the United States Department of Education. Statutory language caps the percentage of GSTG appropriated funds that can be allocated to support the \$10,000 award level for students taking teacher preparation coursework at these eligible institutions to eight percent of the total appropriations provided to support the program. More detail is included in the PreK-12 section of this report.
- **Cash for College.** The budget includes an increase of \$103,000 General Fund in 2023-24 and ongoing currently unallocated in the California Student Aid Commission's budget to support the Cash for College program, a longstanding program that offers workshops to help students complete their financial aid applications.
- **Cal Grant Priority Application Deadline Extension.** The budget includes trailer bill language in SB 117 that extends the Cal Grant priority deadline given the pending but delayed launch of new simplified, federal Free Application for Federal Student Aid (FAFSA) forms. The federal FAFSA Simplification Act will be a significant overhaul of the processes and systems used to award federal student aid starting with the 2024-25 award year. Traditionally, Oct. 1, 2023 would be the launch date for the 2024-25 FAFSA period but recent communications with the state suggest that a delay to January 1, 2024 could occur. Because of the delayed launch and uncertainty, a filing period that is up to three months shorter may occur and result in more students without Cal Grant that would have otherwise qualified.
- **Cal Grant Private, Nonprofit Award Clarification.** The budget includes trailer bill language in SB 117 that clarifies that the maximum award amount for students attending a private nonprofit institution is maintained at \$9,358 in 2023-24.
- **Middle Class Scholarships Clean Up.** The budget includes trailer bill language in SB 117 and SB 142 that, commencing with the 2023-24 academic year, exempts emergency housing assistance and emergency basic needs assistance, including emergency assistance from institutional-based foster youth support programs, which are only in excess of the student contribution amount of \$7,898 from the MCS award calculation. Additionally the language, commencing with the 2024-25 academic year, incorporates in the calculation of MCS award amounts, institutionally operated non-need-based scholarships in the category of scholarships that are only in excess of the student contribution amount of \$7,898. Finally, the language adds clarification language to ensure that a student's gift aid does not exceed the allowable gift aid under federal regulations.

- **Debt Free College for UC and CSU current and former foster youth via MCS.** The budget includes \$5.2 million General Fund in 2023-24 and ongoing and trailer bill language in SB 117 to expand eligibility for the Middle Class Scholarship for foster youth. Changes in trailer bill language will cover the total cost of attendance for CSU and UC students who are current or former foster youth by providing these students with their full award amount.
- **Cohort Default Rate for Cal Grant Institutional Eligibility.** The budget includes trailer bill language in SB 117 that requires the California Student Aid Commission to use the cohort default rate from 2020 (instead of the most recent rate) to determine whether an institution is eligible to participate in the Cal Grant program in the 2024-25 award year. Institutions are required to have a cohort default rate below 15.5 percent to participate in the Cal Grant program.
- **CA Student Aid Commission Regulatory Authority for MCS.** The budget includes trailer bill language in SB 117 that authorizes the Commission to adopt regulations, as it deems necessary, for the implementation of MCS.

Higher Education Budget and Trailer Bills

1. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
2. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
3. *Budget Act of 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*
4. *Higher Education – Senate Bill 117 (Committee on Budget and Fiscal Review), Chapter 50, Statutes of 2023.*
5. *Higher Education – Senate Bill 142 (Committee on Budget and Fiscal Review), Chapter 195, Statutes of 2023.*

SUBCOMMITTEE 2
ON
NATURAL RESOURCES,
ENVIRONMENTAL
PROTECTION, AND ENERGY

Senate Committee on Budget and Fiscal Review

Members

Josh Becker, Chair
Brian Dahle
Mike McGuire

Consultants

Joanne Roy
Eunice Roh

SUBCOMMITTEE No. 2

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NATURAL RESOURCES

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

- **Biodiversity and Conservation Priority Actions and Report (AB 2278).** The budget appropriates \$792,000 General Fund in 2023-24 and 2024-25 and \$432,000 General Fund ongoing to implement the requirements of AB 2278 (Katra), Chapter 349, Statutes of 2022. AB 2278 establishes priorities for the implementation of the 30x30 conservation goal provided in Executive Order N-82-20 and requires an annual report to the Legislature on progress made toward achieving this goal. This item will support prioritization of certain 30x30 implementation actions and annual reporting requirements.
- **California Climate Adaptation Strategy (AB 1384).** The budget appropriates \$500,000 General Fund in 2023-24 and ongoing to update the California Climate Adaptation Strategy as required by AB 1384 (Gabriel), Chapter 338, Statutes of 2022. AB 1384 establishes the Resiliency Through Adaptation, Economic Vitality, and Equity Act of 2022, which updates requirements for the state's climate adaptation strategy, the Safeguarding California Plan, to prioritize equity and vulnerable communities in the plan and include metrics to measure and evaluate the state's progress in implementing the plan.
- **Conservation of Long-Term Temporary Help to Permanent Positions.** The budget includes five permanent positions to be funded from savings within the baseline budget, various reimbursement agreements, and administrative allowances from recent investments. These positions are needed on a permanent basis to meet the growing and ongoing needs of CNRA. All costs are absorbable within CNRA's existing budget, and CNRA commits to periodically reviewing its position authority to align with future reductions, as needed.
- **Human Resources Consolidation.** The budget includes three positions in 2023-24 and ongoing to begin the transition of a consolidated human resources office for small entities within CNRA.
- **Museum of Tolerance.** The budget appropriates \$2.1 million one-time to support renovations of the Museum of Tolerance in Los Angeles, which provides education and messaging of tolerance and empowerment of the Jewish community.
- **Technical Adjustment to Reappropriation Item.** The budget includes technical corrections be made to Item 0540–491, as proposed in the April 1 Finance letter. These changes will allow the funding transferred to the Rivers and Mountains Conservancy to be reappropriated.
- **Dolores Huerta Peace and Justice Cultural Center.** The budget includes \$7 million General Fund one-time to CNRA for the purpose of constructing the Dolores Huerta Peace and Justice Center multi-cultural community center in Bakersfield. The center will contain a comprehensive community organizing and training academy, an art gallery, and a large multi-purpose hall.

- **Museum of Latin American Art.** The budget includes \$10 million General Fund one-time to CNRA for the Museum of Latin American Art to be used for breaking ground, making upgrades to existing buildings, adding new buildings with an energy efficient design, new open spaces, and modern layouts.
- **Definition of “Natural Infrastructure” Trailer Bill Language.** The 2023 Budget Act includes TBL, which adds “aquifers” to a list of examples of aquatic or vegetated terrestrial open spaces for the purposes of the definition of “natural infrastructure,” in Public Resources Code Section 71154. This code section pertains to climate change impacts and vulnerabilities and the Safeguarding California Plan.
- **Local Projects.** The budget appropriates \$100 million for 63 specific local projects identified in a budget control section.
- **Women’s 20th Century Club.** The budget appropriates \$2 million for the Women’s 20th Century Club located in Los Angeles.

0540 OCEAN PROTECTION COUNCIL

- **Intertidal Biodiversity Barcode Library.** The budget appropriates \$10 million General Fund to support the creation of an Intertidal Biodiversity Deoxyribonucleic Acid Barcode library.
- **Ocean Protection Council: West Coast Offshore Wind (OWE) Wildlife Science Entity.** The Legislature proposed to appropriate a total of \$6 million General Fund (\$1 million annually for six years) to the Ocean Protection Council for the purpose of creating a West Coast Offshore Wind Wildlife Science Entity to advise, coordinate, and oversee important science and monitoring necessary to inform the environmentally responsible development of offshore wind energy off the coast of California. In lieu of the proposed funding, the budget includes TBL specifying the intent of the Legislature for the Administration to conduct an assessment of OWE permitting and related resource needs across applicable state entities, such as the Energy Commission, the State Lands Commission, the California Coastal Commission, and the State Coastal Conservancy; and states that the outcomes of the assessment may be considered as part of a future budget.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3125 CALIFORNIA TAHOE CONSERVANCY
3340 CALIFORNIA CONSERVATION CORPS
3480 DEPARTMENT OF CONSERVATION (DOC)
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)
3560 STATE LANDS COMMISSION
3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
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3845 SAN DIEGO RIVER CONSERVANCY
3850 COACHELLA VALLEY MOUNTAINS CONSERVANCY
3855 SIERRA NEVADA CONSERVANCY
3860 DEPARTMENT OF WATER RESOURCES
3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY

- **CNRA Bond and Technical Proposals and Spring Finance Letter.** The budget includes technical actions including appropriations and reappropriations from various bonds, reversions, reversions with associated new appropriations, and other non-bond technical adjustments to continue implementation of various programs.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3125 CALIFORNIA TAHOE CONSERVANCY

- **Lake Tahoe Science and Lake Improvement Account Realignment.** The budget includes \$110,000 ongoing to CNRA to support the bi-state Tahoe Science Advisory Council allowing the Council to collaborate with Lake Tahoe management agencies and communicate science findings; and \$180,000 (\$150,000 state operations and \$30,000 local assistance) and 0.5 position ongoing to the California Tahoe Conservancy to support staff in guiding and managing investments in aquatic invasive species control and public access projects.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3900 CALIFORNIA AIR RESOURCES BOARD (CARB)
8570 CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

- **Natural and Working Lands (AB 1757).** The budget includes the following:
 - **CNRA:** \$3.16 million General Fund in 2023- 24, \$510,000 General Fund in 2024-25 and ongoing, and two permanent positions in 2023-24 and ongoing to implement AB 1757 (C. Garcia and R. Rivas), Chapter 341, Statutes of 2022. Specific activities required by AB 1757 include developing targets, updating the Natural and Working Lands (NWLs)

Climate Smart Strategy, and tracking greenhouse gas (GHG) emissions on natural and working lands across CNRA entities.

- **CARB:** 12 positions and \$4.1 million Cost of Implementation Account (COIA) in 2023-24 and ongoing, including \$1.5 million in contract funds, to meet the requirements of AB 1757, which include setting carbon sequestration targets, establishing methods to track GHGs and carbon sequestration from NWLs over time, and integrating the targets into the AB 32 Scoping Plan.
- **CDFA:** \$363,000 General Fund and two positions in 2023-24 and ongoing to provide adequate staffing at CDFA's Office of Environmental Farming and Innovation (OEFI) for activities such as updating the Natural and Working Lands Climate Smart Strategy. OEFI administers Climate Smart Agriculture incentive programs and provides scientific consultation to support interagency activities related to climate change and environmental impacts of agriculture. This funding is intended to provide sufficient resources to support inter-agency coordination and information-sharing.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

3780 NATIVE AMERICAN HERITAGE COMMISSION (NAHC)

- **Derogatory Geographic Names (AB 2022).** The budget includes \$433,000 General Fund in 2023-24 and 2024-25, \$183,000 General Fund in 2025-26 and ongoing, and one permanent position for CNRA; and \$75,000 General Fund in 2023-24 and 2024-25 for NAHC to implement AB 2022 (Ramos and C.Garcia), Chapter 479, Statutes of 2022. AB 2022 includes significant scope changes for the existing California Advisory Committee on Geographic Names and requires the removal of derogatory names by public agencies. This item funds staff, facilitation services for formal tribal consultation and public engagement, and direct expenditures to meet new tracking and reporting requirements.

0690 CALIFORNIA OFFICE OF EMERGENCY SERVICES (CAL OES)

0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

3860 DEPARTMENT OF WATER RESOURCES (DWR)

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

- **May Revision Flood Package.** In addition to the various flood items in the Governor's budget (January), the budget includes a MR Flood Package as follows:
 - **Flood Contingencies.** The MR requested that Control Section 11.86 be added to administer a \$125 million one-time General Fund flood contingency set aside to support costs associated with preparedness, response, recovery, and other associated activities related to the 2023 storms, the resulting snowmelt, and other flooding risks.

Instead, the budget includes \$135 million, appropriated as follows: \$20 million for the community of Pajaro, \$20 million for community of Planada, and \$95 million for other response and recovery activities.

Budget bill language requires the Administration to provide details to the Joint Legislative Budget Committee (JLBC) about how the \$95 million will be spent. The Department of Finance has submitted the notification for spending the \$95 million to JLBC, as follows:

- \$67 million to DWR for critical levee repairs;
 - \$14 million to SWRCB to address needs resulting from flood impacts to domestic wells;
 - \$11.7 million to the Department of Social Services to provide direct assistance to individuals affected by floods who are ineligible for support through other programs; and,
 - \$2.3 million to CDFA and the University of California to restore services at a flood-damaged animal and food safety laboratory.
- ***California Small Agriculture Business Drought and Flood Relief Grant Program.*** The MR requested that Item 0509-102-0001 be increased by \$25 million one-time to expand the existing California Small Agricultural Business Drought Relief Grant Program to provide direct assistance to eligible agriculture-related businesses that were affected by the winter storms in 2023. In the final budget, \$20 million was approved for the Governor's Office of Business and Economic Development for the Small Agriculture Business Drought and Flood Relief Grant Program; and \$5 million to CDFA for the California Underserved and Small Producers Program (CUSP) Drought and Flood Relief Grant Program.
 - ***Flood Control Subventions Program (FCSP).*** The budget appropriates \$75 million General Fund to continue implementing FCSP, which provides financial assistance for the state cost-share of federally authorized and federally led flood management projects undertaken by local partners. California Water Code mandates the application and administration processes by which local agencies can obtain reimbursement from the state; and additional funding is needed to meet DWR's existing obligations anticipated over the next two years.
 - ***Disaster Response Emergency Operations Account (DREOA).*** The budget appropriates \$25 million in 2022-23 for additional potential flood emergency costs that may have materialized in the 2022-23. (These funds will be provided through Cal OES.)
 - ***Drought and Flood Streamlining (TBL).*** Among other things, the budget includes TBL that does the following: exempts specified activities regarding the diversion of floodflows for groundwater recharge from specified notification and permitting requirements; provides that diversion of floodflows for groundwater recharge do not require an appropriative water right if specified conditions regarding the diversion are met; exempts from the California Environmental Quality Act (CEQA) specified actions related to the implementation of Colorado River water conservation agreements with the US Bureau of Reclamation.

3100 EXPOSITION PARK

- **California Highway Patrol Contract Salary Increase.** The budget includes \$208,000 General Fund ongoing to account for the cumulative 10 percent general salary increase from the current Bargaining Union 5 contract (2019 – 2023).
- **Electronic Payment Acceptance Fees Augmentation.** The budget includes an increase of \$100,000 Exposition Park Improvement Fund (EPIF) ongoing for a total appropriation of \$200,000 for fees associated with electronic payment acceptance. The original appropriation was established in the 2018 Budget Act. Since then, there has been a significant increase of debit/credit card transactions versus cash payments for parking fees. In addition, service fees for debit/credit card processing have also increased.
- **Park Wide Surveillance System.** The budget includes \$500,000 General Fund one-time for the working drawings phase of a project to implement a parkwide surveillance system that will allow Exposition Park’s Department of Public Safety to patrol the grounds more efficiently, decrease liability to the state for loss of property or life, and allow for more proactive policing to protect the states assets and visitors of the park.
- **Parking Services Management Augmentation.** The budget includes an ongoing increase of \$800,000 EPIF to support growing parking needs at Exposition Park and the required parking services and revenue collection.
- **Operations and Administration Supervisor.** The budget appropriates \$152,000 one-time, \$160,000 ongoing Exposition Park Improvement Fund (EPIF) to establish one Staff Services Manager II to oversee operations and administration management, including supervision of administrative, operations, and events personnel. This position will work in concert with the Office of Exposition Park Management (OEPM) executive leadership to develop and implement policies, create operational efficiencies, and identify opportunities for revenue-generation flexibilities. This position may also support efforts to formulate policies and operations to create public and private partnerships and business development opportunities.
- **Park Partnerships.** The budget includes ongoing funding from EPIF to establish one Staff Services Manager I position to facilitate strategic constituent and stakeholder management including managing community coalition building, digital engagement strategies and social media, storytelling campaigns for Exposition Park to support the implementation of the Exposition Park Master Plan and the 2028 Olympics.
- **Park Wide Surveillance System Supplemental Appropriation.** The budget includes a supplemental appropriation of \$600,000 EPIF for the working drawings phase of the Park Wide Surveillance System project. As preliminary plans near completion, it has been identified that the unique layout of the park and unrecorded rights on the impacted portions of the property will result in the need for additional resources for real estate due diligence in the working drawings phase of the project.

- **Peace Officers: Exposition Park (AB 483) — Reappropriation.** The budget reappropriates \$1.95 million one-time General Fund for compliance with AB 483 (Jones-Sawyer), Chapter 411, Statutes of 2021. AB 483 grants peace officer status to security officers appointed by the Exposition Park Manager, as specified, and clarifies the training requirements for those peace officers. Ongoing transition efforts and related activities continue through 2025, and additional time is needed to expend funds.
- **Southeast Underground Parking Structure.** The budget appropriates \$14.1 million Public Buildings Construction Fund to construct an underground parking structure with an open, green space on its top deck, which is intended to be available to serve as additional event space that can generate revenue for the EPIF.
- **Los Angeles Memorial Coliseum Commission.** The budget appropriates \$1.46 million General Fund to the Los Angeles Memorial Coliseum Commission to fund its California Public Employees' Retirement System obligation, consistent with a resolution adopted by the commission at its March 9, 2023, meeting.

3100 EXPOSITION PARK

3100 CALIFORNIA AFRICAN AMERICAN MUSEUM (CAAM)

- **Creation of Foundations.** Among other things, the budget includes TBL authorizing the establishment of nongovernmental trusts (foundations) for the California African American Museum (CAAM) and Exposition Park; and allows these foundations to perform specified actions. This bill authorizes CAAM's board of directors and OEPM to enter into concession contracts related to merchandise for each entity. This bill requires the Department of Finance, on or before January 10, 2024, and annually thereafter, to submit a report about the foundations to the Legislature and Legislative Analyst's Office. These provisions sunset on July 1, 2030.

3100 CALIFORNIA AFRICAN AMERICAN MUSEUM (CAAM)

- **Americans with Disabilities Act (ADA) Compliance.** The Governor's budget appropriates \$50,000 EPIF in 2023-24 and \$25,000 EPIF ongoing for CAAM to support compliance with ADA, such as providing closed captions and audio description features for all media on view in the museum and providing a sign-language interpreter for public programs.

3100 CALIFORNIA SCIENCE CENTER

- **Minimum Wage Increase and Wage Compression Impact.** The budget includes an ongoing baseline budget adjustment of \$723,000 beginning in 2023-24 to address the state's minimum wage increase (\$407,000) and wage compression (\$316,000) impact to its direct charge contract with the Foundation. As authorized by Food and Agriculture Code section 4101.4, the direct charge contract is for specialized functions that are not generally available in state civil service. These contracted services include exhibit maintenance, educational and guest services, and horticultural and animal care. This item includes TBL to provide the Science Center the

opportunity to request augmentation of its operating budget to mitigate the impact of any future state's minimum wage increases.

- **California Science Center Phase III Debt Service.** The budget includes a decrease to Item 3100-001-0001 by \$2.43 million to be in accordance with the Food and Agricultural Code section 4103.5. This section requires the state to fund debt service on the California Science Center Phase III project starting in 2022-23 or the year in which the facility is certified as available for use and occupancy. The current project schedule indicates the certificate of occupancy will not be issued until 2024-25; thus, a decrease is included.
- **Operational Start-Up for California Science Center Phase III Facility.** The budget includes \$1.34 million and three full-time positions for 2023-24 for start-up of the state-approved 200,000-square-foot Air and Space Center scheduled to open in spring 2025.

3125 CALIFORNIA TAHOE CONSERVANCY

- **Forest Management Workload Support.** The budget includes two positions to implement projects funded by reimbursable grants and existing funding. The positions will increase the pace and scale of forest restoration work in the region in order to reduce risks associated with catastrophic wildfires, drought, and climate change. The positions are needed to carry out projects consistent with recently secured grant funding, as well as the wildfire and forest resilience funding appropriated to the conservancy.

3340 CALIFORNIA CONSERVATION CORPS (CCC)

- **Mission Critical Resources.** The budget includes position authority for one Office Technician, one Conservationist I, one Conservationist II, one Building Maintenance Worker, and one Information Technology Specialist II in 2023-24 and ongoing to address critical staffing needs and to provide sufficient resources to help carry out the department's mission. This item has a net zero fiscal impact.
- **Implementation of New Fire Fighter Personal Protective Equipment Regulations.** The budget appropriates \$1.12 million General Fund in 2023-24 and \$841,000 ongoing to fund one position, various operating expenses and equipment costs, and special repairs necessary to ensure compliance with revisions to regulations related to personal protective clothing and equipment for fire fighters.
- **Residential Center, Auberry: New Residential Center, Reappropriation.** The budget reappropriates \$2.6 million General Fund for the working drawings phase of the Residential Center, Auberry: New Residential Center project. The project will either renovate an existing elementary school or create a new facility that includes buildings consisting of an administration building, several dormitories, an education building, a multipurpose building, a kitchen, a dining room, an apparatus building(s) with CalFire administration offices, a laundry room, CalFire office quarters (a captain's barracks), a new warehouse with work area, and a hazardous materials storage building. Additionally, the scope of work includes related infrastructure and site work as

needed. This facility is intended to accommodate about 90 permanent, residential Corpsmembers and to support Type I fire crews and respective CalFire staff. Total project costs are estimated at \$114.9 million.

3460 COLORADO RIVER BOARD OF CALIFORNIA (CRB)

- **Contracted Fiscal Services Support.** The budget includes an ongoing budget increase of \$136,000 to support the provision of accounting and budgeting services by the Department of General Services' Contracted Fiscal Services division. CRB's annual expenses are fully reimbursed by local water and power agencies.

3480 DEPARTMENT OF CONSERVATION (DOC)

- **SB 1295 Cleanup.** The budget includes technical amendments to SB 1295 (Limón), Chapter 844, Statutes of 2022, which allows DOC's Geologic Energy Management Division (CalGEM) to factor assessments added by SB 1295 into its fee schedule over the next two years. The assessments included in SB 1295 were connected to General Fund approved in the 2022 Budget Act agreement for oil well plugging and abandoning; and these technical amendments will allow CalGEM to incorporate the additional SB 1295 assessments into future budget authority.
- **CalGEM: Environmental Review and CEQA Compliance.** The budget includes thirteen permanent positions for CalGEM to evaluate, disclose, consider, and address surface and subsurface-related environmental impacts of oil, gas, and geothermal activities; to conduct an environmental review on proposed regulatory action; and to provide legal guidance on, and defense of, actions taken to carry out responsibilities under CEQA. In the past two years, the workload associated with carrying out these mandates has grown significantly for CalGEM as a result of an increase in permit reviews and expanded practices as a result of court cases.
- **Reappropriation: CalGEM.** The budget reappropriates \$1 million Oil, Gas, and Geothermal Administrative Fund until June 30, 2024, for contract funding authorized in the 2022 Budget Act in order to study fugitive emissions such as greenhouse gases, toxic air contaminants, and volatile organic compounds.
- **Reduction of 2023-24 Appropriation (Multi-Benefit Land Repurposing Program).** The budget decreases Item 3480-001-0001 by \$1 million one-time and eliminates Item 3480-102-0001 in order to reduce the amount provided for the Multi-Benefit Land Repurposing Program. As a result of lower revenue projections and a resulting increase in the budget problem, the budget includes these adjustments to assist in closing the projected shortfall.
- **Sustainable Agricultural Lands Conservation Program.** The budget reduces \$25 million General Fund that was intended for the Sustainable Agricultural Lands Conservation Program. Other funding for the program remains, including annual funding allocations of Greenhouse Gas Reduction Fund (GGRF) as part of the continuously appropriated Affordable Housing and Sustainable Communities program through the Strategic Growth Council. While the annual funding amounts vary depending on the level of cap-and-trade auction revenues, they typically

total in the tens of millions of dollars.

3480 DEPARTMENT OF CONSERVATION

3900 CALIFORNIA AIR RESOURCES BOARD (CARB)

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

- **Withdrawal of SB 1137 Implementation: Health Protection Zones.** An Spring Finance Letter (SFL) was approved, which requested withdrawal of a GB proposal. The GB proposal would have implemented SB 1137 (Gonzalez), Chapter 365, Statutes of 2022, which prohibits the CalGEM from approving a notice of intention (commonly referred to as an NOI) within a health protection zone, as defined, except under specified circumstances; requires all oil and gas production facilities or wells within a health protection zone to comply with health, safety, and environmental requirements, as provided; and requires compliance with specified community communication and water sampling requirements. Because the Secretary of State certified a referendum measure to SB 1137 for the November 2024 ballot, the Administration withdrew this proposal.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)

- **Public Works Contracts.** The budget includes TBL clarifying that CalFire, upon approval by the Department of Finance, is authorized to plan, design, construct, and administer contracts and professional services for public works projects under CalFire's jurisdiction.
- **Hayfork Fire Station: Relocate Facility.** The budget appropriates \$1.5 million General Fund for the acquisition phase of Hayfork Fire Station: Relocate Facility project. The project includes acquiring property, design, and construction of a new fire station in the vicinity of the Hayfork valley. Total project costs are estimated at \$15.93 million. The acquisition phase is estimated to begin in July 2023 and be completed June 2025. Hayfork Fire Station is a single-engine station within CalFire's Shasta-Trinity Unit providing initial ground base firefighting response to over 51,000 acres of State Responsibility Area and 24-hour, 7-days per week emergency medical response to rural Trinity County.
- **Implementation of New Fire Fighter Personal Protective Equipment (PPE) Regulations.** The budget includes \$18.4 million General Fund and 12 positions starting in 2023-24, \$18.74 million in 2024-25, \$19.4 million in 2025-26, \$17.08 million in 2026-27 and \$13.3 million General Fund ongoing, to ensure compliance with revisions made to the California Code of Regulations, Title 8, Article 10.1 Safety Orders: Personal Protective Clothing and Equipment for Fire Fighters. More specifically, the budget includes:
 - \$4.2 million one-time for wildland firefighting protection ensemble, split between three years.
 - \$11.2 million one-time for PPE extractors and dryers, split between four years.
 - \$5.0 million ongoing for PPE retirement and replacement for both wildland and structural PPE ensembles.

- \$8.4 million one-time for region PPE cache, split between three years, to supply additional PPE for each of the two CalFire Region PPE caches.
- \$750,000 ongoing to implement and support a statewide PPE inventory tracking system.
- \$3.2 million ongoing for the annual inspections, repair, and deep cleaning.
- \$1.8 million ongoing for support staff.
- **L.A. Moran Reforestation Center (LAMRC) Improvements.** The budget appropriates \$50,000 General Fund for the working drawings phase of the LAMRC project. The project includes the construction of an administration building, a maintenance shop, a styroblock washing station and storage building, a soil building, and a cold storage building. Additionally, the scope will include site work as needed, connecting the sewer main to the City of Davis, and providing appurtenances to support the reforestation center. Total project costs are estimated at \$5.83 million. LAMRC is a year-round facility that is in the process of reinstating nursery operations to its fullest potential and upgrading facilities that have deteriorated over the years. The primary purpose of LAMRC is to provide high quality seed necessary to protect the genetic integrity and diversity of forest tree species as well as provide seedlings in forested areas throughout the state impacted by tree mortality and wildfire.
- **Land Acquisition: Almaden Fire Station.** The budget appropriates \$1.5 million General Fund for the acquisition phase of the Land Acquisition: Almaden Fire Station project, located in Santa Clara County. This is a new project, which will seek to acquire the land on which the fire station sits.
- **Mobile Equipment Reappropriation.** The budget includes budget bill language to reappropriate \$3.3 million (\$1.8 million General Fund and \$1.5 million GGRF from the Budget Act of 2020 and \$4.5 million (\$2.9 million General Fund and \$1.6 million GGRF) from the Budget Act of 2021, for an additional year, allowing more time to encumber and expend due to manufacturer delays and supply chain issues as a result of the COVID-19 pandemic.
- **Rohnerville Air Attack Base (RAAB).** The budget appropriates \$60,000 General Fund for the preliminary plans phase and working drawings phase of RAAB: Replace Fuel System project. Total project costs are estimated at \$2 million. Since RAAB is located adjacent to Humboldt Bay, the coastal environment, the salt air, and the severe weather has taken its toll on the Jet-A tank. The steel tank is exhibiting rust and corrosion on the surface and on all piping penetration.
- **Self-Generating Power Projects in Tehama-Glenn and Fresno-Kings Units.** The budget appropriates \$1 million General Fund for the working drawings phase of the Self-Generating Power Projects in Tehama-Glenn and Fresno-Kings Units project. This project includes the purchase and installation of renewable energy (e.g., solar array, wind power generation, and clean back-up power supplies with supporting infrastructure) for state-owned facilities within two administration units: Tehama-Glenn and Fresno-Kings. Total project costs are estimated at \$30 million.

- **Workers' Compensation (AB 1751 and SB 1127).** The budget includes \$1.5 million (\$1.3 million General Fund, \$62,000 Special Funds, and \$211,000 Reimbursements) and six positions starting in 2023-24, and \$964,000 (\$719,000 General Fund, \$36,000 special funds, and \$209,000 Reimbursements) ongoing to address the statutory requirements set forth by AB 1751 (Daly), Chapter 758, Statutes of 2022, and SB 1127 (Atkins), Chapter 835, Statutes of 2022. AB 1751 extends the sunset date of the workers' compensation COVID-19 presumptions, as specified, to January 1, 2024. SB 1127 increases the maximum time specified firefighters can access wage replacement disability benefits for cancer work-related injuries from 104 weeks within five years to 240 weeks with no time limit. The bill also reduces the time period an employer has to deny liability for a workers' compensation claim from 90 to 75 days for a workers' compensation claim for specified presumptive injuries.
- **Property Acquisitions: Camp Fox, Boys Ranch, and Sierra Elementary.** The budget appropriates \$4 million General Fund for the acquisition phase for property at three locations throughout the state to expand current CalFire infrastructure: \$500,000 for Camp Fox in San Diego County, \$1 million for Boys Ranch in Sacramento County, and \$25 million for Sierra Elementary in Fresno County. These facilities are intended to be used for providing housing and training grounds for CalFire crews.
- **CalFire Training Center Capacity.** The budget includes \$8.9 million General Fund in 2023-24 and \$8.6 million General Fund annually through 2027-28 to address current issues of overcapacity at CalFire Training Centers by providing funding for two temporary facilities.
- **Additional CalFire Training Center: New Facility.** The budget includes \$645,000 General Fund for a study examining CalFire's training center needs and potential options to meet those needs.
- **Growlersburg Conservation Camp (CC): Replace Facility.** The budget appropriates \$4.5 million General Fund in 2023-24 to restart a previously paused project that would replace the existing facilities and infrastructure at the Growlersburg CC site in Georgetown (El Dorado County). The funding will support the working drawings phase. CalFire estimates the total cost of the project—including \$93 million for construction—to be \$100 million, and estimated completion in 2028. The Administration anticipates funding the construction phase of this project with lease revenue bonds, which ultimately would be repaid from the General Fund over approximately 25 years.
- **Deferred Maintenance.** The budget reduces by \$13 million the \$50 million provided in 2021-22 for CalFire to undertake deferred maintenance projects.
- **2023-24 Fire Protection Augmentation.** The budget includes \$118 million one-time (\$116 million General Fund, \$1.3 million Reimbursements, and \$224,000 Special Funds) and 503.5 positions in 2023-24 to augment fire protection resources considering the trends associated with climate change, the long-lasting effects of drought conditions, increasing fire severity and size, declining inmate camp populations to provide vegetation management, hazardous fuel reduction projects, and wildland fire suppression support.

- **Reversions of Lake Napa Projects.** The budget reverts \$27.3 million General Fund in funding authorities for the Lake/Napa Unit Auto Shop and Warehouse Replacement Facility and Lake Napa Unit Headquarters and St. Helena Fire Station Relocation projects. CalFire intends to propose a project for the 2024-25 fiscal year that will combine both capital projects on one site.
- **Urban Forestry Inflation Reduction Act Grant.** The budget includes \$43.2 million Federal Trust Fund and eight positions 2023-24 through 2027-28 (\$8.1 million and 6.1 positions in 2023-24) to implement urban forestry grants from federal funding awarded by the US Forest Service through the Inflation Reduction Act (IRA). This authority is intended to allow CalFire's Urban and Community Forestry Program to increase the development of sustainable urban and community forests in California and assist disadvantaged communities in working towards a more equitable tree canopy distribution, providing greenhouse gas reduction and reducing the effects of extreme heat.
- **Various Reappropriation Requests.** The budget includes budget bill language for various reappropriations necessary to continue implementation of existing authorized programs, including wildfire and forest resilience and mobile equipment investments.
- **Aviation Program Contracts.** The budget includes \$5.16 million General Fund in 2024-25, and \$5.32 million in 2025-26, to support two optional years of fixed-wing pilot and mechanics contract cost increases, as well as \$6.17 million General Fund in 2023-24, \$6.88 million in 2024-25, \$7.66 million in 2025-26, \$11.98 million in 2026-27, and \$16.73 million in 2027-28 to support three firm years and two optional years of increased contractual costs of a follow-on aviation parts and logistics contract.
- **Bieber Forest Fire Station/Helitack Base: Relocate Facility.** The budget adds Item 3540-301-0660 in the amount of \$5.04 million one-time for the construction phase of the Bieber Forest Fire Station/Helitack Base facility relocation project. Revised estimated construction costs for the project were developed during completion of the working drawings phase of the project.
- **Office of the State Fire Marshal (OSFM), Fire and Life Safety.** The budget increases Item 3540-001-0001 by \$262,000 General Fund including two positions and reimbursements be increased by \$2.89 million and 11 positions; increases Item 3540-001-0102 (State Fire Marshal Licensing and Certification Fund) by \$1,000; increases Item 3540-001-0198 (California Fire and Arson Training Fund) by \$1,000; increases Item 3540-001-0209 (California Hazardous Liquid Pipeline Safety Fund) by \$1,000; increases Item 3540-001-0928 (Forest Resources Improvement Fund) by \$1,000; and increases Item 3540-002-3228 (GGRF) by \$9,000. This item includes a total of \$3.16 million in 2023-24, \$2.83 million ongoing, and 13 positions to support increased workload in OSFM's Fire and Life Safety Division related to plan reviews and construction inspections for state infrastructure projects as well as fire and life safety inspections in state owned, specified state occupied, and various other specified buildings statewide.
- **Pine Mountain Forest Fire Station.** The budget appropriates \$12.23 million General Fund to CalFire to pay off an interim financing loan for the Pine Mountain Forest Fire Station relocation and construction project.

3560 STATE LANDS COMMISSION (SLC)

- **South Ellwood Project — Platform Holly Caretaker Program.** The budget includes \$3.66 million one-time General Fund in 2023-24, with an extended encumbrance period through June 30, 2026, in order to retain the contractors necessary for the Commission to independently monitor, inspect, and timely respond to conditions on and around Platform Holly during the caretaker period following the final plug and abandonment of the platform's 30 wells in early 2023 and commencement of platform decommissioning by ExxonMobil, likely in 2026-2027. The interim "caretaker" period is expected to last up to four years.

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)

- **Western Joshua Tree Conservation Act.** The budget includes TBL that is intended to provide protections to the western Joshua tree by requiring: the development of a conservation plan; avoidance and minimization of a take of a tree; and permitting and mitigation of any take incidental to a project. The TBL requires fee authorized project proponents to mitigate a take by paying a per tree fee in lieu of conducting project-specific mitigation. The TBL requires fee renewal to fund actions to address threats to the western Joshua tree on a landscape level, as specified. The TBL allows for a listing under the California Endangered Species Act; but prescribes a process by which the Fish and Game Commission can make a listing determination for the pending listing after receiving updated information, as specified.
- **Climate Permitting Support.** The budget includes 40 permanent positions and \$10.2 million in General Fund in 2023-24 and \$9.6 million General Fund ongoing to expedite environmental review workload, including pre-consultation with project proponents, for priority energy and water infrastructure projects throughout the state. CDFW will allocate the positions and funding through two permitting project categories as follows:
 - 25 positions and \$6.4 million for permitting energy projects.
 - 15 positions and \$3.8 million for permitting water infrastructure projects.

These additional resources are intended to give the department the ability to work on priority energy and water infrastructure projects and augment existing staff to increase the number of permits issued each year for these two sectors.

- **Complete Fine-Scale Vegetation Mapping Reduction.** The Governor's January budget proposed to reduce \$20 million General Fund intended for fine-scale vegetation mapping (total appropriated was \$40 million in previous year's budget). The Legislature rejected this proposal resulting in the original \$40 million appropriation being left whole.
- **Continuation of the Cannabis Regulatory and Enforcement Program (CREP).** The budget includes 49 permanent positions, \$7.98 million (\$4.21 million Fish and Game Preservation Fund – Lake and Streambed Dedicated Account (FGPF-LSA) and \$3.77 million Cannabis Control Fund) in 2023-24, \$7.98 million (\$4.21 FGPF-LSA and \$3.77 million Cannabis Tax Fund) in 2024-25 and ongoing to permanently support CREP, which was initially approved in the 2017 Budget Act. CDFW has a unique and integrated role in the commercial cannabis cultivation

licensing process that will be ongoing given the regulatory framework established to integrate the Adult Use of Marijuana Act (commonly known as Proposition 64) requirements.

- **Incidental Take Permit for Long-Term Operations of the State Water Project (SWP) in the Sacramento-San Joaquin Delta.** The budget includes 16 permanent positions, \$2.98 million reimbursement authority in 2023-24, and \$2.79 million ongoing to complete the new workload associated with the SWP Incidental Take Permit (ITP). In 2019, CDFW and DWR were directed to develop a standalone ITP to regulate operations of the SWP independently of the federal Endangered Species Act. CDFW and DWR are required to collaborate on implementation of all aspects of the ITP, which has created a significant new workload for permitting and monitoring.
- **Klamath Facilities Removal: Monitoring, Restoration, and Lands Management.** The budget includes five permanent positions, \$1.97 million General Fund in 2023-24, \$1.38 million in 2024-25, and \$1.35 million ongoing to establish two new programs: the Upper Klamath River Fisheries Monitoring Program and the management of Parcel B Lands. The establishment of these programs are necessary to support fish monitoring, restoration, and land management after removal of the Klamath Dams. The Klamath Hydroelectric Settlement Agreement (KHSA) commits to ensuring anadromous fish passage and recolonization following the removal of Copco 1 Dam, Copco 2 Dam, and Irongate Dam from the Oregon border downstream to Bogus Creek. The KHSA also provides ownership transfer of approximately 7,100 acres of land to CDFW to manage.
- **Nutria Eradication Program (NEP).** The budget appropriates \$2.92 million General Fund in 2023-24, \$2.82 million in 2024-25 and 2025-26 to continue CDFW's Nutria Eradication Program efforts.
- **Oil and Pollution Response Resources.** The budget appropriates \$1.25 million Oil Spill Prevention and Administration Fund in 2023-24, and \$896,000 ongoing to perform operations related to oil spill response and support. As part of the follow up assessment to the Pipeline P00547 spill response, the Office of Spill Prevention and Response has identified an immediate need for additional resources to close operational gaps and improve response activities.
- **Wildlife Connectivity on the State Highway System (AB 2344).** The budget includes eight permanent positions and \$1.98 million General Fund in 2023-24 and ongoing to address the workload associated with the implementation of AB 2344 (Friedman), Chapter 964, Statutes of 2022. AB 2344 requires the Department of Transportation (Caltrans) to consult with CDFW to establish an inventory of wildlife connectivity needs and perform assessments to identify potential wildlife connectivity barriers on the state highway system. AB 2344 creates the Transportation Wildlife Connectivity Remediation Program to improve wildlife connectivity across transportation systems.
- **Creation of Information Security and Privacy Office.** The budget includes two permanent positions, \$596,000 Distributed Administration in 2023-24, and \$579,000 ongoing to create an Information Security and Privacy Office. The information security and privacy practices within CDFW are underdeveloped and unable to effectively provide security and privacy oversight for CDFW and its subordinate organizations. These positions will be used to implement the Governor's Cal-Secure roadmap, specifically the technology cybersecurity defenses.

- **Dedicated Fish and Game Preservation Fund Realignment.** The budget includes various adjustments to the Fish and Game Preservation Fund's dedicated accounts (including the Hatcheries and Inland Fisheries Fund and the Department of Fish and Wildlife – California Environmental Quality Act Fund), resulting in an increase of \$6.87 million and 23 permanent positions. These adjustments align the accounts' expenditure authority with revenues and help CDFW maintain stability, structural balance, and workload for the funds.
- **Lake Nacimiento and Lake San Antonio.** The budget expands the spending purpose of an appropriation of \$17 million to CDFW for local assistance to the Monterey County Water Resources Agency from fish screens and spillways that will support a future water conveyance tunnel between Lake Nacimiento and Lake San Antonio to improvements related to these two bodies of water.

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)**3860 DEPARTMENT OF WATER RESOURCES (DWR)**

- **Organizational Support for Salton Sea Management Program (SSMP).** The budget includes the following:
 - **CDFW:** Six positions, \$1.7 million in 2023-24 and \$1.6 million ongoing to provide technical support and aquatic habitat monitoring and management for SSMP.
 - **DWR:** Three positions funded within existing General Fund, Proposition 1, and federal fund resources to provide planning, design, implementation, monitoring, and operations and maintenance for SSMP.

The positions will be responsible for meeting the increased workload associated with implementation of the SSMP, including the construction and management of approximately 29,800 acres of habitat and dust suppression projects.

3720 CALIFORNIA COASTAL COMMISSION

- **Essential Enforcement Program Support.** The budget includes \$463,000 ongoing from the California Coastal Conservancy Fund and Violation Remediation Account and two positions to provide the California Coastal Commission's enforcement unit with necessary resources to continue work on the resolution of Coastal Act violations, bring administrative orders to hearing, and reduce the backlog of enforcement cases statewide.
- **Offshore Wind Energy: Coastal Commission.** The Legislature proposed \$2.76 million General Fund in 2023-24 for 13 positions (12 permanent position and one limited-term position) to perform duties associated with the offshore wind energy projects; and \$2.55 million General Fund in 2024-25 and ongoing. In lieu of the proposal, the budget includes TBL specifying the intent of the Legislature that the Administration conduct an assessment of offshore wind energy permitting and related resources needs across applicable state entities, such as the Energy

Commission, the State Lands Commission, the California Coastal Commission, and the the State Coastal Conservancy; and states that the outcomes of the assessment may be considered as part of a future budget.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

- **Humboldt Redwoods State Park: Founders Grove Parking Lot and Restroom Replacement.** The budget increases Item 3790-301-0952 by \$1.35 million one-time for the Humboldt Redwoods State Park: Founders Grove Parking Lot & Restroom Replacement project, as additional funds have been donated to support this project. This project includes construction of new restroom and parking lot facilities in an alternate location. The new site will include a new water source, water treatment system, and an accessible trail connection to Founders Grove.
- **State Parks: Concession Contracts: Old Town San Diego Historic State Park.** The budget includes TBL authorizing Parks to negotiate a concession contract, for a term of not more than 30 years, or an extension of an existing concession contract for a term of up to an additional 30 years, and to negotiate other terms, as provided, at Old Town San Diego State Historic Park.
- **Old Sacramento State Historic Park.** The budget includes TBL requiring Parks to include in a lease agreement, management agreement, or other agreement for the operation of a hotel in the Old Sacramento State Historic Park a provision that requires the entity responsible for development of the hotel, and each sublessee or subcontractor, to enter into a labor peace agreement, as specified.
- **New State Park — Dos Rios Ranch Day Use Public Access.** The budget includes \$5.84 million General Fund one-time funding in 2023-24 for 17 positions, 21 vehicles and equipment costs, and \$3.32 million General Fund ongoing to establish and open Dos Rios Ranch as a new state park for day-use operations to create recreational opportunities and park access to historically underserved communities in the Central Valley. Funds initially allocated for acquisition of a new state park in the 2020-21 budget will now be used for larger planning efforts, as well as any acquisition costs.
- **2023 Winter Storm Damage: Statewide Repairs and Adaptation.** The Administration proposed to appropriate \$119 million General Fund phased over four years and included \$94 million in reimbursement authority for the 2023 Winter Storm Damage – Statewide Repairs and Adaptation project. This included \$14 million General Fund and \$94 million in reimbursement beginning in 2023-24, \$25 million General Fund in 2024-25, \$40 million in 2025-26 and \$40 million General Fund in 2026-27.

The budget approved the 2023-24 proposal to address public health and safety issues and the Legislature rejected the out-year portions of the Administration's General Fund request (\$25 million in 2024-25, \$40 million in 2025-26, and \$40 million in 2026-27) in order to provide more time to receive additional information and consider various potential rebuilding options prior to committing to specific spending amounts.

- **Border Field State Park (SP): Monument Mesa Day Use and Interpretive Area.** The budget includes \$1 million in spending authority from the \$50 million General Fund transfer to the Natural Resources and Parks Preservation Fund (NRPPF), which was included in the 2022-23 budget for the preliminary plans phase of the Border Field SP: Monument Mesa Day Use and Interpretive Area project. This new project is intended to update the outdoor educational plaza at Monument Mesa within Border Field SP with mixed-use group event areas and provide interpretive elements and exhibits along with updated walkways and landscaping.
- **El Capitan State Beach (SB): Entrance Improvement.** The budget includes a supplemental appropriation of \$1.3 million in reimbursement authority from the State Parks and Recreation Fund (SPRF) and \$1.89 million in spending authority from NRPPF for the construction phase of the continuing El Capitan SB: Entrance Improvements project in Santa Barbara County.
- **Fiscal Stability for Boating Programs.** The May Revision requested various adjustments to the Harbors and Watercraft Revolving Fund, which included increasing the recreational vessel registration fee from \$10 per year to \$40 per year (from \$20 to \$80 biennially) effective January 2024; aligning revenues and expenditures by removing annual baseline funding for Boat Launching Facility Grants (\$6 million) and instead proposing projects through the annual budget process; and reducing support allocations for the Aquatic Invasive Species program by \$5.3 million. The budget does not include the proposed increase in the recreational vessel registration fee. However, the budget includes the proposed expenditure reductions.
- **Oceano Dunes State Vehicular Recreation Area (SVRA) Operations.** The budget includes provisional language to authorize the Department of Finance to increase expenditure authority in SPRF by up to \$11.9 beginning January 1, 2024, through June 30, 2024, for use at Oceano Dunes SVRA. This proposal will provide for ongoing support operations, continued staffing, and initial planning efforts if the California Coastal Commission's amendment to the 1982 Coastal Development Permit requiring Parks to cease Off-Highway Vehicle (OHV) recreation by January 1, 2024, becomes effective.
- **Providing Efficient Environmental Review for Federal and State Projects.** The budget includes \$764,000 in 2023-24 and \$724,000 ongoing from the General Fund, for four permanent positions to address the increase of federal and state reviews performed by the Office of Historic Preservation (OHP). OHP reviews all federal undertakings in California under the National Historic Preservation Act and reviews state projects that may affect historical resources on state-owned property. The quantity and complexity of federal and state reviews have increased significantly in the past ten years. However, OHP has acquired no new positions during that same timeframe and can no longer continue redirecting workload to existing positions while managing other mandated programs.
- **Reversion: Special Legislation Items.** The budget reverts the remaining balances, totaling \$3.2 million, from various appropriations that are no longer needed by Parks.
- **Sonoma Open Space Area Operations — Technical Correction to Reimbursement Authority.** The budget includes a provisional correction to transfer \$3 million in reimbursement authority from the OHV Trust Fund to SPRF in order to manage the open space park lands within the Sonoma Developmental Center. This is a technical adjustment to correct the reimbursement

authority for this item, which was erroneously placed in the OHV Trust Fund.

- **Various Reappropriations, Reversions, and Technical Adjustments.** The budget adds Item 3790-490, Item 3790-491, Item 3790-492, Item 3790-493, Item 3790-495 and Item 3790-496 to reappropriate and revert specified amounts in various General Fund and special fund appropriations for support and capital outlay.
- **Winter Recreation Fund Program Support.** The budget appropriates \$469,000 one-time Winter Recreation Fund to accommodate unmet visitor services workload at SNO-Parks, as well as project backlogs and cost increases for US Forest Service projects.
- **American Disability Act (ADA) Tucker Consent Decree.** The budget includes \$23.2 million General Fund one-time to complete additional ADA improvements under a federal consent decree (Tucker Consent Decree), resulting from *Tucker v. California Department of Parks and Recreation*. Pursuant to the Tucker Consent Decree, Parks is obligated to fund, initiate and complete ADA barrier-removal projects and report work efforts semi-annually to the litigants.
- **Humboldt Redwoods State Park (SP): Replace Founders Grove Restroom.** The budget appropriates \$4.05 million from available Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84) and \$1.86 million SP Contingent Funds for the construction phase of the Humboldt Redwoods SP Replace Founders Grove Restroom in Humboldt County. This project will demolish the existing restroom facility, which is currently out of service, as well as the parking lot at Founders Grove, and construct new restroom and parking facilities with the necessary infrastructure in an alternative location. The new site will also include a new water source and treatment system, and a new accessible trail connection to Founders Grove. To accommodate the increase in visitation over recent years and anticipated future years, the capacity of both the facilities and trail need to be scaled accordingly. Parks will seek donations to cover the increase in total project cost.
- **Kings Beach State Recreation Area (SRA): Recreational Pier Replacement and Support Buildings.** The budget includes \$1.05 million in reimbursement authority for the working drawings phase of the Kings Beach SRA: Recreational Pier Replacement and Support Buildings project in Placer County. This project will relocate the existing pier, construct a new support building for park operations, and provide access and recreational improvements, consistent with the 2018 General Plan. Design funds for this project will come from fully executed grant agreements between Parks and the California Tahoe Conservancy in the amount of \$650,000 and Parks and the Wildlife Conservation Board in the amount of \$700,000, for a total of \$1.35 million. Parks will seek additional grant funds for the construction phase of this project.
- **Lake Perris SRA: Replace Lifeguard Headquarters.** The budget appropriates \$12.58 million California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68) bond funds for the working drawings phase of the Lake Perris SRA Replace Lifeguard Headquarters project in Riverside County. This project will result in demolition of the existing 45-year-old lifeguard headquarters and construct a new, multi-purpose lifeguard headquarters. The new building will be larger and provide functionalities not currently available in the existing structure such as separate male and female locker rooms for lifeguard staff, a storage room for the dive team, and medical equipment.

- **Local Assistance: Off-Highway Vehicle Trust Fund.** The budget appropriates \$30 million Off-Highway Vehicle Trust Fund (OHVTF) one-time for local assistance grants. The OHV Recreation Act of 1988 provides for off-highway vehicle recreation in the state by providing financial assistance to cities, counties, districts, federal agencies, state agencies, educational institutions, federally recognized Native American Tribes, and nonprofit entities. The OHV local assistance program is administered by the Off-Highway Motor Vehicle Recreation Division and supports the planning, acquisition, development, maintenance, administration, operation, enforcement, restoration and conservation of trails, trailheads, areas, and other facilities associated with the use of off-highway motor vehicles and programs involving off-highway motor vehicle safety or education. The OHVTF provides state funds to local and state agencies and other organizations for grants that are generally for parks, recreation, and resources related projects.
- **Malibu Creek SP: New Stokes Creek Bridge.** The budget appropriates \$7.3 million Proposition 68 bond funds for the construction phase of the continuing Malibu Creek SP: New Stokes Creek Bridge project in Los Angeles County. This project will replace an existing, undersized arch culvert with a bridge to restore a secondary escape route for park visitors in the event of fire or other emergencies, reduce deferred maintenance costs and disruption to campers, and restore the creek to its natural configuration.
- **Mount Diablo SP: Visitor Center.** The budget provides \$2.61 million in reimbursement authority from SPRF for the construction phase of the Mount Diablo SP: Visitor Center. This continuing project includes replacing a small existing visitor center trailer with a larger visitor center, remodeling the existing restroom and site to meet accessibility standards, and constructing an outdoor interpretive pavilion. The Mount Diablo Interpretive Association has agreed to donate the design drawings and specifications for this project, subject to state review and approvals, and will provide funding to Parks to pay all state costs for design review, project management and construction.
- **Office of Grants and Local Services Federal Grant Program Administrative Support.** The budget includes \$904,000 Federal Trust Fund in 2023-24 and \$859,000 ongoing for five additional positions to meet grant program delivery obligations for the Land and Water Conservation Fund program, Outdoor Recreation Legacy Partnership program, and the Statewide Comprehensive Outdoor Recreation Plan. The department's Office of Grants and Local Services will experience significant workload increases due to the President's 2023 federal budget, which proposes \$232 million for stateside local assistance. California's share of these funds will be approximately \$20 million annually based on the federal distribution formula. The federal indirect cost rate of 6.5 percent means that California would receive about \$1.3 million annually to administer the program. The five additional positions are intended to improve the department's program delivery obligations and funding for the positions.
- **Old Sacramento State Historic Park (SHP): Riverfront Improvements.** The budget appropriates \$324,000 Proposition 68 bond funds one-time for the working drawings phase of the Old Sacramento SHP: Riverfront project in Sacramento County. The improvements are intended to provide opportunities for special events, a four-season river viewing experience, and a complementary space to the Sacramento waterfront. Provisional language makes these program

funds available for encumbrance for two years, rather than one. The project is located in an area with sensitive natural resources, which will likely result in longer than average time requirements for design, permitting, environmental compliance, and construction.

- **Permitting Compliance and Habitat Management Plan for Restoration and Enhancement in Fort Ord Dunes SP: Natural Resources Obligation.** The budget includes \$4.69 million General Fund one-time, seven permanent positions, 12 vehicles, and \$1.17 million General Fund ongoing for Federal Endangered Species Act, Section 10 compliance as specified in the Habitat Conservation Plan and deed covenants stipulating the department's obligations for lands in the park.
- **Picacho SRA: Park Power System Upgrade.** The budget appropriates \$2.12 million Proposition 68 bond funds one-time for the construction phase of the Picacho SRA: Park Power System Upgrade project in Imperial County. This project will evaluate the park's current and future electrical power needs, including redundant backup, and determine sustainable options for providing reliable and cost-effective electrical power at this remote location. Options to be considered include, but are not limited to, photovoltaic (PV) panels on existing buildings and/or new shade structures, replacing existing diesel generators, or other mixes of conventional and renewable electrical sources.
- **Silver Strand State Beach (SB): Low-Cost Accommodations.** The budget appropriates \$500,000 Proposition 68 bond funds one-time for the working drawings phase of the Silver Strand SB: Low-Cost Accommodations project. This continuing project is intended to allow for the planning and initial development of low-cost accommodations at Silver Strand SB. Provisional language makes these funds available for encumbrance for two years, rather than one year because the project site is in a coastal area and possibly in an area with natural resources sensitivity. The planning and initial development process will require coordination between multiple agencies, resulting in longer than average time requirements for studies, design, permitting, and environmental compliance.
- **Sonoma Open Space Area Operations.** The budget provides \$3 million in reimbursement authority, four positions, and four vehicles in 2023-24, 2024-25 and 2025-26 from SPRF to manage the open space park lands within the Sonoma Developmental Center (SDC). The funding will cover equipment and operations costs for the additional permanent and seasonal staff to address associated workload increases from the added acreage from SDC such as maintenance, installations, repairs, and vegetation management. The department acknowledges that the funding level is well below the level needed to adequately manage this property in a sustainable manner over the long term. However, this limited initial funding is intended to enable Parks to provide the most critical services as it also conducts a more detailed assessment of the operational needs of this property during the first two years of operation; and will request additional funds, in the future, to adequately manage this property and provide long-term sustainability.
- **State Historic Rehabilitation Tax Credit (SHRTC) Program.** The budget includes \$443,000 General Fund one-time and three permanent positions, and \$416,000 ongoing to handle increased workload in OHP from the implementation of SHRTC enacted by SB 451 (Atkins), Chapter 703, Statutes of 2019. The new state tax credit program was fully funded beginning January 2022, and the requested staff will work with the California Tax Credit Allocation Committee (CTCAC) to

carry out program requirements as well as review and approve applications for the state tax credits. SB 451 provides for a tax credit for projects that rehabilitate historic properties including both income-producing properties and qualified residences. The CTCAC and Franchise Tax Board are responsible for the allocation and taking of the tax credits after OHP approves the projects. OHP is also working with both agencies in the development of this program. The tax credits themselves were fully funded beginning January 2022. However, there was no additional funding for the staffing of the SHRTC program allocated in SB 451 or in subsequent legislation.

- **2023 Winter Storm Damage.** The budget appropriates \$14 million General Fund to Parks for purposes of the 2023 Winter Storm Damage: Statewide Repairs and Adaptation.

3810 SANTA MONICA MOUNTAINS CONSERVANCY

- **Conservancy Fund Authority Increase.** The budget increases spending authority from \$200,000 to \$1.5 million to accommodate a grant from the Regional Forest and Fire Capacity Program.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION (SF BCDC)

- **Department of Justice Legal Costs.** The budget appropriates \$170,000 General Fund one-time to cover increased litigation costs anticipated for 2023-24.
- **Realignment of Career Executive Assignment (CEA) Positions.** The budget appropriates \$150,000 General Fund ongoing to fund increased salaries and benefits costs for two existing positions (Director of Regulatory and Director of Planning). These additional resources are required due to the realignment of the positions from administrative to a scientific bargaining unit due to the changing natures of the two positions.

3825 SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY (RMC)

- **Establish Ongoing General Fund Authority for the Rio Hondo Confluence and West Coyote Hills Projects. Establish Ongoing Environmental License Plate Fund (ELPF) Reimbursement Authority with the Joint Powers Authority.** The budget establishes ongoing reimbursement authority of \$30,000 ELPF; and \$8 million General Fund in increased reimbursement authority through 2024-25 to accommodate grants from CNRA and the Wildlife Conservation Board for the Rio Hondo Confluence Signature Project and West Coyote Hills Phase II Acquisition Project, respectively. RMC will need the ability to receive the grant as well as award subgrants and contracts in accordance with the relevant program and guidelines.

- **Extend and Revise Position Authority to Support the Lower Los Angeles River Recreation and Park District (LLAR District) and the Lower San Gabriel River Recreation and Park District (LLGR District) as Authorized by SB 1374 and SB 268.** The budget extends and revises an authorized position to support the LSGR District implementation efforts through 2025-26, for purposes of implementing the process for boundary changes and agency formation, which are extensive. SB 1374 (Lara), Chapter 486, Statutes of 2016, authorized the formation of the LLAR District. SB 268 (Archuleta), Chapter 453, Statutes of 2021, made changes to the board of directors for the LLAR District and the LSGR District, as well as made additional changes to district formation.

3835 BALDWIN HILLS CONSERVANCY

- **Reappropriation: Proposition 68 Local Assistance.** The budget reappropriates the unencumbered balance of Proposition 68 local assistance funds, as provided in the 2020 and 2021 Budget Acts, to implement forthcoming proposed projects in disadvantaged and severely disadvantaged community service areas.
- **Watershed Resiliency: Ballona Creek and Upper Dominguez Channel (SB 1052).** The budget includes one-time local assistance funding of \$575,000 to study the potential environmental and recreational uses of the Baldwin Hills, southern Ballona Creek Watershed, and Upper Dominguez Channel area. The study is intended to inform site opportunities and constraints for a watershed and open space plan. Planned investments would help communities of color such as Inglewood, Athens, Westmont, Del Aire, Lennox, Hyde Park, and South Los Angeles improve neighborhood sustainability, build micro- ecosystems to improve habitat biodiversity, and create resiliency in areas where climate change is most impactful to public health and quality of life.

3855 SIERRA NEVADA CONSERVANCY (SNC)

- **Permanent Positions for Reimbursements and Human Resources.** The budget includes two permanent full-time positions to oversee multi-year agreements with DOC and one permanent full-time position for the human resources unit. These positions will be funded with existing funding authority from ELPF and Sierra Nevada Conservancy Fund.
- **Reappropriation of 2020-21 General Fund Local Assistance.** The budget reappropriates \$96,000 General Fund from 2020-21, which was appropriated for wildfire and forest resilience local assistance funding. The budget makes the funding available for encumbrance, expenditure, and liquidation until June 30, 2025. Reappropriation of this funding is intended to provide SNC appropriation resources to support administration and oversight of, as well as provide technical assistance to, forest health and wildfire resilience projects funded by the associated local assistance funding.

3860 DEPARTMENT OF WATER RESOURCES (DWR)

- **Sustainable Groundwater Management Act (SGMA) — Program Delivery.** The budget includes the following:
 - \$14 million General Fund on an ongoing basis and authority for 11 new positions to support SGMA implementation activities. In addition to supporting the new positions, this funding will backfill expiring Proposition 68 funds in order to continue funding 29 existing positions. Overall, the item sustains roughly the same current number of positions in the SGMA program, as most of the 11 new positions will backfill some of the current staff who were temporarily assigned to SGMA work but will transition back to their other DWR responsibilities beginning in 2024-25.
 - \$900,000 General Fund on a one-time basis to develop an implementation plan for groundwater trading that considers vulnerable users. The funding supports two DWR positions and engages consulting services to help complete the plan. The plan is intended to be developed based on recommendations in the California Water Commission's document, *A State Role in Supporting Groundwater Trading with Safeguards for Vulnerable Users: Findings and Next Steps*. This one-time planning effort is intended to include interagency coordination among DWR, CDFW, CDFA, and the State Water Resources Control Board. It will consider impacts on disadvantaged communities, small and medium farmers, and the environment.
- **Delta Levee System Integrity and Habitat Restoration Program.** The budget appropriates \$13.2 million General Fund one-time (\$11.2 million for state operations and \$2 million Local Assistance (LA) (two-year encumbrance and three-year liquidation period); and \$27.4 million in Proposition 1 funding for local assistance. Funding will provide continued support to the Delta Levees Maintenance Subventions Program and the Delta Levees Special Flood Control Projects Program that includes multi-benefit (i.e., levee and habitat improvement) project work. To allow for the accelerated delivery of LA funds, this item includes provisional language, including: Any guidelines adopted to implement projects or activities are not subject to Chapter 3.5 (commencing with section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.
- **Systemwide Flood Risk Reduction Paradise Cut and Yolo Bypass Projects.** The budget appropriates \$25 million in 2023-24 in capital outlay from the General Fund. This funding will support work and contracts needed to carry out the Paradise Cut Multi-Benefit Project and Yolo Bypass Fix-In-Place Projects. These projects are intended to reduce the risk of flooding while contributing to ecosystem restoration and other societal benefits such as agricultural sustainability.
- **Yolo Bypass-Cache Slough (YBCS) Master Plan and Comprehensive Study.** The budget appropriates \$3.35 million General Fund one-time for the state cost-share of the US Army Corps of Engineers (USACE) Yolo Bypass Comprehensive Study and continued development of the Yolo Bypass-Cache Slough Master Plan. The Master Plan will serve as the work plan, including all necessary projects and activities, for YBCS Partnership to achieve its goals for flood protection and public safety, ecosystem restoration, water supply and quality reliability,

agricultural sustainability, and recreation. The USACE-led Comprehensive Study will evaluate the flood management projects in the Master Plan. Assuming the Comprehensive Study determines the projects generate significant net benefits and advance federal interests, then federal funding could be made available to match state and local funding for project implementation.

- **2027 Central Valley Flood Protection Plan.** The budget appropriates \$36.91 million General Fund State Operations: 1) \$4.41 million (\$3.998 million to DWR and \$0.412 million to CVFPB) in 2023-24; \$11 million in 2024-25; \$11.5 million in 2025-26; \$10 million in 2026-27. This funding supports the development of the 2027 Update to the Central Valley Protection Plan (CVFPP) and Conservation Strategy as required by Water Code sections 9600-9616.
- **Central Valley Flood Protection Board (CVFPB): Local Maintenance Agency Assistance Program.** The budget includes \$623,000 General Fund ongoing for three new full-time, engineering permanent positions to carry out the new Deferred Encroachment Compliance Program (DECP). The DECP has a primary goal of retaining or regaining compliance with USACE's PL 84-99 Rehabilitation Program for the Central Valley levees that CVFPB, and ultimately the State of California, are responsible to operate and maintain. These three new positions will exercise the CVFPB's enforcement and permitting authority to resolve hazardous encroachments, develop and implement a programmatic permitting process for Local Maintaining Agency (LMA) maintenance activities (Governor's Water Resilience Portfolio Action 25.2), assist LMAs in preparation of Letters of Intent and System-wide Improvement Framework plans for regaining PL 84-99 eligibility, manage and update LMA assurance agreements, and facilitate consolidation of LMAs or formation of state maintenance areas when necessary.
- **Urban Flood Risk Reduction.** The budget appropriates \$135.5 million General Fund, including \$90 million to support state cost-share of critical USACE projects and Urban Flood Risk Reduction (UFRR) projects and \$10 million for State Operations to support and manage USACE and UFRR projects during 2023-24, and \$35 million General Fund in 2024-25. This item includes a five-year extended encumbrance and two-year liquidation period for the \$125 million project funds, and a one-year encumbrance and two-year liquidation period for \$10 million for the state operations support efforts.
- **Flood Maintenance and Operations Support.** The budget includes \$655,000 General Fund ongoing and position authority of two, new full-time permanent positions to address increased workload and to continue providing critical flood maintenance and operations support.
- **Dam Safety Enforcement and Design Oversight.** The budget includes \$3.18 million Dam Safety Fund ongoing to support 12 new positions in 2023-24 for the implementation of an enforcement program (six positions/\$1.59 million) for new statutory authorities provided by SB 92 (Committee on Budget and Fiscal Review), Chapter 26, Statutes of 2017; and to address workload increases related to new dam construction projects, enlargements, repairs/remediations, and removals (six positions/\$1.58 million). The Dam Safety Program is funded by annual and application fees paid by dam owners. Revenue to support this item will be collected through annual fees and offset through the modernization of a circa 1991 application filing fee schedule to better align revenue collected with the Division of Safety of Dams's regulatory costs for its

oversight of application work.

- **Federal Rehabilitation of High Hazard Potential Dams.** The budget includes \$50 million in federal reimbursement authority, \$10 million per year for five years (2023-24 through 2027-28). DWR currently receives \$2.5 million in federal reimbursement authority for this program and the increase will give DWR authority to receive and pass-through additional Federal Emergency Management Agency's (FEMA) Rehabilitation of High Hazard Potential Dams (HHPD) grant funds. FEMA's allocation for the HHPD program doubled in 2022-23 and future allocations are expected to continue to rise. The purpose of FEMA's HHPD program is to provide eligible dam owners with technical, planning, design, and construction assistance for eligible rehabilitation activities that reduce dam risk and increase community preparedness.
- **Joint Operations Center Relocation.** The budget appropriates \$4.77 million General Fund in 2023-24 for one-time costs for Department of General Services expenses related for the relocation of the state/federal Joint Operations Center from the current location on El Camino Avenue to a new facility. This item is specific to the Division of Flood Management's shared portion of the project costs. The facility will be shared with SWP, which will provide its own share of funding.
- **Positions for Water and Drought Package Implementation.** The budget includes six new positions (no new state operations funding) for the delivery and administration of over \$800 million allocated to DWR in the 2021-22 and 2022-23 Budget Acts for drought relief for urban communities and SGMA implementation. The Budget Acts of 2021 and 2022 provided \$800 million dollars in state funding to DWR to deliver to funding recipients across the state for immediate and interim drought relief and sustainable groundwater management projects to comply with SGMA. These new positions are intended to provide resources to help communities effectively plan for and manage their water resources and implement projects to address drought and climate change.
- **San Joaquin River Basin Groundwater Recharge: Water Availability Analysis and Technical Assistance.** The budget appropriates \$2.5 million General Fund one-time in 2023-24 and \$600,000 annually in 2024-25 through 2028-29 (a total of \$4.9 million) for state operations for existing staff positions and consultants. The purpose of this item is for the department to help enable Groundwater Sustainability Agencies and local public agencies to complete water rights applications for groundwater recharge, by doing the following:
 - Support outreach and collaboration with SWRCB.
 - Conduct, or provide guidance on, SWRCB required water availability analyses.
 - Develop basin-wide modeling tool sets to support SWRCB required downstream impact analyses.
 - Provide additional technical assistance to local agencies, as needed. Work will be performed by existing positions and consultants.

- **SWP Accounting and Business Support.** The budget includes five new permanent full-time positions to enhance the financial stability of SWP while improving transparency and providing knowledge transfer to internal and external stakeholders. The increased staffing is intended to support the functional business requirements and technical business requirements of the newly enhanced Enterprise Resource Planning system (which is DWR's software accounting system and system of record used for accounting, budget, and planning needs), Portfolio and Project Management/Resource Management (PPM/RM) and Cost Allocation and Billing. In addition, a position will support increased needs of data analysis and investigation for SWP capital financing.
- **Urban Water Use Objectives (SB 1157).** The budget appropriates \$7 million General Fund over four years (\$2 million in 2023-24, \$2 million in 2024-25, \$1.5 million in 2025-26, and \$1.5 million in 2026-27) for external consulting costs in order to implement the requirements of SB 1157 (Hertzberg), Chapter 679, Statutes of 2022. SB 1157 lowers the statewide indoor residential water use from 55 gallons per capita daily (gpcd) to 47 gpcd beginning 2025, and to 42 gpcd beginning 2030. SB 1157 requires DWR, in coordination with SWRCB to conduct studies and investigations to assess specified impacts of this standard.

The resources are intended to be used to:

- Perform a statewide, representative saturation end-use study.
 - Quantify the benefits and impacts of the 2030 indoor residential water use standard on water, wastewater, and recycled water systems.
 - Evaluate the long-term effects of telework on indoor residential water use using two years of data reflecting implementation of the 2025 indoor residential water use standard.
 - Conduct studies and investigations to identify if variances to accommodate unique challenges related to indoor residential use including stranded assets, impacts on disadvantaged communities, environmental flows, wastewater or recycled water operations, and others.
 - Collaborate with SWRCB on any joint recommendations.
 - Collaborate with a broad group of stakeholders. These studies and collaborative efforts require external consultants for big data acquisition and analysis, facilitation and communication services, and dedicated DWR staff.
 - Develop a report to Legislature by October 1, 2028, on outcomes and recommendations as warranted.
- **CVFPB: Existing Position.** The budget includes \$3.7 million General Fund one-time to pay for 19 existing staff positions to support the continuation of staff that provide oversight and management of the state-federal flood control system. The Administration intends to submit a budget change proposal next year for the ongoing costs of these positions that takes into consideration the feasibility assessment and associated revenue options to decrease the ongoing General Fund impact.

- **South Delta Permanent Operable Gates.** The budget adds Item 3860-301-6026 in the amount of \$33.15 million one-time and Item 3860-301-6031 in the amount of \$10.56 million one-time for the construction and installation of permanent barriers with operable gates in South Delta channels.
- **Salton Sea Accelerated Restoration.** The budget increases Item 3860-001-0890 by \$20 million one-time to support accelerated restoration efforts, including wetland habitat and vegetation enhancement projects, at the Salton Sea.
- **Division of Safety Dams Fees.** The budget includes TBL, which among other things, does the following:
 - Requires the Attorney General, upon request by DWR, to bring an action in superior court seeking injunctive relief, penalties, fees, costs, or any other remedies available to the department, as specified.
 - Increases fees for the filing of an application, as specified, and include the repair, alteration, or removal of an existing dam or reservoir.
 - Authorizes DWR to adjust the fee schedule by regulation to ensure the filing fees collected reasonably cover the department's costs of application work, which may include, design review and construction oversight.
 - Authorizes DWR to refund filing fees paid by the owner if requested by an owner.
- **Dam Safety and Flood Management Grant Program.** The budget includes TBL, which among other things, does the following:
 - Requires DWR, upon appropriation by the Legislature, to develop and administer the Dam Safety and Climate Resilience Local Assistance Program (Program).
 - Specifies that the Program provide state funding for repairs, rehabilitation, enhancements, and other dam safety projects at existing state jurisdictional dams and associated facilities, subject to prescribed criteria.
 - Requires DWR to develop and adopt program guidelines and project solicitation documents before disbursing any grant funds.
 - Requires a grant cost share of at least 50 percent for projects funded pursuant to the Program, except as provided.
- **Drought and Flood Streamlining.** Among other things, exempts specified activities regarding the diversion of floodflows for groundwater recharge from specified notification and permitting requirements. This bill provides that diversion of floodflows for groundwater recharge do not require an appropriative water right if specified conditions regarding the diversion are met. This TBL exempts from CEQA specified actions related to the implementation of Colorado River water conservation agreements with the US Bureau of Reclamation.

- **Reversion of 2021 and 2022 Balances: Agriculture and Delta Drought Response Program (LandFlex) and Salinity Barriers.** The budget reverts \$24.5 million California Emergency Relief Fund for the drought salinity barrier and \$25 million for the Agriculture and Delta Drought Response Program (LandFlex) in the 2022 Budget Act. DWR no longer anticipates needing to install the salinity barriers as a result of improved water conditions. The 2022 Budget Act included \$50 million for LandFlex, which provides block grants to local government agencies to incentivize farmers to limit agricultural groundwater use near drought-stricken communities with drinking water wells that have gone dry or are close to going dry. DWR awarded \$25 million in the first round of grants.

3885 DELTA STEWARDSHIP COUNCIL

- **Delta Plan Implementation.** The budget includes \$373,000 General Fund ongoing to support two positions that provide technical support for mandated Delta Plan implementation efforts — to enhance statutorily-mandated “early consultation” efforts with other agencies, and the tracking and analysis of significant projects that impact the Delta and the state’s coequal goals.

3340 DEPARTMENT OF CONSERVATION (DOC)

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)

3860 DEPARTMENT OF WATER RESOURCES (DWR)

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

- **High Priority Stream Gages (SB 19).** The budget appropriates \$4.68 million General Fund over two years, starting in 2023-24, to begin implementing recommendations outlined in SB 19 (Dodd), Chapter, 361, Statutes 2019, focusing on the reactivation of historical stream gages. SB 19 directed DWR and SWRCB to develop a plan to deploy a network of stream gages in consultation with CDFW, DOC, CVFPB, and interested stakeholders. The SB 19 Stream Gaging Prioritization Plan was completed in 2022.
- **Stream Gages: Reactivate, Upgrade, and Install.** In addition to the item above, the budget appropriates \$22 million General Fund one-time to DWR (\$17.02 million), SWRCB (\$2.64 million), CDFW (\$932,000), and DOC (\$1.41 million) to reactivate and upgrade existing gages and install new gages, identify priority watersheds and gages for reactivation, and provide estimates of associated capital costs and extends the encumbrance date by one year to June 30, 2025. These costs include:
 - \$5.1 million to reactivate 156 gages;
 - \$1.3 million to upgrade 39 existing gages; and,
 - \$15.6 million to install new stream gages in 436 watersheds.

The purpose of the funding is to deploy a network of stream gages to help address significant gaps in information needed for water management and conservation of freshwater species.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
0509 CALIFORNIA INFRASTRUCTURE & ECONOMIC DEVELOPMENT BANK (IBank)
0650 STRATEGIC GROWTH COUNCIL
0650 OFFICE OF PLANNING AND RESEARCH
4265 DEPARTMENT OF PUBLIC HEALTH
0690 OFFICE OF EMERGENCY SERVICES (Cal OES)
3125 CALIFORNIA TAHOE CONSERVANCY
3340 CALIFORNIA CONSERVATION CORPS
3480 DEPARTMENT OF CONSERVATION (DOC)
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)
3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3640 WILDLIFE CONSERVATION BOARD (WCB)
3760 STATE COASTAL CONSERVANCY (SCC)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)
3810 SANTA MONICA MOUNTAINS CONSERVANCY (SMMC)
3825 SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS
CONSERVANCY (RMC)
3830 SAN JOAQUIN RIVER CONSERVANCY
3835 BALDWIN HILLS CONSERVANCY
3845 SAN DIEGO RIVER CONSERVANCY
3850 COACHELLA VALLEY MOUNTAIN CONSERVANCY
3855 SIERRA NEVADA CONSERVANCY
3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY (DELTA CONSERVANCY)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)
3810 SANTA MONICA MOUNTAINS CONSERVANCY
3825 SAN GABRIEL & LOWER LOS ANGELES RIVERS & MOUNTAINS CONSERVANCY
3845 SAN DIEGO RIVER CONSERVANCY
3855 SIERRA NEVADA CONSERVANCY
3860 DEPARTMENT OF WATER RESOURCES (DWR)
3900 AIR RESOURCES BOARD (ARB)
3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)
3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)
3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)
5180 DEPARTMENT OF SOCIAL SERVICES (DSS)
6440 UNIVERSITY OF CALIFORNIA
7350 DEPARTMENT OF INDUSTRIAL RELATIONS
8570 DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

Governor’s Budget Solutions: Climate-Energy Packages: Revisions to Prior Budget Packages.
According to the Legislative Analyst’s Office (LAO), the budget makes some reductions to address General Fund condition; but maintains a majority of funding from previous climate packages. The 2021-22 and 2022-23 budget packages included a number of multiyear thematic climate and natural resources funding packages totaling about \$36.5 billion across the six-year period of 2021-22 through 2026-27. Most of this funding was provided from the General Fund on a one-time or temporary basis, though some was from special funds such as GGFRF, as well as a small amount of federal funds. To help address the state’s General Fund shortfall, the 2023-24 spending plan makes a number of revisions — including

reductions and delays — to these thematic packages. Specifically, the budget includes General Fund reductions to these climate packages totaling \$8.7 billion across 2021-22 through 2023-24 (the three-year budget window), although backfills about \$2 billion of that amount by shifting costs to other fund sources (particularly GGRF). Because the spending plan achieves some of these General Fund savings by delaying funding to future years and also anticipates additional out-year GGRF backfills, the planned net *programmatic* reduction from these packages across the six-year period is only \$3.6 billion. That is, the budget agreement intends to maintain \$32.9 billion (90 percent of the original total) from 2021-22 through 2026-27 for specified climate-related and natural resources activities.

The LAO has provided the following summaries showing the changes and revised programmatic funding for specified multiyear funding packages that were part of prior-year budget agreements. *(Please note that LAO's summaries for the revised packages on Zero-Emission Vehicles, Energy, and Sustainable Agriculture can be viewed on the LAO website.)*

- **Water and Drought Resilience. Retains Most Funding for Water and Drought Resilience.** Previous budgets developed a multiyear plan to appropriate a cumulative \$3.2 billion from 2022-23 through 2025-26 for water and drought resilience activities. As shown below, the budget package intends to retain most of this amount, providing \$2.9 billion for water-related activities, including \$587 million in 2023-24. (This new total includes \$200 million shifted from 2021-22, as noted below.) Nearly all of this funding is from the General Fund, apart from approximately \$50 million that is from bond and special funds.

(Continued on next page)

Revised Water and Drought Resilience Package*General Fund Unless Otherwise Noted (In Millions)*

Program	Department	Net Reductions ^a	Revised Funding Levels				Totals
			2022-23	2023-24	2024-25	2025-26	
Drinking Water, Water Supply and Reliability, Flood							
Drinking water and wastewater projects	SWRCB	—	—	—	\$200 ^b	—	\$200
Water recycling, groundwater cleanup	SWRCB	-\$278	\$190	\$32	—	—	222
Flood and dam safety	DWR	—	237	188	—	—	425 ^c
Water conveyance, water storage	DWR	—	100	—	—	\$500	600
Flood planning (CVFPP)	DWR	—	2	—	—	—	2
Immediate Drought Response							
Data, forecasting (FIRO)	DWR	—	—	\$17 ^d	\$17	\$17	\$50
Save Our Water campaign	DWR	—	\$75	—	—	—	75
Water rights, permitting, enforcement	SWRCB	—	4	9 ^d	9	9	32 ^c
Water refilling stations at schools	SWRCB	-\$5	—	— ^e	—	—	—
Habitat/Nature-Based Solutions							
Fish and wildlife protection/study	CDFW	—	\$47	—	—	—	\$47
Watershed climate resilience	WCB	—	44	\$32	\$228	\$14	318
Watershed climate resilience	DWR	—	25	18	97	11	151
Aquatic/large-scale habitat projects	Various	—	7 ^d	7	7	7	27
River restoration activities	DWR	—	14	9	—	—	22 ^c
Water Quality and Ecosystem Restoration							
Water resilience projects	CNRA	—	\$100	\$180	—	—	\$280
Streamflow enhancement program	WCB	—	150	—	—	—	150
Salton Sea	DWR	-\$119	11	50	—	—	61
PFAS support	SWRCB	-45	50	45	\$30	—	125
Urban streams	Various	—	20	—	—	—	20
Conservation/Agriculture							
SGMA implementation	DWR	-\$60	\$60	— ^e	—	—	\$60
SWEEP	CDFA	-40	10	—	—	—	10
Multibenefit land repurposing	DOC	-20	—	— ^e	—	—	—
Totals		-\$567	\$1.145	\$587	\$588	\$558	\$2.877

^aReflects the reduction in total funding from 2022-23 through 2025-26.^bFunding delayed from 2021-22.^cIncludes funding from sources other than General Fund.^dOngoing funding.^eFunding eliminated.

SWRCB = State Water Resources Control Board; DWR = Department of Water Resources; CVFPP = Central Valley Flood Protection Plan; FIRO = Forecast-Informed Reservoir Operations; CDFW = California Department of Fish and Wildlife; WCB = Wildlife Conservation Board; CNRA = California Natural Resources Agency; PFAS = per- and polyfluoroalkyl substances; SGMA = Sustainable Groundwater Management Act; SWEEP = State Water Efficiency and Enhancement Program; CDFA = California Department of Food and Agriculture; and DOC = Department of Conservation.

Source: LAO

Reduces General Fund Spending on Water and Drought by \$567 Million. Notable reductions are:

- ***Water Recycling.*** The budget reduces total funding for water recycling and groundwater cleanup by \$278 million (from \$500 million to \$222 million) over 2022-23 and 2023-24. These programs also receive federal funding (not shown in figure above), including a significant increase from 2022 through 2026 that will help offset the reduction in state funding.
- ***Various Conservation and Agricultural Programs.*** The budget reduces total funding for three conservation and agricultural programs by \$120 million (from \$190 million to \$70 million) in 2022-23. The programs — DWR’s SGMA implementation grants and CDFA’s State Water Efficiency and Enhancement Program, and DOC’s Multi-Benefit Land Repurposing Program — will accommodate the reduction by awarding fewer grants to local entities.
- ***Salton Sea.*** The budget reduces General Fund support for DWR Salton Sea projects and management activities by \$119 million (from \$180 million to \$61 million) over 2022-23 and 2023-24. However, this reduction is partially offset by two new augmentations for Salton Sea activities provided outside of this package — \$25 million in Proposition 68 (2018) bond funds through CNRA and \$20 million in federal funds. In addition, the state will receive another \$228 million in federal funds, contingent on certain local reductions in Colorado River water use.

Makes Some Reductions to Earlier Funding. In addition to the funding reductions noted above, the budget also reduces unspent General Fund that was appropriated in 2021-22 for three DWR programs. This includes reductions of \$25 million for the LandFlex program and \$25 million for a drought salinity barrier in the Sacramento-San Joaquin Delta. Improved water conditions this year reduced the need for funding in both programs. The budget also reduces spending by \$15 million for aqueduct solar panel pilot projects, while continuing to maintain \$20 million for one pilot that is already underway.

Delays Funding for Two Programs. The budget package delays a total of \$450 million in General Fund spending until 2024-25: (1) \$200 million from 2021-22 to 2024-25 for drinking water and wastewater projects at SWRCB, and (2) \$250 million that was originally planned in 2022-23 and 2023-24 until 2024-25 for WCB (\$178 million) and DWR (\$72 million) for watershed climate resilience activities and projects.

Makes Modifications to Per- and Polyfluoroalkyl Substances (PFAS) Funding. The budget both reduces and delays General Fund support originally planned for 2023-24 for SWRCB to address PFAS contamination. Specifically, it reduces funding by \$45 million and delays \$30 million until 2024-25, while continuing to retain \$45 million in 2023-24. New federal funding the state is receiving to address “emerging contaminants of concerns” — which includes PFAS — will partially offset the reduction.

- **Wildfire and Forest Resilience. *Makes Very Few Reductions to Planned Wildfire Spending.***
The budget includes a few General Fund reductions to the wildfire and forest resilience funding that was originally included in recent budget packages (an early action package adopted in April 2021 that amended the 2020-21 Budget Act, a 2021-22 Budget Act package, and a 2022-23 Budget Act package). Cumulatively, the changes included in the 2023-24 package reduce General Fund spending by \$61 million across four programs. However, the budget shifts \$14 million to a different fund source, so the net programmatic reduction only totals \$47 million. Specifically, the budget reduces General Fund support for:
 - **Stewardship of State-Owned Lands.** \$25 million — \$10 million in 2022-23 and \$15 million in 2023-24).
 - **Climate Catalyst Fund Program.** \$16 million in 2020-21.
 - **Workforce Training Grants.** \$15 million in 2023-24, partially offset by providing \$14 million in Proposition 98 General Fund and limiting eligibility for the program to community colleges.
 - **Defensible Space Inspections.** \$5 million in 2023-24.

(Continued on next page)

Revised Wildfire and Forest Resilience Package*General Fund, Unless Otherwise Noted (In Millions)*

Program	Department	Net Reductions ^a	Revised Funding Levels			
			2020-21 and 2021-22	2022-23	2023-24	Totals
Resilient Forests and Landscapes		-\$25	\$587	\$262	\$265	\$1,114
Forest Health Program ^b	CalFire	—	\$315	\$120	\$120	\$555
Stewardship of state-owned land	Various	-\$25	175	55	50	280
Post-fire reforestation	CalFire	—	—	50	50	100
Forest Improvement Program ^b	CalFire	—	50	11	14	75
Forest Legacy Program ^b	CalFire	—	16	14	19	49
Tribal engagement	CalFire	—	20	10	10	40
Reforestation nursery	CalFire	—	11	2	2	15
Wildfire Fuel Breaks		—	\$384	\$190	\$192	\$766
Fire prevention grants ^b	CalFire	—	\$243	\$115	\$117	\$475
Prescribed fire and hand crews ^b	CalFire	—	64	35	35	134
CalFire unit fire prevention projects	CalFire	—	50	20	20	90
Forestry Corps and residential centers ^b	CCC	—	27	20	20	67
Regional Capacity		—	\$318	\$55	\$155	\$528
Conservancy projects	Various	—	\$208	\$35	\$135	\$378
Regional Forest Capacity Program	DOC	—	110	20	20	150
Forest Sector Economic Stimulus		-\$17	\$60	\$72	\$21	\$153
Workforce training grants	CalFire	-\$1 ^d	\$24	\$15	\$14 ^c	\$53
Biomass to hydrogen/biofuels pilot	DOC	—	—	50	—	50
Climate Catalyst Fund Program	IBank	-16	33	—	—	33
Transportation grants for woody material	CalFire	—	—	5	5	10
Market development	OPR	—	3	2	2	7
Science-Based Management and Other		—	\$82	\$19	\$19	\$120
Monitoring and research	CalFire	—	\$23	\$7	\$8	\$38
Remote sensing	CNRA	—	25	3	2	30
Prescribed fire liability pilot	CalFire	—	20	—	—	20
Permit efficiencies	CARB & SWRCB	—	4	4	4	12
State demonstration forests	CalFire	—	—	5	5	10
Interagency Forest Data Hub	CalFire	—	10	—	—	10
Community Hardening		-\$5	\$47	\$22	\$17	\$86
Home hardening	OES & CalFire	—	\$25	\$13	\$12	\$50
Defensible space inspectors	CalFire	-\$5	15	5	—	20
Land use planning and public education	CalFire & UC ANR	—	7	4	5	16
Totals		-\$47	\$1,478	\$620	\$669	\$2,767

^aReflects the reduction in total funding from 2020-21 through 2023-24.^bIncludes Greenhouse Gas Reduction Fund.^cIncludes Proposition 98 General Fund.^dReflects a reduction of \$15 million dollars of General Fund, partially offset by \$14 million in Proposition 98 General Fund.

CalFire = California Department of Forestry and Fire Protection; CCC = California Conservation Corps; DOC = Department of Conservation; IBank = Infrastructure Bank; OPR = Governor's Office of Planning and Research; CNRA = California Natural Resources Agency; CARB = California Air Resources Board; SWRCB = State Water Resources Control Board; OES = Governor's Office of Emergency Services; and UC ANR = University of California Agriculture and Natural Resources.

Source: LAO

- **Nature-Based Activities. *Sustains \$1.4 Billion in Nature-Based Activities.*** The budget includes General Fund reductions totaling \$155 million to five programs in the areas of nature-based activities. The largest reduction — \$100 million — is to funds slated for various conservancies across the state. Some other notable changes include reducing \$35 million for a Wildlife Conservation Board program to mitigate the impacts of climate change on wildlife and reducing \$10 million for San Francisco Bay wetlands support. After accounting for these reductions, the budget retains \$1.4 billion for nature-based activities. Of the funding retained, \$1.4 billion was provided in prior years and \$286 million is appropriated in 2023-24.

(Continued on next page)

Revised Nature-Based Activities Package

General Fund (In Millions)

Program	Department	Net Reductions ^a	Revised Funding Level			
			2021-22	2022-23	2023-24	Totals
Land Acquisition and Management Programs		—	—	\$325	\$170	\$495
Various WCB programs	WCB	—	—	\$150	\$95	\$245
Habitat restoration	DWR	—	—	125	75	200
Opportunity coastal acquisition	SCC	—	—	50	—	50
Wildlife Protection Programs		-\$35	\$46	\$257	\$65	\$368
Protect wildlife from changing conditions	WCB	-\$35	\$31	\$222	\$65	\$318
Climate change impacts on wildlife	CDFW	—	15	35	—	50
Regionally Focused Programs		-\$110	\$60	\$204	\$9	\$273
Conservancy funding	Various	-\$100	\$60	\$70	—	\$130
Wildlife corridors (including Liberty Canyon)	CDFW & SMMC	—	—	52	—	52
San Joaquin Valley flood plain restoration	WCB	—	—	40	—	40
Natural Community Conservation Program Planning and Land Acquisition	CDFW	-6	—	30	—	30
Climate Smart Land Management Program	DOC	-4	—	10	\$6	16
Resource conservation strategies	WCB	—	—	2	3	5
Youth and Tribal Programs		—	—	\$109	\$42	\$151
Local and tribal NBS corps programs	CCC	—	—	\$38	\$11	\$49
Tribal program	CNRA	—	—	70	30	100
Tribal staffing	CNRA	—	—	1	1	3 ^b
Wetland Focused Programs		-\$10	—	\$101	—	\$101
Wetlands Restoration Program	CDFW	—	—	\$54	—	\$54
NBS Wetlands Restoration Program	DC	—	—	36	—	36
San Francisco Bay wetlands support	SCC	-\$10	—	1	—	1
Redondo Beach wetlands restoration	CNRA	—	—	10	—	10
Other Programs		—	—	\$20	—	\$21
Cal CIS	CNRA	—	—	\$18	—	\$18
Partnerships and improvements	CNRA	—	—	2	—	2
California nature support	CNRA	—	—	0.3	0.3	0.5
Totals		-\$155	\$106	\$1,016	\$286	\$1,409

^aReflects the reduction in total funding in 2022-23 and 2023-24.

^bPackage also provides \$1 million in 2024-25.

WCB = Wildlife Conservation Board; DWR = Department of Water Resources; SCC = State Coastal Conservancy; CDFW = California Department of Fish and Wildlife; SMMC = Santa Monica Mountains Conservancy; DOC = Department of Conservation; DC = Delta Conservancy; NBS = Nature-based solutions; CCC = California Conservation Corps; CNRA = California Natural Resources Agency; and Cal CIS = California Climate Information System.

Source: LAO

- Community Resilience. Maintains Bulk of Originally Planned Funding for Community Resilience.** Previous budget agreements included \$2.2 billion for community-based climate resilience activities. The revised budget package provides \$1.7 billion for these programs from 2021-22 through 2024-25, including \$344 million in 2023-24. (This multiyear total includes \$50 million for the Regional Climate Resilience Program originally intended to be provided in 2023-24 but delayed and now planned for 2024-25.) This reflects a net reduction of \$515 million (24 percent) from the original multiyear planned amount. These reductions affect three programs: Transformative Climate Communities, Regional Climate Resilience, and Community Resilience Centers. (As noted in the “Extreme Heat” section below, additional funding is provided for resilience centers through that package.) To achieve General Fund savings, the budget package also shifts \$250 million in 2023-24 funding for the AB 617 program to GGRF.

Revised Community Resilience Package

General Fund Unless Otherwise Noted (In Millions)

Program	Department	Net Reductions ^a	Revised Funding Levels		
			2021-22 and 2022-23	2023-24	Totals
AB 617	CARB	—	\$630 ^b	\$300 ^b	\$930
Transformative Climate Communities Program	SGC	-\$205	215	—	215
Community Resilience Centers	SGC	-160	110	—	110
Methane monitoring satellites	CARB	—	105 ^b	—	105
Community air monitoring	CARB	—	30 ^b	—	30
Regional Climate Resilience Program	OPR	-150	25	25	100 ^c
Fifth Climate Assessment	Various	—	22	—	22
Climate Adaptation and Resilience Planning Grants	OPR	—	20	5	25
Environmental Justice Initiative	CalEPA	—	20	5	25
Regional Climate Collaboratives	SGC	—	20	—	20
School ventilation upgrades (CalSHAPE)	CEC	—	20 ^b	—	20
Fluorinated Gas Reduction Incentive Program	CARB	—	15	—	15
California Climate Action Corps	OPR	—	10	9 ^d	19
High-GWP refrigerants	CARB	—	10 ^b	—	10
Vulnerable Communities Platform and CalAdapt Mapping	OPR	—	5	—	5
Wood stove replacements	CARB	—	5 ^b	—	5
Regional planning for lithium extraction	CEC	—	5	—	5
Totals		-\$515	\$1,267	\$344	\$1,661

^aReflects the reduction in total funding from 2021-22 through 2023-24.

^bIncludes funding from the Greenhouse Gas Reduction Fund.

^cIncludes \$50 million delayed until 2024-25.

^d2023-24 budget agreement doubles annual program funding and converts to ongoing.

AB 617 = Chapter 136 of 2017 (AB 617, C. Garcia); CARB = Air Resources Board; SGC = Strategic Growth Council; OPR = Governor’s Office of Planning and Research; CalEPA = California Environmental Protection Agency; CalSHAPE = California Schools Healthy Air, Plumbing and Efficiency Program; CEC = California Energy Commission; and GWP = Global Warming Potential.

Source: LAO

- Extreme Heat. Maintains Majority of Funding for Extreme Heat Package, Reduces Three Programs.** The figure below displays the revised multiyear funding package for activities to respond to the climate threat of extreme heat. The budget maintains \$494 million, which represents about two-thirds of the amount originally included in prior-year funding agreements (\$739 million). The net reduction of \$245 million (including \$125 million in 2023-24) is spread across three programs — Urban Greening, Extreme Heat and Community Resilience, and Urban Forestry. The majority of the reduction (\$175 million) affects the Urban Greening Program administered by CNRA, which is left with \$75 million.

Revised Extreme Heat Package

General Fund Unless Otherwise Noted (In Millions)

Program	Department	Net Reductions ^a	Revised Funding Levels		
			2021-22 and 2022-23	2023-24	Totals
Green Schoolyards Program	CalFire	—	\$117 ^b	\$33	\$150
Urban Greening Program	CNRA	-\$175	75	—	75
Extreme Heat and Community Resilience Program	OPR	-40	25	110	135
Low Income Weatherization Program	CSD	—	25	25	50
Urban Forestry Program	CalFire	-30	20	—	20
Farmworker Low-Income Weatherization Program	CSD	—	15 ^c	—	15
Protections for vulnerable populations	CDPH, DIR, CDSS	—	14	14	28
Community-based public awareness campaign	OPR	—	6	14	20
Animal Mortality Management Program	CDFA	—	0.6	0.6	1.2
Origin Inspection Program	CDFA	—	0.3	0.3	0.5
Totals		-\$245	\$298	\$197	\$494

^aReflects the reduction in total funding from 2021-22 through 2023-24.

^bIncludes \$100 million for the Urban Forestry Program for schools and childcare facilities provided through a budget control section.

^cIncludes funding from the Greenhouse Gas Reduction Fund.

CalFire = California Department of Forestry and Fire Protection; CNRA = California Natural Resources Agency; OPR = Governor's Office of Planning and Research; CSD = Department of Community Services and Development; CDPH = California Department of Public Health; DIR = Department of Industrial Relations; DSS = Department of Social Services; and CDFA = California Department of Food and Agriculture.

Source: LAO

- **Coastal Resilience. Retains \$1.1 Billion in Funding for Coastal Resilience.** Previous budgets developed a multiyear plan to appropriate \$1.3 billion from 2022-23 through 2024-25 for coastal resilience activities.

Revised Coastal Resilience Package

General Fund Unless Otherwise Noted (In Millions)

Program	Department	Net Reductions ^a	Revised Funding Levels			
			2022-23	2023-24	2024-25	Totals
Protecting the coast from climate change	SCC	-\$174	\$175	\$151	—	\$326
Adapting to sea-level rise: nature-based activities	SCC	—	120 ^b	300	—	420
Protecting the ocean from climate change	OPC	—	50	50	—	100
Implementing SB 1	OPC	—	38 ^c	55	\$10	103
Adapting infrastructure to sea-level rise	SCC	-9	38 ^c	97	—	135
Totals		-\$183	\$421	\$653	\$10	\$1,084

^aReflects the reduction in total funding from 2022-23 through 2024-45.

^bIncludes \$80 million from GGRF.

^cGGRF.

SCC = State Coastal Conservancy; OPC = Ocean Protection Council; SB 1 = Chapter 236 of 2021 (Senate Bill 1, Atkins); and GGRF = Greenhouse Gas Reduction Fund.

Source: LAO

As shown in the figure above, the recent agreement intends to retain \$1.1 billion (86 percent) of that total, including \$653 million in 2023-24. The most significant change is reducing SCC's coastal resilience and sea-level rise adaptation activities from a total of \$1.1 billion to \$88 million. The changes include a \$174 million reduction for coastal adaptation activities and a decrease of \$9 million for adapting infrastructure to the effects of sea-level rise. Budget bill language provides somewhat more flexibility to SCC about how to prioritize projects within these programs to address urgent sea-level rise adaptation needs.

- **Circular Economy. Sustains Nearly All Funding for Recycling and Waste Reduction.** Using a mix of General Fund and special funds, recent budgets committed a total of \$468 million in 2021-22 and 2022-23 for a package of programs related to promoting a circular economy through recycling and waste reduction. All of this funding is provided through CalRecycle.

(Continued on next page)

Revised Circular Economy Package

CalRecycle, General Fund Unless Otherwise Noted (In Millions)

Program	Net Reductions	Revised Funding Levels		
		2021-22	2022-23	Totals
Organic waste infrastructure	—	\$90 ^a	\$15	\$105
SB 1383 implementation grants	—	60 ^a	180 ^a	240
RMDZ Loan Program	-\$5	25	20	45
Co-digestion capacity	—	10	20 ^a	30
Quality incentive payments	—	10 ^b	—	10
Edible food recovery	—	3	2	5
Compost Permitting Pilot Program	—	—	8	8
Recycling feasibility grants	-15	—	—	—
Community composting opportunities	-5	—	—	—
Totals	-\$25	\$198	\$245	\$443

^aIncludes funding from the Greenhouse Gas Reduction Fund.

^bIncludes funding from the Beverage Container Recycling Fund.

CalRecycle = California Department of Resources Recycling and Recovery and RMDZ = Recycling Market Development Zone.

Source: LAO

As shown in the figure above, the 2023-24 budget makes several changes to the package that result in a net reduction of \$25 million in total funding. Overall, the budget maintains \$443 million (95 percent) of the previously approved funding levels.

- **Parks, Access, and Other Programs. Makes a Few Targeted Reductions to Other Programs.** The budget includes General Fund reductions to programs related to parks and access. (The allocations to most of these programs were not included in a defined programmatic budget package but rather funded as stand-alone proposals.) Specifically, the budget reduces General Fund support for:
 - **Parks' Statewide Parks Program.** \$183 million across several years, retaining \$197 million.
 - **Parks' Deferred Maintenance Projects.** \$31 million in 2021-22, retaining \$138 million.
 - **CNRA's Recreational Trails and Greenways Program.** \$25 million in 2022-23, retaining \$10 million.
 - **DOC's Sustainable Agricultural Lands Conservation Program.** \$25 million in 2022-23, which eliminates the recent General Fund support for the program.
 - **CalFire's Deferred Maintenance Projects.** \$13 million in 2021-22, retaining \$37 million.

- **SCC's Explore the Coast Program.** \$1 million in 2021-22, retaining \$13 million.

Additionally, the budget reverts \$115 million of General Fund that was set aside in a designated fund in 2021-22 and 2022-23 for park-related activities but is not urgently needed.

Natural Resources and Environmental Protection Budget Bills and Trailer Bills

1. *Budget Act of 2023 – SB 101 (Skinner), Chapter 12, Statutes of 2023.*
2. *Budget Act of 2023 – AB 102 (Ting), Chapter 38, Statutes of 2023.*
3. *Budget Act of 2022 and 2023 — SB 104 (Skinner), Chapter 189, Statutes of 2023.*
4. *Budget Act of 2022 and 2023 — SB 105 (Skinner), Chapter 862, Statutes of 2023.*
5. *Public Resources and Environmental Protection – SB 122 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2023.*
6. *State Government — SB 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023.*

ENVIRONMENTAL PROTECTION

0555 SECRETARY FOR ENVIRONMENTAL PROTECTION (CalEPA)

- **California Unified Program, Accidental Release Prevention (CalARP), and Hazardous Materials Business Plan (HMBP) Program Support.** The budget includes \$719,000 from the Unified Program Account and four permanent positions in 2023-24 to support the growing legal need in the Unified Hazardous Waste and Hazardous Materials Regulatory Program (Unified Program) and to support inspection and enforcement authority of the Hazardous Materials Business Plan (HMBP) and Accidental Release Prevention (CalARP) programs. These legal and regulatory needs have grown as the result of a transfer of related programmatic responsibilities to CalEPA from the Governor's Office of Emergency Services (Cal OES) in July 2021.

Additionally, the budget includes Trailer Bill Language (TBL) that provides the CalEPA Secretary with new enforcement authority for the HMBP and CalARP programs. Certified Unified Program Agencies, more commonly known as CUPAs, implement and enforce at the local level, but if they fail to adequately execute their duties, the TBL authorizes the CalEPA Secretary's designee to implement specified hazardous material release and accidental release prevention programs to the same extent as the unified program agencies.

0555 SECRETARY FOR ENVIRONMENTAL PROTECTION (CalEPA)

3900 CALIFORNIA AIR RESOURCES BOARD (CARB)

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)

- **CalEPA Bond and Technical Adjustments.** The budget includes various bond appropriations, reappropriations, and reversions, and technical adjustments to continue implementation of previously authorized programs.

3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)

- **Accelerate Transition to Sustainable Pest Management and Continue Mission Critical Work.** The budget includes seven permanent positions, \$1.91 million DPR Fund in 2023-24 and \$1.41 million DPR Fund in 2024-25 and ongoing. This funding is intended to support the state's shift from the use of high-risk pesticides to sustainable pest management as the de facto approach to managing pests by adding resources to: (1) improve the department's registration process; (2) prioritize safer alternative products; (3) accelerate the evaluation of high-risk legacy pesticide products; (4) lead strategic agency and stakeholder engagement/collaboration in the development of plans, programs, and proposed funding — in order to support systemwide implementation of safer, sustainable pest management in agricultural and urban environments.

- **Technical Adjustments: Provisional Language Cleanup.** The budget adds provisional language to Item 3930-001-0106 for the Pest Management Research Grant Program and Pest Management Alliance Grant Program to allow encumbrance or expenditure until June 30, 2025. These are provisions agreed to in previous budgets that were inadvertently excluded from the Governor's budget in January. Also, the budget deletes Provision 1, which no longer applies, in Items 3930-001-0001, 3930-002-3288, and 3930-102-3288.

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

- **Water Recycling Project Fees.** The budget includes TBL that requires persons, who are subject to the prescribed water reclamation requirements for water that is used (or proposed to be used) as recycled water and persons who have been issued a master recycling permit, to pay the annual fee established by SWRCB.
- **Water Rights Modernization Continuation.** The budget appropriates \$31.5 million General Fund in 2023-24 for the Updating Water Rights Data for California (UPWARD) modernization project, which is a foundational piece of California's broader water rights modernization effort. This one-time funding is intended to allow the UPWARD project to be completed on time and with adequate functionality.
- **Water Supply Strategy Implementation.** The budget includes:
 - 19 permanent positions and \$4.73 million (\$4.23 million and 19 positions and \$500,000 in one-time contract funding from the Waste Discharge Permit Fund), in 2023-24.
 - Starting in 2024-25, an additional nine permanent positions and \$2.33 million (\$1.43 million and seven positions and \$500,000 in one-time contract funding from the Waste Discharge Permit Fund, and \$408,000 and two positions from the Safe Drinking Water Account). This budget action will provide total resources for 2024-25 in the amount of 28 positions and \$6.56 million (\$5.66 million and 26 positions and \$500,000 one-time contract funding from the Waste Discharge Permit Fund, and two positions and \$408,000 from the Safe Drinking Water Account).
 - Starting 2025-26, an ongoing spending authority of \$6.06 million (\$5.66 million Waste Discharge Permit Fund and \$408,000 Safe Drinking Water Account) to continue the support of 28 permanent positions.

This item is intended to allow the regional water quality control boards (RWQCBs) to address critical statewide water supply needs through planning and permitting for new water supplies. Resources will be used to:

- 1) Permit new recycled water projects, including potable reuse;
- 2) Develop plans and permits to increase the supply and number of brackish groundwater and seawater desalination facilities; and,
- 3) Identify incentives to increase stormwater capture and use.

This item includes TBL to modify Water Code sections 13260 and 13523 to address a gap in regulatory authority and the structural deficit of one of RWQCBs' main operating funds by extending the fee authority to enable RWQCBs to assess fees for recycled water permits, allowing RWQCBs to effectively carry out recycled water permitting responsibilities.

Addressing these staffing resource and funding needs is intended to support planning and permitting for new water supplies and storage to mitigate aridification in California in accordance with California's Water Supply Strategy: Adapting to a Hotter, Drier Future.

- **Division of Administrative Services Support.** The budget includes 15 permanent positions and \$2.3 million ongoing from various special funds (Waste Discharge Permit, Safe Drinking Water Account, Underground Storage Tank Clean Up, State Water Quality Control Fund; Federal Trust Fund, Water Rights Fund, Safe and Affordable Drinking Water Fund, and Cannabis Tax Fund). These resources will be used to address increased administrative workload due to rapid and evolving program growth, increased resource management and tracking workload, and reporting requirements for the Division of Administrative Services.
- **Lead and Copper Revision Regulation Implementation and Database.** The budget includes \$16.22 million Federal Trust Fund in 2023-24 (\$2.84 million in ongoing funding for 14 new positions and two existing positions previously funded by the Safe Drinking Water Account and \$13.38 million in contract funding). The budget includes an additional \$18.33 million in contract funding over four years (\$7.8 million in 2024-25, \$7 million in 2025-26, \$2 million in 2026-27, and \$1.5 million in 2027-28) to support the development of a database to intake lead and copper data in compliance with the federal revised Lead and Copper Rule Revision (LCRR). The 14 new positions will create an LCRR unit and provide five field section staff that will ensure implementation of the new regulation. Funding will come from the Drinking Water State Revolving Fund set-aside for state program management provided by the Federal Bipartisan Infrastructure Law.
- **Leviathan Creek Diversion Channel Relining.** The budget appropriates \$5.16 million General Fund one-time in 2023-24 for the repair of critical infrastructure at Leviathan Mine (the Leviathan Creek Channel Diversion), which is a federally listed Superfund Site owned by the State of California. This item will support the relining of the Leviathan Creek Diversion Channel side walls to prevent further deterioration, in order to address potentially severe water quality impacts.
- **Implementation of the Sustainable Groundwater Management Act (SGMA).** The budget appropriates \$4.8 million General Fund in 2023-24 and 2024-25 to support 19 new permanent positions and \$500,000 in contracting capacity to continue implementation of SGMA in order to protect groundwater users and uses where local efforts remain inadequate. This new workload results from the Department of Water Resources finding local governments' management efforts in six basins to be inadequate in March 2023.
- **Technical Adjustment: Reappropriation.** The budget adds Item 3940-490 to extend the encumbrance period for Item 3940-008-3058, Budget Act of 2018, until June 30, 2024, which will allow SWRCB to continue utilizing the funding for the CalEPA Sacramento Headquarters Space Optimization Project.

- **Underground Storage Tank Cleanup Fund Loan.** The budget allows the Department of Finance to authorize short-term cash loans from the Underground Storage Tank Cleanup Fund to other SWRCB special funds (up to \$75 million to the Waste Discharge Permit Fund, up to \$17 million to the Safe Drinking Water Account, and up to \$15 million to the Water Rights Fund) to provide cash flow needs supporting operation costs that will be covered by fee revenue received by the end of the fiscal year.

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)
4700 COMMUNITY SERVICES AND DEVELOPMENT (CSD)

- **Water Arrearages.** The budget includes TBL that revises SWRCB's California Water and Wastewater Arrearage Payment Program by moving the sunset of the program to July 1, 2026, and allowing local agencies to account for arrearages owed for a time period that extends to December 31, 2022. With this shift in water arrearages assistance from CSD to SWRCB, this bill repeals specified provisions CSD's Low Income Household Water Assistance program related to this one-time funding. The extension will help ensure all remaining funds are used, as intended, to help people who continue to struggle with their water and wastewater utility bills due to the economic impacts of the COVID-19 pandemic.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)

- **Staff Support for Expedited Cleanup of California National Priorities List (NPL) Sites.** The budget includes six permanent positions and \$1.4 million Toxic Substances Control Account (TSCA) in 2023-24 and annually thereafter for DTSC's Site Mitigation and Restoration Program in order to implement needed oversight of 22 NPL projects during the investigation, remedy construction, and long-term operation and maintenance. DTSC will seek federal reimbursement for these costs through the Multi-Site Cooperative Agreement federal grant fund.
- **Administration of the Generation and Handling Fee.** The budget includes \$55 million in loans—\$15 million TSCA and \$40 million from the Beverage Container Recycling Fund (BCRF)—to the Hazardous Waste Control Account (HWCA) in 2023-24. The budget also includes \$1.2 million HWCA for five positions and increased contract authority to support in-depth analysis of the current shortfall in Generation and Handling Fee revenues, as well as to increase various fee administration activities to better ensure that generators are paying the amounts owed.
- **Exide: Parkways Cleanup Funding.** The budget appropriates a total of \$67.3 million Lead-Acid Battery Cleanup Fund to the Exide Program in 2023-24 (\$40.4 million) and 2024-2025 (\$26.9 million) to clean up 6,425 parkways surrounding the former Exide Technologies facility in Vernon, California.
- **Loan from TSCA to HWCA.** The budget includes \$15 million to support a loan from TSCA to HWCA in order to address a short-term revenue deficit stemming from lower than anticipated revenue from the Generation and Handling Fee.

- **Environmental Justice (EJ) Advisory Council Per Diem.** The budget includes TBL that clarifies that members of the forum are entitled to a \$100 per day per diem for participation in meetings, as well as reimbursement of reasonable travel expenses, similar to advisory committees that support other state departments. SB 158 (Committee on Budget and Fiscal Review), Chapter 73, Statutes of 2021, authorized the creation of an EJ forum that represents communities across California to provide environmental justice advice and recommendations.
- **Hazardous Waste Generation and Handling Fee.** The budget includes TBL that creates an exception for the recently established hazardous waste generation and handling fee (\$49.23 per ton of hazardous waste) for a generator site meeting specified criteria, such as: (1) the project will provide at least 2,000 new housing units, (2) the generator of the hazardous waste acquired ownership of the property subject to cleanup prior to July 1, 2022, and (3) cleanup activity commenced activity, as described, began prior to July 1, 2022. The TBL sets an alternative fee rate of \$5.72 per ton of hazardous waste generated for projects subject to this exception.

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)

- **Pharmaceutical and Sharps Stewardship Fund.** The budget includes TBL that provides CalRecycle the authority to bill a stewardship organization based on projections with a reconciliation prior to the next billing cycle. This language is intended to allow CalRecycle to ensure funds are available in the Pharmaceutical and Sharps Stewardship Fund to cover the costs of all organizations that do work on the pharmaceutical and sharps program.
- **Development of a Statewide Zero Waste Plan.** The budget appropriates \$2 million BCRF one-time to CalRecycle to develop a zero waste plan by January 1, 2026; and requires CalRecycle to submit a report to the Legislature by July 1, 2024, to evaluate the effectiveness of the department's existing programs.
- **CalRecycle Integrated Information System (CRIIS).** The budget appropriates \$6.19 million BCRF one-time for the implementation of the CRIIS, which is an extensive ongoing initiative to migrate the Beverage Container Recycling Program (BCRP) currently administered via a Commercial-Off-The-Shelf (COTS) application, called Division of Recycling Integrated Information System (DORIIS), into a modern, extensible cloud-based solution. The new solution will be developed with the goal of consolidating administration of all CalRecycle's material and waste management systems.
- **Various Reappropriations: CRIIS and BCRP.** The budget adds Item 3970-490 to reappropriate the balance of funds from Item 3970-101-0133, Budget Act of 2022 for encumbrance until June 30, 2024. This funding supports California Department of Technology Project Approval Oversight during the implementation phase of the CRIIS project. Additionally, the budget adds Item 3970-491 to reappropriate the balance of funds from Item 3970-101-0133, Budget Act of 2021 for encumbrance until June 30, 2025. This funding supports implementation of BCRP Pilot Projects.

- **Lee Vining Burn Dump Site Remediation.** The budget includes an increase of \$2.65 million Solid Waste Disposal Site Cleanup Trust Fund one-time to complete required site restoration work on the former Lee Vining Burn Dump in Mono County. Project completion will bring the site into regulatory compliance in the Mono Lake watershed area.
- **Technical Adjustment: BCRP Pilot Projects.** The budget includes a reappropriation to continue implementation of the BCRP Pilot Projects, extending the encumbrance period to June 30, 2025.
- **BCRF: Loan to HWCA.** As noted above, the budget includes a \$40 million loan from BCRF to the HWCA to address a short-term revenue deficit stemming from lower than anticipated revenue from DTSC's new Generation and Handling Fee. The budget also includes a provision to authorize the General Fund to support repayment of all or a portion of the loan under specified circumstances.
- **BCRF: Loan to the General Fund.** The budget adds Item 3970-013-0133 to support a \$100 million loan to the General Fund. As a result of lower revenue projections and a resulting increase in the budget problem, the budget includes this adjustment to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan. The budget adds a provision to authorize repayment of all or a portion of the loan under specified circumstances.

Natural Resources and Environmental Protection Budget Bills and Trailer Bills

1. *Budget Act of 2023 – SB 101 (Skinner), Chapter 12, Statutes of 2023.*
2. *Budget Act of 2023 – AB 102 (Ting), Chapter 38, Statutes of 2023.*
3. *Budget Act of 2022 and 2023 — SB 104 (Skinner), Chapter 189, Statutes of 2023.*
4. *Budget Act of 2022 and 2023 — SB 105 (Skinner), Chapter 862, Statutes of 2023.*
5. *Public Resources and Environmental Protection – SB 122 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2023.*
6. *General Government — SB 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023.*

FOOD AND AGRICULTURE

8570 DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

- **Sustainable Agriculture Package.** The budget includes the following modifications to the sustainable agriculture package included in the prior year's budget:
 - Rejects the Governor's proposal to reduce \$15 million General Fund from the Farm to Community Food Hubs Program at CDFA. This nets to \$15 million total for the program.
 - Rejects the Governor's proposal to reduce \$8.9 million General Fund from the Healthy Refrigeration Grant Program at CDFA. This nets to \$20 million total for the program.
 - Rejects the Governor's proposal to reduce \$5.8 million General Fund from the Urban Agriculture Program at CDFA. This nets to \$12 million total for the program.
 - Rejects the Governor's proposal to reduce \$4.7 million General Fund from the New and Beginning Farmer Training Program at CDFA. This nets to \$10 million for the program.
 - Reduces \$15 million General Fund for the Healthy Soils Program at CDFA. This nets to \$155 million total for the program.
 - Reduces \$22 million General Fund for the Conservation Agriculture Planning Grants at CDFA. This nets to \$18 million total for the program.
 - Reduces \$15 million General Fund from the Pollinator Habitat Program at CDFA. This nets to \$16 million total for the program.
 - Reduces \$25 million General Fund from the Climate Catalyst Fund Program for agriculture at the California Infrastructure and Economic Development Bank (IBank). This nets to \$0 total for the program.
 - Reduces \$5 million General Fund for the Research in Greenhouse Gases (GHG) Reduction program at CDFA Agriculture. This nets to \$5 million total for the program.
 - Reduces \$5 million General Fund for the Invasive Species Council program at CDFA. This nets to \$5 million total for the program.
 - Reduces \$8.5 million General Fund from the Sustainable Cannabis Pilot Program at CDFA. This nets to \$500,000 total for the program.
- **Augment Plant Pest Diagnostics Center Facilities Maintenance & Operational Costs.** The budget includes \$841,000 from the General Fund in 2023-24 and \$858,000 in 2024-25

and ongoing to keep the Plant Pest Diagnostics Center (PPDC) laboratory facility operational to meet the state's diagnostic needs and maintain national and international standards. This funding will allow the PPDC to remain fully operational, and address numerous facility deficiencies, plan for maintenance costs for its aging equipment, and provide diagnostic services for both reimbursable and non-reimbursable samples for all stakeholders.

- **Emergency Management Program Resources.** The budget includes \$516,000 General Fund and \$77,000 in distributed administration authority in 2023-24, \$506,000 General Fund and \$77,000 in distributed administration authority in 2024-25 and ongoing, and 2.5 permanent positions to build a dedicated Emergency Management Program within CDFA to meet current and continued threats to food and agriculture posed by diseases and natural disasters due to climate change. The positions include one Program Manager II and one Emergency Services Coordinator, to support the Emergency Management Program functions in the Executive Office, and 0.5 Associate Government Program Analyst (AGPA) to provide administrative support related to new positions, including financial services, human resources, and budgeting.
- **Emerging Threats Information Management System.** The budget includes \$6.7 million (\$4.2 million from the General Fund and \$2.5 million from the Department of Food and Agriculture Fund) and three positions in 2023-24, \$12.1 million (\$7.7 million from the General Fund and \$4.5 million from the Department of Food and Agriculture Fund) in 2024-25 and 2025-26, \$6.7 million (\$4.2 million from the General Fund and \$2.5 million from the Department of Food and Agriculture Fund) in 2026-27 and \$5.1 million ongoing (\$3.2 million from the General Fund and \$1.9 million from the Department of Food and Agriculture Fund) to implement a replacement of the existing legacy Emerging Threats (ET) Information Management System.
- **Information Technology Enterprise Transition Support.** The budget includes \$536,000 from the General Fund in 2023-24, 2024-25, and 2025-26 to fund CDFA's transition to an Information Technology (IT) Enterprise Solution, which aims to streamline the operations and maintenance of the department's IT systems and to meet the current State Administrative Manual requirements. This increase will fund licensing costs to allow time for CDFA's industry-funded programs to increase fees, if needed, to pay for costs associated with ongoing licensing, and for a consultant to assist CDFA in migrating applications and to provide training to state staff.
- **Ocal and Cannabis Appellations Baseline.** The budget includes \$482,000 from the Cannabis Control Fund in 2023-24 and ongoing to provide additional authority needed for the Ocal Cannabis Certification Program and Cannabis Appellations Program (CAP). This increase will fund outreach and education activities, technical review support, or indirect costs that are necessary for division management, executive management, legal services, public affairs, information technology, human resources, accounting, and other administrative costs. Ocal and CAP will generate revenue for the Cannabis Control Fund to offset the requested amount.

- **Shipping Point Inspection Enhanced Oversight and Training.** The budget includes four permanent positions in 2023-24 and ongoing to support mission critical enhancement of the Shipping Point Inspection (SPI) Program. The positions will allow CDFA to develop a more robust inspection program for commodity inspection and increase the technical capabilities of the program. SPI has continuously appropriated authority and does not require a Budget Act appropriation. Thus, position authority is only provided. Additionally, CDFA received 0.5 positions and \$77,000 in distributed administration funding in 2023-24 and ongoing to perform a variety of support functions related to the new positions, including financial services, human resources, and budgeting.
- **Stage Gate 2 Planning – CDFA Licensing and Payment Portal.** The budget includes \$1.5 million from the General Fund in 2023-24 to perform Statewide Information Management Manual (SIMM) 19B – Stage Gate 2 Alternative Analysis (S2AA) planning for the CDFA Licensing and Payment Portal (LPP) Project. The LPP Project aims to streamline the licensing processes into a single licensing and payment portal. In 2021-22, CDFA received \$2 million one-time General Fund to assess the scope, feasibility, and level of effort required to create and implement such a portal. This increase continues this project, and will help CDFA perform the analysis, research, documentation, and planning to comply with the SIMM 19B S2AA requirements.
- **Weights and Measures Oversight and Services.** The budget includes \$811,000 from the Department of Food and Agriculture Fund in 2023-24, \$714,000 in 2024-25 and ongoing, and four permanent positions to continue its mandated instruction and oversight of county sealers who inspect commercial weighing and measuring devices in their jurisdiction. This increase will be supported by the administrative fees that the CDFA's Division of Measurement Standards (DMS) collects by the counties for its oversight activities and laboratory services. Additionally, CDFA received 0.5 position and \$77,000 in distributed administration authority in 2023- 24 and ongoing to perform a variety of support functions related to the new positions, including financial services, human resources, and budgeting.
- **Oversight Costs for Fairs and Exposition Branch.** The budget includes \$2.5 million ongoing from the General Fund to fund existing Fairs and Exposition Branch positions and operating expenses.
- **Blythe Border Protection Station Relocation Project.** The budget includes \$2.8 million from the General Fund to begin the Working Drawings phase for the Blythe Border Protection Station Relocation Project, located in Riverside County.
- **Reappropriation and Extension of Climate Smart Agriculture Programs.** The budget includes expenditure, encumbrance, and liquidation deadline extensions for CDFA's Climate Smart Agriculture (CSA) grant programs.
- **California Nutrition Incentive Program.** The budget includes \$35 million General Fund for the California Nutrition Incentive Program at CDFA.

- **Enteric Fermentation Incentive Program.** The budget includes \$25 million General Fund for the Enteric Fermentation Incentive Program at CDFA.
- **Organic Transition.** The Budget includes \$5 million General Fund for the Organics Transition Program at CDFA.

Food and Agriculture Budget Bill and Trailer Bills

1. *Budget Acts of 2021 and 2022 – Assembly Bill 100 (Ting), Chapter 3, Statutes of 2023.*
2. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
3. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
4. *Budget Acts of 2022 and 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*

ENERGY, AIR QUALITY, AND UTILITIES

VARIOUS DEPARTMENTS

Zero-Emission Vehicle Package. The budget modifies the zero-emission package included in the prior year's package, and appropriates the following for 2023-24:

- \$80 million (\$50 million General Fund and \$30 million Greenhouse Gas Reduction Fund (GGRF)) to California Air Resources Board (CARB) for Clean Cars 4 All & Other Equity Projects.
- \$100 million GGRF to California Energy Commission (CEC) for Equitable At-Home Charging.
- \$80 million GGRF to CARB for Drayage Trucks & Infrastructure.
- \$85 million GGRF to CEC for Drayage Trucks & Infrastructure.
- \$220 million GGRF to California State Transportation Agency (CalSTA) for Zero Emission Transit Capital Program.
- \$145 million GGRF to CEC for Clean Trucks, Buses, and Off-Road Equipment.
- \$60 million GGRF to CARB/CalSTA for Community-Based Plans, Projects and Support/Sustainable Community Strategies.
- \$77 million Federal Funds to CalSTA for the Transportation Package ZEV.

Energy Package. The budget modifies the energy package included in the prior year's budget, and appropriates the following for 2023-24:

- \$20 million General Fund to the Department of Water Resources (DWR) for Investments in Strategic Reliability Assets.
- \$100 million General Fund to the CEC for the Distributed Electricity Backup Assets program.
- \$95 million General Fund to the CEC for the Demand Side Grid Support program.
- \$25 million General Fund to the CEC for the Carbon Removal program.
- \$280 million GGRF to the California Public Utilities Commission (CPUC) for Residential Solar and Storage program.

- \$25 million General Fund to the California Infrastructure and Economic Development Bank (IBank) for Transmission Financing.
- \$190 million GGRF to the CEC for Incentives for Long Duration Storage.
- \$1 million General Fund to the CPUC for Distributed Energy Workload.
- \$10 million General Fund to the DWR for Oroville Pump Storage.
- \$40 million GGRF to CEC for the Food Production Investment Program.
- \$432 million (\$345 million GGRF and \$87 million General Fund) to CEC for Equitable Building Decarbonization.
- \$95 million GGRF to CPUC for Equitable Building Decarbonization – TECH Initiative.
- \$20 million General Fund to CARB for Equitable Building Decarbonization - Accelerating Adoption of low-GWP refrigerants.

Clean Energy Reliability Investment Plan. The budget includes the following for the Clean Energy Reliability Investment Plan, pursuant to SB 846 (Dodd), Chapter 239, Statutes of 2022, for the \$100 million in 2023-24.

- \$32 million for DWR for a central procurement function.
- \$11 million for Governor’s Office of Business and Economic Development (Go-Biz) for permitting and interconnection best practices support.
- \$4 million for CEC to do transmission planning.
- \$1 million for CEC for administration overhead.
- \$19 million for CEC for the Demand Side Grid Support program.
- \$33 million for CPUC to subsidize community solar under AB 2316 (Ward), Chapter 350, Statutes of 2022.

GGRF Swaps. The budget funds the following with GGRF instead of General Fund, as originally proposed and/or enacted in a prior budget. Any previous appropriation is reverted to General Fund.

- \$15 million in 2023-24 to the Labor and Workforce Development Agency (LWDA) for the Low Carbon Economy Program.
- \$33 million in 2023-24 to the California Department of Forestry and Fire Protection for Green Schoolyards (Urban Forestry).

- \$40 million in 2022-23 and \$10 million in 2023-24 to the California Department of Food and Agriculture for Healthy Soils.
- \$25 million in 2023-24 to California Department of Community Services and Development for Low Income Weatherization.
- \$68 million in 2022-23 to CEC for Industrial Decarbonization.

Electric Vehicle Supply Equipment Payment Standards. SB 123 (Committee on Budget and Fiscal Review), Chapter 52, Statutes of 2023, requires an electric vehicle charging station that is newly installed or made publicly available to offer specified payment methods, including a contactless payment method that accepts major credit or debit cards, an automated toll-free telephone number or a short message system that provides the electric vehicle charging customer with the option to initiate a charging session and submit payment, and Plug and Charge payment capabilities meeting the International Organization for Standardization (ISO) 15118 standard (for direct current fast charging stations). SB 123 authorizes the CEC, by regulation that is effective no earlier than January 1, 2028, to add or subtract from the payment methods required by the bill, as appropriate in light of changing technologies.

Green Financing. SB 124 (Committee on Budget and Fiscal Review), Chapter 53, Statutes of 2023, authorizes IBank and Department of Water Resources to access and utilize federal funding provided in the Inflation Reduction Act, to finance projects that reduce greenhouse gas emissions.

SB 2 Implementation. The budget includes funding and positions to implement SB 2 (Skinner), First Extraordinary Session, Chapter 1, Statutes of 2023-24, which authorizes CEC to establish a maximum gross refining margin of profit that refiners can make above the cost of doing business; require increased reporting; and establish a new division within CEC for oversight. Specifically:

- **CEC.** \$5.9 million from the Energy Resources Programs Account and 14 positions on an ongoing basis for the CEC to collect new data, analyze and track trends in the petroleum supply chain and pricing, produce required reports, and establish a new oversight division. Additionally, the CEC will redirect 10 existing positions internally to support the new Division of Petroleum Market Oversight.
- **CARB.** \$1 million one-time from the Cost of Implementation Account for the California Air Resources Board to support the development of the Transportation Fuels Transition Plan.
- **DIR.** \$286,000 from the Occupational Safety and Health Fund and one position for the Department of Industrial Relations (DIR) to support analysis on managing refinery turnaround and maintenance schedules.

In addition, SB 123 includes clarifying amendments on SB 2. Specifically:

- Clarifies that members of a multi-stakeholder, multiagency workgroup to consult on a Transportation Fuels Transition Plan, may include, but not be limited to, representatives of environmental justice, labor, and fuel producers and refiners, among others.
- Clarifies data access for CEC's Independent Consumer Fuels Advisory Committee shall be aggregated, anonymized, and not open to public disclosure, and makes other minor, clarifying changes.

Carbon Capture, Removal, Utilization, and Storage Program (SB 905). The Budget includes funding for CARB, Department of Conservation (DOC), and the State Water Resources Control Board (State Water Board) to implement SB 905 (Caballero), Chapter 359, Statutes of 2022. Specifically:

- **CARB.** \$1,914,500 for nine positions and \$1,700,000 contract funds on a three-year limited term basis from the Cost of Implementation Account, Air Pollution Control Fund (COIA) to implement the requirements established by SB 905. Included in the request is \$1.7 million in ongoing contract funds: \$700,000 to establish an electronic unified permit submittal system for carbon sequestration project operators pursuing permits to operate in California, and \$1 million in ongoing contract funds to perform evaluations of new and emerging carbon capture, removal, utilization and storage (CCUS) and carbon dioxide removal (CDR) technology.
- **DOC.** \$3.7 million from COIA and four permanent positions to create a Geologic Carbon Sequestration Group (Group).
- **State Water Board.** \$280,000 ongoing from COIA for one permanent position to collaborate with CARB to develop and implement a unified permit application process for the construction and operation of CCUS projects and provide technical expertise to ensure these projects are protective of groundwater resources.

Zero-Emission Jobs Roadmap. The budget includes \$2.3 million for the Office of Planning and Research to, in consultation with the LWDA, convene a working group made up of transit agencies, other relevant public agencies, educational institutions, relevant community organizations, and other necessary parties, to create a zero-emission roadmap for the state which shall identify the actions needed to meet California's zero-emission goals, with minimal displacement of existing workers. The roadmap shall include, but not be limited to:

- An estimation of the number of public operations and maintenance jobs provided by existing buses, rolling stock, vehicles, or related equipment that would require significant upskilling to adapt to the transition to zero-emission.
- Identification of gaps in skills needed to operate and maintain the new electric powered buses, rolling stock, vehicles, or related equipment.

- Development of model solicitation and contract language, to be utilized in procurement for zero-emission buses, for the training of public service employees on the servicing of the zero-emission buses being purchased.
- Development of a comprehensive plan to transition, train, or retrain public transportation system employees impacted by transition goals, including an estimated budget for implementing this plan and the identification of funding streams to fund this transition.

3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY (OEIS)

- **Information Technology Transition Services and Support.** The budget includes \$717,000 in 2023-24 (\$552,000 from Public Utilities Commission Reimbursement Account (PUCURA) and \$165,000 from Safe Energy Infrastructure and Excavation Fund (SEIEF)) and \$250,000 ongoing (\$192,000 from PUCURA and \$58,000 from SEIEF). This includes \$141,000 in personnel costs for one permanent position starting in fiscal year 2023-24, \$576,000 in administrative operating expenses for an IT Tenant Transition Services Contract in fiscal year 2023-24, and \$109,000 for ongoing operating expenses.
- **Electricity: Expedited Utility Distribution Infrastructure Undergrounding Program (SB 884).** The budget includes 18 permanent positions and \$4 million from the PUCURA in 2023-24 and ongoing to review and evaluate distribution infrastructure undergrounding plans submitted by large electrical utilities, as required by SB 884 (McGuire), Chapter 819, Statutes of 2022.
- **Continued Implementation.** The budget includes 58 positions and \$12.3 million in 2023-24 and ongoing (\$11.44 million Public Utilities Commission Utilities Reimbursement Account (PUCURA) and \$834,000 Safe Energy Infrastructure and Excavation Fund (SEIEF)) to allow the department to meet its public safety mission and reduce the current reliance and associated risk with the use of contractors. This includes \$9.5 million in personnel costs for 58 new full-time permanent positions, and \$100,000 for a Spanish translation contract among other operating expenses.
- **Human Resources and Procurement Services.** The May Revision includes \$1.2 million (\$928,000 from the PUCURA and \$277,000 from the SEIEF) in 2023-24 and \$420,000 ongoing (\$323,000 from PUCURA and \$97,000 from SEIEF) as well as eight permanent positions to transition its human resources and procurement services in-house.
- **Reappropriation.** The budget reappropriates \$7 million from the Public Utilities Commission Utilities Reimbursement Account to OEIS for contract activities.

3360 CALIFORNIA ENERGY COMMISSION (CEC)

- **Building Energy Benchmarking Program.** The budget includes \$10 million General Fund for CEC to enhance its outreach and enforcement activities to increase compliance by covered building owners with the Building Energy Benchmarking Program and improve the quality of the data collected by the program. The CEC shall also develop a strategy for using energy benchmarking data to improve tracking of and identify opportunities to reduce the energy usage and emissions of greenhouse gases of buildings subject to the Building Energy Benchmarking Program, and for implementing enforcement mechanisms to help achieve the state's goals related to energy efficiency and reductions in emissions of greenhouse gases. Potential strategies include, but are not limited to, building performance standards, energy audits for underperforming buildings, or prioritization of incentive and direct installation programs toward the least efficient buildings.
- **Technical Assistance for Federal Tax Credits.** The budget includes \$10 million General Fund for CEC to create a technical assistance program and a public awareness campaign to assist Californians with receiving incentives and tax credits granted by the federal Inflation Reduction Act for the Homeowner Managing Energy Savings (HOMES) and High-Efficiency Electric Home Rebate (HEEHRA) programs and related federal tax credits, including the Energy Efficient Home Improvement Credit, and Residential Clean Energy Credit.
- **Building Decarbonizing Financing and Incentive Assistance Program SB 1112 (Becker).** The budget includes \$422,000 from the Energy Resources Programs Account in 2023-24 and ongoing for two permanent positions to implement SB 112 (Becker), Chapter 834, Statutes of 2022. Two positions (one staff scientist position (Energy Commission Specialist III) and one staff attorney position (Attorney III)) will be the technical and legal CEC issue experts on these new tasks, will lead engagement with federal and partner state-agencies, provide technical support, and identify and recommend solutions to the Legislature as relates to statutory barriers.
- **Electric Vehicle Charging Infrastructure Reliability Data Collection and Assessment AB 2061 (Ting).** The budget provides \$351,000 annually from the Alternative and Renewable Fuel and Vehicle Technology Fund for two permanent positions to collect, manage, and analyze reliability data collected for electric vehicle chargers and charging stations, as required by AB 2061 (Ting), Chapter 345, Statutes of 2022.
- **Funding to Expand and Improve Energy Reliability Models SB 1020 (Laird), Chapter 361, Statutes of 2022.** The budget includes \$1 million on a one-time basis from the Cost of Implementation Account (COIA) for contract support to improve and expand the current reliability models to encompass the whole state and address both system and local reliability. Additionally, these funds will be used to equip staff to maintain and continue this analysis into the future.
- **Measuring and Reducing the Carbon Intensity in Construction Materials AB 2446, (Holden).** The budget includes \$238,000 from COIA in 2023-24 and ongoing for one permanent position to implement AB 2446 (Holden), Chapter 352, Statutes of 2022. Specifically, this position will help establish the state's first standardized life-cycle assessment

methodology for buildings, so that carbon intensity of construction materials can be determined in a standardized way in alignment with the bill's intent.

- **Resources to Gather and Report Medium-Duty and Heavy-Duty (MDHD) Fleet Data AB 2700 (McCarty).** The budget includes \$391,000 annually from the Cost of Implementation Account for one permanent position to gather and report medium-duty and heavy-duty fleet data into existing CEC work products, as required by AB 2700 (McCarty), Chapter 354, Statutes of 2022. This is comprised of \$191,000 for a one permanent Electric Generation System Specialist (EGSS I) position and \$200,000 annually for integrating the data with the Integrated Energy Policy Report (IEPR) forecast in a way that makes it useful for utilities to anticipate load.
- **Solar Equipment List Direct Appropriation.** The budget provides \$1.3 million from the PUCURA on a four-year limited-term basis to fund the CEC's Solar Equipment List Program and replace the current Interagency Agreement (IA) funding mechanism.
- **Implementing Hourly Electricity Retail Resource Accounting SB 1158 (Becker).** The Governor's Budget requests \$214,000 from the Energy Resources Programs Account (ERPA) for one permanent position to develop regulations implementing hourly retail resource accounting (hourly accounting) under the Power Source Disclosure (PSD) Program and to collect, process, and produce hourly data in support of Integrated Resource Planning and other activities, as required by SB 1158 (Becker), Chapter 367, Statutes of 2022.
- **Load Management Standards.** The budget includes \$373,000 in 2023-24 and ongoing to implement new energy load management standards adopted by the CEC. This includes two positions: – one Energy Commission Specialist I (ECS I) and one Electric Generation System Program Specialist I (EGSPS I). These resources will provide guidance and develop best practices to help improve utility system efficiency, lessen or delay the need for new electrical capacity, reduce fuel consumption, and lower the long-term economic and environmental costs of meeting the state's electricity needs.
- **Commissioner Pay Parity.** SB 123 amends Government Code section 11553.5 to provide a commensurate increase in CEC Commissioner salaries of five percent per year for the next three fiscal years.
- **Opt-In Permitting Provisional Language.** The budget includes provisional language in Item 3360-001-3062 to support unanticipated workload from the Opt-in Permitting program included in the 2022 Budget Act. This language allows the Department of Finance to augment this item by up to \$1.5 million to address increased permitting and licensing workload.
- **Demand Side Grid Support Program Cleanup.** SB 124 clarifies that Distributed Electricity Backup Assets program participants are not required to participate in the Demand Side Grid Support program. In addition, SB 124 deletes the requirement that the produced energy be settled at a relevant reference energy price.

- **Federal Fund Authority.** SB 105 (Skinner), Chapter 862, Statutes of 2023, provides CEC with spending authority for approximately \$102.8 million in additional federal grant funds, primarily for the Community Energy Resilience Investment Program, SEP program, and Home Energy Performance-Based, Whole-House Rebates, and High Efficiency, Electric Home Rebate Program.

3860 DEPARTMENT OF WATER RESOURCES (DWR)

- **Summer 2023 Imported Energy Reimbursement Program.** In 2022, DWR's Electricity Supply Strategic Reliability Reserve Program (ESSRRP) was authorized to reimburse electrical corporations for the above-market costs of imported energy and imported capacity products procured from July to September 2022 to support summer electric service reliability. SB 123 includes this same authority for Summer 2023 as critical reliability measure for extreme events. The budget includes provisional language that allows a transfer of up to \$100 million from the California Energy Commission's Distributed Electricity Backup Assets program to DWR for these activities.
- **SB 1020 (Laird) Clean Up.** SB 123 authorizes DWR to satisfy all or a portion of its procurement obligations imposed on the State Water Resources Development System, commonly known as the State Water Project, by connecting (in addition to installing) zero-carbon resources or eligible renewable energy resources behind the meter on State Water Project property to service its load.
- **SB 846 Diablo Canyon Loan.** The budget includes language that provides a General Fund loan up to \$400 million to the Diablo Canyon Extension Fund for the purpose of being loaned to the company licensed to operate the Diablo Canyon Units 1 and 2 for extending operations of the Diablo Canyon power plant facility, consistent with SB 846 (Dodd), Chapter 239, Statutes of 2022.

3900 STATE AIR RESOURCES BOARD

- **AB 617.** The budget includes \$300 million (\$250 million GGRF and \$50 million General Fund) for AB 617 Implementation, Planning, and Incentives.
- **Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program.** The budget includes \$75 million General Fund for the FARMER program for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.
- **CARB Scoping Plan Community Engagement (SB 1020).** The budget includes \$711,000 (\$210,000 ongoing) from the Air Pollution Control Fund in 2023-24 for one position and contract services for the Environmental Justice Program. These resources will be used to fulfill the requirements of SB 1020 (Laird), Chapter 361, Statutes of 2022 for CARB to enhance community engagement efforts in coordination with the AB 32 Environmental Justice Advisory

Committee in areas designated as federal extreme nonattainment that have communities with minority populations, communities with low-income populations, or both.

- **Embodied Carbon Emissions: Construction Materials (AB 2446).** The Budget includes \$5.7 million from the Cost of Implementation Account in 2023-24 and 2024-25 (decreasing to \$4.5 million in 2025-26 and ongoing) for 15 permanent positions and contract services to develop and implement a framework to reduce embodied carbon emissions from building materials, as required by AB 2446 (Holden), Chapter 352, Statutes of 2022. Additionally, SB 123 changes the deadlines in AB 2446 from July 1, 2025 to December 31, 2026 (for the development of the framework), 2028 (for the comprehensive strategy), and 2029 (for the feasibility and cost analysis of the interim targets).
- **Enhance CARB's Ozone Air Monitoring Network to Meet Mandated Regulatory Requirements.** The budget includes \$1.9 million from the Air Pollution Control Fund in 2023-24 and \$1.1 million ongoing for five permanent positions to operate, audit, and maintain the monitoring stations and equipment for CARB's ozone monitoring program. This request includes \$128,000 ongoing for operational costs and \$787,000 in one-time funding for equipment and supplies. In addition, this includes five permanent positions (one Staff Air Pollution Specialist, three Air Pollution Specialists, and one Associate Government Program Analyst), equipment, and contracts to develop and operate monitoring sites to meet the federal requirements.
- **Fund Shift for the Transport Refrigeration Unit Program.** The budget shifts the funding of 1.75 existing Transport Refrigeration Unit (TRU) Program positions from the Motor Vehicle Account (MVA) to the Certification and Compliance Fund (CCF). In addition, the budget includes a onetime shift of \$1.6 million from MVA to CCF for TRU operational costs (compliance labels, envelopes, and postage) in 2023-24. Beginning in 2024-25 and annually thereafter, the budget provides \$859,000 from CCF for ongoing TRU operational costs (compliance labels, envelopes, and postage).
- **Heavy-Duty Vehicle Inspection and Maintenance Program per SB 210.** The budget includes \$14.1 million in 2023-24 to implement and enforce the Heavy-Duty Inspection and Maintenance (HD I/M) program, as required by SB 210 (Leyva), Chapter 298, Statutes of 2019. This includes 19 new, permanent, ongoing positions starting in 2023-24 and four new, permanent, ongoing positions starting in 2024-25, as well as contract funding of \$10.3 million for 2023-24, \$10.2 million for 2024-25, \$10.5 million for 2025-26, and \$10.7 million in ongoing funding for 2026-27 and beyond.
- **In-Use Locomotive Regulation Implementation and Enforcement.** The budget includes \$1.65 million from the Air Pollution Control Fund (APCF) in 2023-24, \$1.69 million in 2024-25, \$1.64 million in 2025-26 and ongoing for ten permanent positions and related operating expenses and equipment to implement and enforce the In-Use Locomotive Regulation. Additionally, the budget shifts funding for 6.6 existing positions from the Motor Vehicle Account to APCF in 2023-24.

- **Staff Augmentation for Project Management Office.** The budget includes \$8.2 million from the APCF and seven positions in 2023-24 (\$6.7 million in one-time contract funding and \$1.5 million ongoing) for staff augmentation of the Project Management Office to transition from a contract-heavy to a state employee-centric unit.
- **Transportation Electrification: Electrical Distribution Grid Updates (AB 2700).** The budget includes \$211,000 ongoing from the GGRF for one permanent position to implement AB 2700 (McCarty, Berman and Medina), Chapter 354, Statutes of 2022. The position will coordinate with CARB program points of contact and the CEC, use their expertise in MHD ZEVs and the associated CARB regulatory programs to develop a streamlined process for data collection, align data on existing regulations, and provide input for alignment on future regulations.
- **Policy and Technical Support for California Climate Investment Programs.** The budget includes \$629,000 on a three-year limited-term basis from the GGRF for three positions to undertake statutorily required duties providing policy and technical support to agencies administering ten new California Climate Investments programs established through the 2022 Budget Act along with other duties regarding the oversight and administration of California Climate Investments.
- **Expanding Mobile Air Monitoring in Communities.** The budget reverts \$3 million from a 2022-23 appropriation and use the reverted funds for a four-year limited-term appropriation of \$750,000 per year to support four limited-term positions to provide technical air monitoring and community engagement services to support the contracted deployment of new, mobile Community Air Monitoring data collection and visualization approaches.
- **Low Carbon Fuel Standard Administration.** The budget includes three permanent positions and \$451,000 in 2023-24 and ongoing from the Cost of Implementation Account (COIA) to address the growing workload of the Low Carbon Fuel Standard (LCFS) program.
- **Zero-Emission Portfolio for Implementation of the Proposed Advanced Clean Fleets Regulation.** The budget includes \$7.6 million in 2023-24 from the Air Pollution Control Fund for 32.5 three-year limited-term positions to comply with the proposed Advanced Clean Fleets Regulation. This includes \$2 million in one-time funding to modify two separate reporting systems. This modification will allow CARB to verify and track compliance as the requirements are phased in. This also includes \$400,000 in 2024-25 and 2025-26 funding for maintenance and ongoing fees to run the two systems.
- **Implementing Evaluations and Recommendations for Hydrogen to Support Decarbonizing the California Economy (SB 1075).** The budget includes \$3.1 million from the Cost of Implementation Account in 2023-24 (\$849,000 ongoing) for four permanent positions and one-time contract services to develop and publish an evaluation and provide policy recommendations on the use of hydrogen, as required by SB 1075 (Skinner), Chapter 363, Statutes of 2022.

- **Technical Adjustment: Reappropriation for the Statewide Mobile Air Monitoring Initiative.** The budget includes a technical adjustment to reappropriate \$27 million GGRF for the Statewide Mobile Air Monitoring Initiative.

8660 CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)

- **SGIP GF Solution Cleanup.** SB 123 (Committee on Budget and Fiscal Review), Chapter 52, Statutes of 2023 limits the CPUC's Self-Generation Incentive Program to only cover low-income customers when funded by General Fund.
- **Diablo Canyon.** SB 124 (Committee on Budget and Fiscal Review), Chapter 53, Statutes of 2023 extends the California Public Utilities Commission's (CPUC) authority to convene the Diablo Canyon Independent Peer Review Panel if plant operations continue through 2030. Clarifies that the Independent Safety Committee (ISC) for Diablo Canyon was established by the CPUC. Reinstates a chaptered out provision of SB 846 (Dodd), Chapter 239, Statutes of 2022 that retired the attributes of Diablo Canyon after 2025.
- **CalSPEED Testing Continuation.** The budget includes \$2.99 million in 2023-24, 2024-25, and 2025-26, and \$1.9 million ongoing from the PUCURA for three positions and other related communication services, training, travel, IT, equipment, and contracts to continue testing mobile broadband through the CalSPEED Mobile project.
- **Corrections: Communications (SB 1008).** The budget includes \$626,000 ongoing from PUCURA for three positions to develop, implement, enforce, and support new Service Quality (SQ) rules for Incarcerated Persons Calling Services (IPCS) providers, as required by SB 1008 (Becker), Chapter 827, Statutes of 2022. The three positions include one Public Utilities Regulatory Analyst (PURA) V, one Public Utilities Regulatory Analyst III, and one Administrative Law Judge.
- **Electric Transmission Rates Advocacy.** The budget includes \$1.500 million from PUCURA on a three-year limited-term basis for consultant technical expertise to assess Transmission Owner (TO) capital projects that have a direct influence on electric transmission rates to inform CPUC advocacy for California ratepayers at the Federal Energy Regulatory Commission (FERC). In addition, the budget includes position authority for five positions that support electric transmission advocacy.
- **Electricity Planning and Procurement.** The budget includes \$3.3 million (\$2.9 million ongoing and \$460,000 limited-term) from PUCURA for eight positions, consulting services, software licenses, and training to implement the following legislation: SB 1174 (Hertzberg), Chapter 229, Statutes of 2022, SB 887 (Becker), Chapter 358, Statutes of 2022, SB 1158 (Becker), Chapter 367, Statutes of 2022, and SB 1020 (Laird), Chapter 361, Statutes of 2022. Specifically, the budget includes:
 - **SB 1174.** \$1,779,000 for two positions in the Energy Division, one position in the Legal Division, ongoing consulting services, software licenses, and GIS training services.

- **SB 887.** \$654,000 for one position in the Energy Division, one-time consulting services, software, and GIS training services.
- **SB 1158.** \$430,000 for one position in the Energy Division and one Administrative Law Judge position.
- **SB 1020.** \$447,000 for one position in the Energy Division and one Administrative Law Judge position.
- **Electricity: Storage Facilities: Standards and Records (SB 1383).** The budget includes \$2.2 million in 2023-24 and 2024-25, \$1.7 million in 2025- 26, and \$1.2 million ongoing from PUCURA to implement and enforce standards for the maintenance and operation of electric storage facilities owned or contracted for by investor-owned electrical corporations, as required by SB 1383 (Hueso), Chapter 725, Statutes of 2022.
- **Federal Energy Regulatory Commission and Federal Courts of Appeal Litigation Contract.** The budget includes \$1.3 million from PUCURA to extend a legal services contract with outside counsel who represents the CPUC in active litigation before Federal Electric Regulatory Commission (FERC) and the Federal Courts of Appeal.
- **Low-income Utility Customer Assistance Programs: Concurrent Application Process (SB 1208).** The budget includes \$1.32 million (\$815,000 ongoing and \$500,000 one-time over two years) from PUCURA to develop a concurrent application process for income-qualified programs, as required by SB 1208 (Hueso), Chapter 840, Statutes of 2022. This includes four positions (one PURA V, one PURA III, one Program & Project Supervisor (PPS), and one Staff Services Manager I (Supervisory) as well as \$500,000 one-time over two years (\$400,000 in 2023-24 and \$100,000 in 2024-25) for information technology consulting services to support planning activities for the technological solution to implement the concurrent application process.
- **Net Energy Metering: Construction of Renewable Electrical Generation Facilities: Prevailing Wage (AB 2143).** The budget includes \$1.4 million (\$1.1 million ongoing and \$379,000 limited-term) from PUCURA to implement AB 2143 (Carrillo), Chapter 774, Statutes of 2022. This includes two permanent positions (one PURA III and one AGPA), two-year limited-term funding for one position (PURA III), as well as ongoing and one-time consultant services to provide outreach to mandatory reporters of statewide renewables contractor payroll records to collect their information on behalf of the CPUC and to provide the consolidated information to the CPUC to meet the submission requirements of this legislation as well as to support the development of a statewide residential Distributed Energy Resources (DER) legislative report.
- **Public Advocate's Office: Wildfire Safety Geographic Information System Implementation.** The budget includes one position (PURA III) and \$171,000 from the Public Utilities Commission Public Advocates Office Account (PUCPAOA) to address ongoing workload stemming from the increased need to analyze geographic information systems (GIS) data when reviewing electric and gas utilities safety-related proposals and projects. The position will mainly work on infrastructure issues related to fire risk reduction, an area with

growing workload due to recent legislation that have set more regular and stringent review of utility infrastructure and wildfire mitigation.

- **Server Room and Telecommunications Closet Upgrade.** The budget includes \$365,000 ongoing from various special funds to provide sustained support for necessary maintenance of IT infrastructure in the CPUC San Francisco headquarters. Specifically, CPUC requests \$150,000 for ongoing maintenance of the heating, ventilation, and air conditioning (HVAC) units and fire suppression system in the IT server room and communications room and \$215,000 for ongoing maintenance of the HVAC system to cool telecommunication closets.
- **Strengthen CPUC Administrative Functions.** The budget includes \$592,000 ongoing from various special funds for two positions to strengthen the CPUC administrative oversight of its programs and improve support of and compliance within the Administrative Services Division and Legal Division. Specifically, this includes one position to serve as Administrative Services Division (ASD) Director and another position to serve as Deputy General Counsel for the Legal Division.
- **Support for Communications Regulatory Program.** The budget includes \$210,000 from PUCURA and position authority for eight positions to fulfill statutory mandates and operational needs in functional areas under the CPUC's regulatory oversight of communications services in California. Specifically, the department requested two positions for its Communications Licensing and Compliance program; one position for the Service Quality, Emergency Preparedness, and Network Resiliency program; three positions for the California LifeLine program; and two positions for the California Advanced Services Fund (CASF) program.
- **Transportation Electrification: Electrical Grid Distribution Grid Upgrades (AB 2700).** The Budget includes \$300,000 from PUCURA on an ongoing basis for cloud services to host the data required by AB 2700 (McCarty), Chapter 354, Statutes of 2022.
- **Water Compliance and Enforcement.** The budget includes \$419,000 from PUCURA on a three-year limited-term basis for two positions dedicated to compliance and enforcement in the CPUC Water Division. Specifically, the positions include two Utilities Engineers, who will be responsible for issuing citations and administrative enforcement orders to ensure compliance with laws and regulatory rules affecting CPUC-jurisdictional water and sewer utilities.
- **Water Corporation: Rates (SB 1469).** The budget includes \$950,000 from PUCURA on an ongoing basis for four positions to implement SB 1469 (Bradford), Chapter 890, Statutes of 2022. Specifically, the four positions are comprised of one Senior Utilities Engineer, one Utilities Engineer, one Administrative Law Judge, and one Attorney IV. These resources will address an increased workload added to Class A General Rate Case (GRC) proceedings and an increased number of Advice Letters to review pertaining to the decoupling mechanisms mandated by SB 1469.
- **Broadband Infrastructure Funding.** The budget defers a total of \$1.1 billion General Fund allocated to two broadband programs. Specifically, the Administration proposes to (1) defer \$550 million for the last-mile infrastructure grants in 2023-24 to future years (\$200 million in 2024-25, \$200 million in 2025-26, and \$150 million in 2026-27) and (2) defer \$175 million

from 2022-23 and \$400 million from 2023-24 for the Loan Loss Reserve Fund at the CPUC to future years (\$300 million in 2024-25 and \$275 million in 2025-26).

- **Broadband Infrastructure Accountability.** AB 127 requires CPUC to prioritize public housing developments for Broadband Public Housing Account grants if they have not received a grant and do not have access to free broadband internet service.
- **2023-24 California LifeLine Enrollment, Caseload, and Population May Revision Estimate.** The budget includes an update to the Universal LifeLine Telephone Service Program (California LifeLine Program)—reducing the state operations cost estimate by \$3.3 million in 2023-24 and ongoing to reflect reductions in consulting costs and increasing the local assistance cost estimate by \$65.5 million in 2023-24 and ongoing to reflect publishing costs resulting from increased auto-renewals and new caseload projections.
- **Electricity: Expedited Utility Distribution Infrastructure Undergrounding Program (SB 884).** The budget includes six permanent positions and \$2.1 million in 2023-24 and 2024-25, \$1.6 million in 2025-26, and \$1.4 million ongoing from the PUCURA to develop, administer, and enforce new standards for an expedited electric utility distribution infrastructure undergrounding program, including providing maintenance and operating oversight, as required by SB 884 (McGuire), Chapter 819, Statutes of 2022. Specifically, this includes one Senior Utilities Engineer (Specialist), two PURA V, two Attorney IV, one Senior Administrative Law Judge, three-year funding for one limited-term Information Technology Specialist I (range C), and \$900,000 across 2023-24 and 2024-25 for consulting services.
- **Permanent Staffing to Support Wildfire, Enforcement and Reform Statutes.** The budget includes \$6.3 million ongoing from PUCURA for 29 positions across the Legal Division, Administrative Law Judge Division, Energy Division, and Executive Division to ensure continued legal, ratemaking, and administrative support of the various wildfire prevention, cost recovery, and enforcement mandates.
- **Public Utilities Commission: Customer Renewable Energy Subscription Programs and the Community Renewable Energy Program (AB 2316).** The budget provides \$1.4 million in 2023-24, \$1.3 million in 2024-25, \$1.1 million in 2025-26 and 2026-27, and \$1.1 million in 2027-28 and ongoing from PUCURA to review, evaluate, and modify existing customer renewable energy subscription programs, as required by AB 2316 (Ward), Chapter 350, Statutes of 2022. Specifically, this includes one PURA V, one PURA III, two Attorney III (one Advisory, one Advocacy), one Administrative Law Judge, \$500,000 for consultant contracts (\$300,000 in 2023-24 and \$200,000 in 2024-25), and \$10,000 for staff travel and training costs across four years.
- **Digital Divide Grant Program.** The budget provides \$1 million in 2023-24 and \$200,000 in 2024-25 and ongoing from the Digital Divide Account to implement the Digital Divide Grant Program per Public Utilities Code section 280.5. This program will distribute competitive awards for the purpose of funding community technology programs in low-income school districts in rural and urban communities.

Energy Related Budget Bills and Budget Trailer Bills

1. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
2. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
3. *Budget Acts of 2022 and 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*
4. *Budget Acts of 2022 and 2023 – Senate Bill 105 (Skinner), Chapter 862, Statutes of 2023.*
5. *State Government – Assembly 127 (Committee on Budget), Chapter 45, Statutes of 2023.*
6. *Energy – Senate Bill 123 (Committee on Budget and Fiscal Review), Chapter 52, Statutes of 2023.*
7. *Energy – Senate Bill 124 (Committee on Budget and Fiscal Review), Chapter 53, Statutes of 2023.*

SUBCOMMITTEE 3
ON
HEALTH
AND
HUMAN SERVICES

Senate Committee on Budget and Fiscal Review

Members

Caroline Menjivar, Chair
Susan Eggman Talamantes
Shannon Grove
Richard D. Roth

Consultants

Scott Ogus
Elizabeth Schmitt

SUBCOMMITTEE No. 3

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HEALTH

0000 MULTIPLE DEPARTMENTS

- **Distressed Hospital Loan Program.** The budget includes General Fund expenditure authority of \$150 million in 2022-23 and \$150 million in 2023-24 for the Department of Health Care Access and Information, in collaboration with the California Health Facilities Financing Authority, to administer the Distressed Hospital Loan Program. The program will provide interest free cashflow loans to not-for-profit and public hospitals in significant financial distress, or to governmental entities representing a closed hospital, to prevent the closure or facilitate reopening of those hospitals.
- **988 Suicide and Crisis Lifeline (AB 988).** The budget includes total of 17.5 positions (7.5 for DMHC and ten for DHCS), and total expenditure authority of \$13.2 million (\$10.3 million 988 State Suicide and Behavioral Health Crisis Services Fund or 988 Fund, \$2.2 million Managed Care Fund, and \$773,000 federal funds) in 2023-24, \$16 million (\$13.2 million 988 Fund, \$2.1 million Managed Care Fund, and \$728,000 federal funds) in 2024-25, and \$16.3 million (\$13.2 million 988 Fund, \$2.3 million Managed Care Fund, and \$728,000 federal funds) annually thereafter for CalHHS, DMHC, and DHCS to support implementation of 988 Crisis Support, pursuant to the requirements of AB 988 (Bauer-Kahan), Chapter 747, Statutes of 2022.
- **Gender Affirming Care (SB 923).** The budget includes a total of 16 positions and expenditure authority of \$4.3 million (\$1.7 million General Fund, \$1.3 million federal funds, and \$1.2 million Managed Care Fund) in 2023-24, 18.5 positions and expenditure authority of \$5.3 million (\$1.8 million General Fund, \$1.8 million federal funds, and \$1.7 million Managed Care Fund) in 2024-25, 20.5 positions and expenditure authority of \$4.4 million (\$1 million General Fund, \$1 million federal funds, and \$2.3 million Managed Care Fund) in 2025-26, 20.5 positions and expenditure authority of \$3.8 million (\$788,000 General Fund, \$787,000 federal funds, and \$2.3 million Managed Care Fund) in 2026-27, and 20 positions and expenditure authority of 3.8 million (\$788,000 General Fund, \$787,000 federal funds, and \$2.2 million Managed Care Fund) annually thereafter for the California Health and Human Services Agency (CalHHS), Department of Managed Health Care (DMHC), and Department of Health Care Services (DHCS) to implement reforms to improve cultural competence for health plan staff and access to care for transgender, gender diverse, or intersex (TGI) health care services, pursuant to the requirements of SB 923 (Wiener), Chapter 822, Statutes of 2022.
- **Transfer Administration for Affordable Drug Manufacturing Act (SB 852).** The budget includes reappropriation and transfer of one position and General Fund expenditure authority of \$1.2 million in 2023-24 and \$184,000 annually thereafter to transition administration for the Affordable Drug Manufacturing Act and CalRx from CalHHS to the Department of Health Care Access and Information (HCAI).

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY (CALHHS)

- **Office of Youth and Community Restoration (OYCR).** The budget includes \$3.5 million General Fund for OYCR to facilitate the collection of juvenile justice-related data. This includes budget bill language requiring county probation departments to provide specified data, including the number of youth committed to a secure youth treatment facility; the number of youth transferred to a less restrictive placement; and number of youth whose jurisdiction was transferred to an adult criminal court; disaggregated by gender, age, and race or ethnicity.
- **Juvenile Justice Progress Review Hearing Technical Clarification.** The budget includes trailer bill language clarifying that any time spent by a youth in a less restrictive program shall be included in the term of commitment for which a progress review must occur every six months.
- **Case Management Information and Payrolling System.** The budget includes an increase of \$10.7 million in expenditure authority in 2023-24 and ongoing for the implementation and support of the Case Management Information and Payrolling System.
- **Statewide Automated Welfare System Ongoing Support.** The budget includes \$852,000 (\$328,000 General Fund) to support the Statewide Automated Welfare System (CalSAWS) consolidation and to direct, govern, and oversee the planning and implementation of CalSAWS. Additionally, the budget includes supplemental report language requiring the administration and CalSAWS to report on efforts to improve engagement with stakeholders and integrate their feedback into the public-facing elements of CalSAWS.
- **Home and Community-Based Services Spending Plan.** The budget extends the timeline for all program expenditures under the Home and Community-Based Services Spending Plan to December 31, 2024.
- **Employment First Office.** The budget includes \$1 million General Fund in 2024-25 and ongoing to create the Office of Employment First under CalHHS. The budget also includes trailer bill language establishing the Office for the purpose of ensuring coordination of all employment support services across all departments, guiding strategic planning, and promoting racial equity toward employment for individuals with developmental disabilities.
- **Electronic Visit Verification Phase II.** The budget includes total expenditure authority of \$2.5 million (\$832,000 General Fund and \$1.6 million federal funds) in 2023-24 for OSI, DHCS, and DDS to continue the multi-departmental effort for the second phase (Phase II) of implementation of Electronic Visit Verification for personal care services and home health care services.
- **California Emergency Medical Services Data Resource System (CEDRS).** The budget includes nine positions and expenditure authority from the California Health and Human Services Automation Fund of \$1.8 million annually for OSI to provide project management support to the Emergency Medical Services Authority (EMSA) for the California Emergency Medical Services (EMS) Data Resource System Project.

- **Equity Centered Programs – Transfer to Department of Public Health.** The budget includes transfer of one position and General Fund expenditure authority of \$182,000 from CalHHS to CDPH to perform a retrospective analysis of the intersection of the COVID-19 pandemic and health disparities and equity.
- **Office of Systems Integration Reorganization and Name Change.** The Legislature approved trailer bill language to rename the Office of Systems Integration the Office of Technology and Solutions Integration.
- **Office of the Agency Information Officer and Office of Systems Integration Resources.** The budget includes three positions and expenditure authority from the CalHHS Automation Fund of \$600,000 annually for OSI to enhance enterprise-wide capabilities and improve project delivery outcomes and technical services capabilities by establishing the leadership structure for the combined responsibilities of the Agency Information Officer and Office of Systems Integration. The Legislature also approved trailer bill language to authorize up to \$200 million in short-term General Fund loan authority in the event reimbursements do not come in on time to pay vendors.
- **Health and Human Services Innovation Accelerator Initiative.** The budget includes General Fund expenditure authority of \$43 million in 2023-24 to support a Health and Human Services Innovation Accelerator Initiative to promote health and human services innovations that benefit California citizens.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY (EMSA)

- **EMSA Director and Chief Medical Officer.** The budget includes one position and General Fund expenditure authority of \$341,000 annually, and the Legislature approved trailer bill language to repeal the requirement that the EMSA Director be a physician, establish a new Chief Medical Officer position, and require both positions to serve at the pleasure of the Governor and be subject to confirmation by the Senate.
- **EMS Personnel Human Trafficking Training Implementation (AB 2130).** The budget includes General Fund expenditure authority of \$84,000 in 2023-24 through 2025-26 for EMSA to coordinate and support implementation of emergency medical technician and paramedic training on human trafficking, pursuant to the requirements of AB 2130 (Cunningham), Chapter 256, Statutes of 2022.
- **Diversity, Equity, and Inclusion Strategic Plan Development.** The budget includes General Fund expenditure authority of \$100,000 in 2023-24 for EMSA to contract with a consultant to develop a Diversity, Equity, and Inclusion Strategic Plan that aligns with CalHHS initiatives to reduce health inequities and disparities.
- **California POLST eRegistry Act.** The Legislature approved trailer bill language to repeal the requirement that the California Physician Order for Life Sustaining Treatment (POLST) eRegistry incorporate the Advanced Health Care Directive administered by the California Secretary of State, due to technical and legal incompatibilities between the two types of documents.

- **California Emergency Medical Services Information System Maintenance and Operations.** The budget includes General Fund expenditure authority of \$4.9 million in 2023-24 and \$185,000 in 2024-25 for EMSA to provide for maintenance and operations for the California Emergency Medical Services Information System (CEMSIS).
- **Staffing Allocation Resources.** The budget includes four positions and General Fund expenditure authority of \$775,000 annually for EMSA to support alignment of staff allocation and reporting structure requirements mandated by the California Department of Human Resources.
- **California Emergency Medical Services Central Registry.** The budget includes redirection of existing General Fund expenditure authority of \$190,000 from the California Emergency Medical Advancement Project to support planning efforts for the Central Registry, which EMSA will use to track community paramedicine licenses.

4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION (HCAI)

- **Healthcare Workforce Programs.** The budget includes expenditure authority of \$282.4 million (\$100 million General Fund and \$182.4 million Mental Health Services Fund) to maintain health and behavioral health care workforce programs originally approved in the 2022 Budget Act, including the following:
 - *Addiction Psychiatry and Addiction Medicine Fellowship Programs* - \$48.5 million to support additional slots for Addiction Psychiatry and Addiction Medicine Fellowship programs.
 - *University and College Training Grants for Behavioral Health Professionals* - \$52 million to support licensed behavioral health professionals through grants to existing university and college training programs, including partnerships with the public sector.
 - *Expand Masters in Social Work (MSW) Slots at Public Schools of Social Work* - \$30 million to support grants to public schools of social work to immediately expand the number of MSW students.
 - *Community Health Workers* - \$15 million to recruit, train, and certify community health workers with specialty certifications in areas that include climate health, homelessness, and dementia. This represents a delay of \$115 million originally scheduled for 2023-24 until 2024-25 (\$57.5 million) and 2025-26 (\$57.5 million)
 - *Comprehensive Nursing Initiative* - \$70 million to increase the number of registered nurses, licensed vocational nurses, certified nursing assistants, certified nurse midwives, certified medical assistants, family nurse practitioners, and other health professions.
 - *Expanding Social Workers* - \$51.9 million to support social work training programs and provide stipends and scholarships to create a new pipeline for diverse social workers.

- *Nursing Grants in Song-Brown.* \$15 million to support nursing grants in the Song-Brown Healthcare Workforce Program.
- **Skilled Nursing Facilities: Backup Power Source (AB 2511).** The budget includes six positions and expenditure authority from the Hospital Building Fund of \$1.5 million annually to support implementation of requirements that skilled nursing facilities maintain alternative power sources in the event of a power outage, pursuant to AB 2511 (Irwin), Chapter 788, Statutes of 2022.
- **Hospitals: Seismic Safety (SB 1882).** The budget includes one position and expenditure authority from the Hospital Building Fund of \$120,000 annually for HCAI to identify on its website hospital buildings that may not be repairable or functional following an earthquake, pursuant to the requirements of AB 1882 (Rivas), Chapter 584, Statutes of 2022.
- **Abortion Practical Support Fund (SB 1142).** The budget includes General Fund expenditure authority of \$100,000 annually until 2027-28 for HCAI to contract with an external organization to conduct annual evaluations of the Abortion Practical Support Fund, pursuant to the requirements of SB 1142 (Caballero), Chapter 566, Statutes of 2022.
- **Support for Health Workforce Education and Training Council.** The budget includes two positions, supported by previously approved state operations resources, for HCAI to support administration of the Health Workforce Education and Training Council.
- **CalRx Reproductive Health Drug Procurement.** The budget includes transfer of \$2 million of General Fund expenditure authority, originally approved in the 2022 Budget Act for capital infrastructure security for reproductive health clinics, to instead support procurement of mifepristone or misoprostol through CalRx to ensure continued access to these drugs for Californians in need of safe and effective medication abortion.
- **CalRx Naloxone Initiative.** The budget includes expenditure authority from the Opioid Settlements Fund of \$30 million in 2023-24 for CalRx to support development, manufacturing, or procurement of low-cost naloxone.
- **Reproductive Health Workforce – Pharmacists.** The Legislature approved trailer bill language to conform California law to new federal Food and Drug Administration policy that permits pharmacists to dispense mifepristone.
- **California Medicine Scholars Program.** The budget includes General Fund expenditure authority of \$2.8 million annually to support the California Medicine Scholars Program.
- **Promotores de Salud.** The budget includes General Fund expenditure authority of \$10 million to support the Promotores de Salud program.

4150 DEPARTMENT OF MANAGED HEALTH CARE (DMHC)

- **Information Security Resources.** The budget includes five positions and expenditure authority from the Managed Care Fund of \$3.5 million in 2023-24, \$3.4 million in 2024-25, \$3.5 million in 2025-26, \$3.5 million in 2026-27, and \$3.6 million annually thereafter for DMHC to address critical information technology (IT) gaps, develop a roadmap for implementing and maintaining required IT security, remediate recent audit findings, assist with security monitoring and enhancement, and achieve alignment with statewide security planning efforts.
- **Office of Legal Services – Department of Justice Legal Fees.** The budget includes expenditure authority from the Managed Care Fund of \$400,000 annually to support legal representation by the California Attorney General’s Office in litigation to which DMHC is a party or in which DMHC is called as a witness.
- **Office of Financial Review Workload.** The budget includes 14.5 positions and expenditure authority from the Managed Care Fund of \$2.7 million in 2023-24 and \$2.6 million annually thereafter for DMHC to conduct more frequent financial examinations of health plans and risk-bearing organizations and to address additional workload related to an increase in licensed health plans.
- **Health Care Coverage: Abortion Services Cost Sharing (SB 245).** The budget includes expenditure authority from the Managed Care Fund of \$499,000 in 2023-24 and \$483,000 in 2024-25 through 2027-28 for DMHC to develop legal memoranda and regulations related to the prohibition on cost-sharing or utilization management for abortion and abortion-related services pursuant to SB 245 (Gonzalez), Chapter 11, Statutes of 2022.
- **Health Care Coverage: Mental Health and Substance Use Disorders (AB 2581).** The budget includes 0.5 position and expenditure authority from the Managed Care Fund of \$27,000 in 2023-24, \$186,000 in 2024-25, and \$177,000 annually thereafter for DMHC to ensure health plan compliance with mental health and substance use disorder provider credentialing requirements, pursuant to AB 2581 (Salas), Chapter 533, Statutes of 2022.
- **Health Care Coverage: Prescription Drugs (AB 2352).** The budget includes two positions and expenditure authority from the Managed Care Fund of \$343,000 in 2023-24, 323,000 in 2024-25, and \$333,000 annually thereafter for DMHC to ensure health plan compliance with requirements to provide information to enrollees about prescription drug benefits, pursuant to AB 2352 (Nazarian), Chapter 590, Statutes of 2022.
- **Health Information (SB 1419).** The budget includes three positions and expenditure authority from the Managed Care Fund of \$572,000 in 2023-24 and \$547,000 annually thereafter for DMHC to ensure health plan compliance with health information application programming interface (API) requirements, pursuant to SB 1419 (Becker), Chapter 888, Statutes of 2022.
- **Health Care Service Plans: Discipline: Civil Penalties (SB 858).** The budget includes 40.5 positions and expenditure authority from the Managed Care Fund of \$12.6 million in 2023-24, \$9.5 million in 2024-25, \$9.6 million in 2026-27, \$9.7 million in 2027-28, and \$9.7 million annually

thereafter for DMHC to implement revision of administrative and civil penalty provisions of the Knox-Keene Act, pursuant to the provisions of SB 858 (Wiener), Chapter 985, Statutes of 2022.

- **Add Position Authority for Workload Funded in the Governor’s Budget.** The budget includes 18.5 positions, supported with resources requested in other budget proposals to support closing information technology gaps, and conducting investigations and more frequent financial examinations for risk bearing organizations.
- **Augment Behavioral Health Focused Investigations Workload.** The budget includes eight positions and expenditure authority from the Managed Care Fund of \$3 million in 2023-24 and \$2.9 million annually thereafter to support continuation of focused behavioral health investigations and incorporation of long-range behavioral health focused assessments into the routine medical survey process for health care service plans.
- **Mandatory Use of Standardized Forms for Oversight.** The budget includes one position and expenditure authority from the Managed Care Fund of \$1.3 million in 2023-24, \$1.2 million in 2024-25, and \$258,000 annually thereafter to support implementation of the mandatory use of standardized forms by health care service plans that describe the benefits of the enrollee’s health plan product. The Legislature also approved trailer bill language to require development of standard templates for various documents and require health plans to use those templates.

4260 DEPARTMENT OF HEALTH CARE SERVICES (DHCS)

- **Medi-Cal Local Assistance Funding.** The budget includes \$135.4 billion (\$30.9 billion General Fund, \$91.2 billion federal funds, and \$11.4 billion special funds and reimbursements) in 2022-23 and \$151.8 billion (\$37.5 billion General Fund, \$90.5 billion federal funds, and \$23.8 billion special funds and reimbursements) in 2023-24 for the delivery of health care services to low-income individuals and families in the Medi-Cal program. These funds are distributed as follows:
 - Medi-Cal Benefits: \$129.1 billion (\$29.5 billion General Fund, \$86.5 billion federal funds, and \$13.1 billion special funds and reimbursements) in 2022-23 and \$144.6 billion (\$35.7 billion General Fund, \$85.3 billion federal funds, and \$23.6 billion special funds and reimbursements) in 2023-24 for the provision of health care benefits to Medi-Cal beneficiaries.
 - County Administration and Eligibility: \$5.7 billion (\$1.2 billion General Fund, \$4.4 billion federal funds, and \$126.5 million special funds and reimbursements) in 2022-23 and \$6.6 billion (\$1.7 billion General Fund, \$4.8 billion federal funds, and \$175.3 million special funds and reimbursements) in 2023-24 for eligibility determinations and other administrative activities performed by counties.
 - Fiscal Intermediary: \$495.2 million (\$179.4 million General Fund and \$315.9 million federal funds) in 2022-23 and \$432.8 million (\$157.1 million General Fund and \$336.9 million federal funds) in 2023-24 for claims processing and related activities performed by the Medi-Cal fiscal intermediary.

- **Family Health Programs Local Assistance Funding.** The budget includes \$238 million (\$197.1 million General Fund, \$5 million federal funds, and \$35.9 million special funds and reimbursements) in 2022-23 and \$253.1 million (\$220 million General Fund, \$5.5 million federal funds, and \$27.7 million special funds and reimbursements) in 2023-24 for state-only health care programs, as follows:
 - California Children’s Services (CCS) Program: \$85.9 million (\$78.2 million General Fund and \$7.7 million special funds and reimbursements) in 2022-23 and \$90.8 million (\$83.1 million General Fund and \$7.7 million special funds and reimbursements) in 2023-24. Counties will contribute an additional \$82.6 million in 2022-23 and \$90.8 million in 2023-24 for state-only services in the CCS Program.
 - Genetically Handicapped Persons Program: \$120.5 million (\$112.2 million General Fund and \$8.3 million special funds and reimbursements) in 2022-23 and \$129.1 million (\$128.7 million General Fund and \$393,000 special funds and reimbursements) in 2023-24.
 - Every Woman Counts Program: \$31.6 million (\$6.7 million General Fund, \$5 million federal funds, \$19.9 million special funds) in 2022-23 and \$33.2 million (\$8.1 million General Fund, \$5.5 million federal funds and \$19.6 million special funds) in 2023-24.
- **Managed Care Organization (MCO) Tax and Provider Rate Increases.** The Legislature approved trailer bill language to assess a tax on managed care organizations operating in California to provide a stable funding source for the delivery of health care services in the Medi-Cal program, and support critical investments to ensure access, quality, and equity. The tiered, enrollment-based Managed Care Organization (MCO) tax will be assessed from April 1, 2023, through December 31, 2026, on all full-service health plans licensed by the Department of Managed Health Care (DMHC) or contracted with the Department of Health Care Services (DHCS) to provide services to Medi-Cal beneficiaries. In addition, the language establishes the Managed Care Enrollment Fund, into which the revenues from the tax will be deposited, and makes those revenues available, upon appropriation by the Legislature, to DHCS for the purposes of funding: 1) the nonfederal share of increased capitation payments to Medi-Cal managed care plans to account for their projected tax obligation, 2) the nonfederal share of Medi-Cal managed care rates for the delivery of health care services to beneficiaries of the Medi-Cal program, and 3) transfers to the Medi-Cal Provider Payment Reserve Fund to support investments in the Medi-Cal program.

MCO Tax Renewal – Cash Basis by Fiscal Year					
<i>(dollars in thousands)</i>	2023-24	2024-25	2025-26	2026-27	Total
Total Revenue¹	\$8,269,212	\$8,526,680	\$8,761,784	\$6,703,584	\$32,261,260
Medi-Cal Capitation Rates²	\$3,859,656	\$3,414,943	\$3,507,447	\$2,077,488	\$12,859,534
State’s Net Benefit³	\$4,409,556	\$5,111,737	\$5,254,337	\$4,626,096	\$19,401,726
General Fund Backfill⁴	\$3,388,600	\$1,857,914	\$2,019,341	\$1,050,027	\$8,315,882
Medi-Cal Provider Payment Reserve Fund⁵	\$1,020,956	\$3,253,823	\$3,234,996	\$3,576,069	\$11,085,844

1–Total Revenue is the total amount of revenue received by the state from the tax on managed care organizations.

2–Medi-Cal Capitation Rates is the amount paid to Medi-Cal managed care plans in their capitation rates to account for the amount of tax paid to the state. Federal regulations require capitation payments to be actuarially sound and include the cost of taxes.

3–State’s Net Benefit is the amount of revenue received by the state, net of capitation payments paid to managed care plans.

4–General Fund Backfill is the amount that addresses the General Fund shortfall in 2023-24 and subsequent years.

5–Medi-Cal Provider Payment Reserve Fund would receive deposits of the remaining MCO tax revenue for investments in the Medi-Cal program, including reimbursement rate increases, support for financially distressed hospitals, assistance with seismic compliance for small and rural hospitals, workforce development programs, and other investments.

- **Health Care Coverage: Contraceptives (SB 523).** The budget includes three positions and expenditure authority of \$455,000 (\$228,000 General Fund and \$227,000 federal funds) in 2023-24 and \$428,000 (\$214,000 General Fund and \$214,000 federal funds) annually thereafter for DHCS to identify contraceptive-related services that must be carved out of managed care and into a fee-for-service, state-only program, due to unavailability of federal matching funds, consistent with the requirements of the Contraceptive Equity Act of 2022, SB 523 (Leyva), Chapter 630, Statutes of 2022.
- **California Cancer Care Equity Act (SB 987).** The budget includes three positions and expenditure authority of \$1.1 million (\$458,000 General Fund and \$604,000 federal funds) in 2023-24, \$726,000 (\$292,000 General Fund and \$434,000 federal funds) in 2024-25 through 2026-27, and \$581,000 (\$219,000 General Fund and \$362,000 federal funds) annually thereafter for DHCS to ensure Medi-Cal managed care plans make good faith efforts to contract with cancer centers or related programs, pursuant to the requirements of SB 987 (Portantino), Chapter 608, Statutes of 2022.
- **Maternal and Pandemic-Related Mental Health Conditions (SB 1207).** The budget includes two positions and expenditure authority of \$310,000 (\$155,000 General Fund and \$155,000 federal funds) in 2023-24 and \$292,000 (\$146,000 General Fund and \$146,000 federal funds) annually thereafter for DHCS to expand requirements for Medi-Cal managed care plans to develop a maternal mental health program, pursuant to SB 1207 (Portantino), Chapter 618, Statutes of 2022.
- **Community Assistance, Recovery, and Empowerment (CARE) Act.** The budget includes two positions and General Fund expenditure authority of \$5 million annually for DHCS to support implementation of the Community Assistance, Recovery, and Empowerment (CARE) Court Supporter Programs, pursuant to SB 1338 (Umberg and Eggman), Chapter 319, Statutes of 2022.
- **Enhanced Lanterman-Petris-Short Act Data and Reporting (SB 929).** The budget includes ten positions and expenditure authority of \$2.4 million (\$1.2 million General Fund and \$1.2 million federal funds) in 2023-24 and \$1.6 million (\$780,000 General Fund and \$780,000 federal funds) annually thereafter for DHCS to support expansion of data collection and reporting requirements for involuntary detentions under the Lanterman-Petris-Short (LPS) Act, pursuant to the requirements of SB 929 (Eggman), Chapter 539, Statutes of 2022. The Legislature also approved trailer bill language to require treatment facilities to report expanded LPS data to counties, instead of directly to DHCS, to authorize DHCS to impose civil money penalties for non-compliance with data reporting requirements.
- **Care Coordination for Individuals Exiting Temporary Holds/Conservatorships (AB 2242).** The budget includes two positions and expenditure authority of \$304,000 (\$152,000 General Fund and \$152,000 federal funds) in 2023-24 and \$286,000 (\$143,000 General Fund and \$143,000 federal funds) annually thereafter for DHCS to support a statewide model care coordination plan for implementation by all facilities designated by counties and approved by DHCS for involuntary

detainment, evaluation, and treatment of adults and minors, pursuant to the requirements of AB 2242 (Santiago), Chapter 867, Statutes of 2022.

- **Medi-Cal Managed Care Plans – Mental Health Benefits (SB 1019).** The budget includes five positions and expenditure authority of \$1.4 million (\$722,000 General Fund and \$721,000 federal funds) in 2023-24 and \$2.1 million (\$1 million General Fund and \$1 million federal funds) annually thereafter for DHCS to support annual mental health benefits outreach and education requirements by Medi-Cal managed care plans, pursuant to SB 1019 (Gonzalez), Chapter 879, Statutes of 2022.
- **Public Social Services – Hearings (AB 1355).** The budget includes two positions and expenditure authority of \$523,000 (\$193,000 General Fund and \$330,000 federal funds) in 2023-24 and \$505,000 (\$187,000 General Fund and \$318,000 federal funds) annually thereafter for DHCS to provide clinical and legal expertise in reviewing proposed State Fair Hearing decisions, and assist the director in drafting alternative decisions, as required by AB 1355 (Levine), Chapter 944, Statutes of 2022.
- **Behavioral Health Federal Funds Adjustment.** The budget includes federal fund expenditure authority of \$21.1 million in 2023-24 to allow administration of increased resources for the federal Community Mental Health Services Block Grant (\$15.2 million) and the federal Substance Abuse Prevention and Treatment Block Grant (\$5.8 million).
- **Post Eligibility Treatment of Income.** The Legislature approved trailer bill language to align state law with federal guidelines regarding Medi-Cal eligibility cost-sharing provisions for individuals subject to post-eligibility treatment of income and spend-down of excess income.
- **Whole Child Model Expansion.** The Legislature approved trailer bill language to expand, no sooner than January 1, 2025, the Whole Child Model (WCM) program for Medi-Cal eligible children in the California Children’s Services (CCS) program to include counties served by a county organized health system or Regional Health authority. The language also requires DHCS to: 1) provide data on enrollment, utilization, and quality; 2) implement quality improvement strategies; 3) ensure children in the program have a primary point of contact for care coordination; and 4) support established referral pathways in non-WCM counties to identify children who may be eligible for CCS. The language also authorizes, beginning January 1, 2025, mandatory enrollment of foster children in to WCM in counties operating a Single Plan model of care, and requires county compliance with access requirements and use of the Intercounty Transfer process.
- **Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT).** The budget includes expenditure authority of \$5.7 million (\$311,000 General Fund, \$3.5 million federal funds, and \$1.8 million county funds) in 2023-24, growing to \$1.9 billion (\$49.4 million General Fund, \$1.2 billion federal funds, \$50 million Mental Health Services Fund, and \$674.7 million county funds) by 2027-28 for DHCS to support the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) to expand access and strengthen the continuum of mental health services for Medi-Cal beneficiaries living with serious mental illness and serious emotional disturbance. Over the five years of the demonstration, expenditure authority for DHCS would total \$6 billion (\$185 million General Fund,

\$3.6 billion federal funds, \$87.5 million Mental Health Services Fund, and \$2.1 billion county funds).

- **Delay of Behavioral Health Continuum Infrastructure and Behavioral Health Bridge Housing.** Due to the General Fund shortfall, the budget authorizes delay of Round 6 of the Behavioral Health Continuum Infrastructure Program (BHCIP), which comprises the final \$480 million of the \$2.2 billion allocated for the program, from 2022-23 until 2024-25 and 2025-26. In addition, the budget includes expenditure authority from the Mental Health Services Fund of \$265 million, and a concomitant reduction of General Fund expenditure authority of \$265 million, to support the Behavioral Health Bridge Housing program in 2023-24, and authorizes delay of the final \$250 million of the \$1.5 billion allocated for the program, from 2023-24 until 2024-25.
- **CalAIM Behavioral Health Payment Reform.** The budget includes General Fund expenditure authority of \$45.4 million in 2022-23 and \$19.5 million in 2023-24 for DHCS to support county implementation of Behavioral Health Payment Reform system changes as part of the California Advancing and Innovating Medi-Cal (CalAIM) initiative. The budget also includes General Fund expenditure authority of \$250 million in 2023-24 and the Legislature approved trailer bill language to authorize transition of county behavioral health plans from a certified public expenditure (CPE) protocol to intergovernmental transfers (IGTs), and to establish the Medi-Cal County Behavioral Health Fund to receive IGTs from counties to serve as the non-federal share of Medi-Cal behavioral health services.
- **Specialty Mental Health Services – Foster Youth Presumptive Transfer (AB 1051).** The budget includes five positions and expenditure authority of \$764,000 (\$382,000 General Fund and \$382,000 federal funds) in 2023-24 and \$719,000 (\$360,000 General Fund and \$359,000 federal funds) annually thereafter for DHCS to support assistance to foster children placed outside of their county of original jurisdiction to access specialty mental health services, consistent with the requirements of AB 1051 (Bennett), Chapter 402, Statutes of 2022. The Legislature also approved trailer bill language to delay implementation of AB 1051 by an additional year.
- **Children’s Psychiatric Treatment Facilities (AB 2317).** The budget includes 15 positions and expenditure authority of \$2.6 million (\$1.2 million General Fund and \$1.3 million federal funds) in 2023-24 and \$2.6 million (\$1.3 million General Fund and \$1.4 million federal funds) annually thereafter for DHCS to support establishment and oversight of a new licensing category, a Psychiatric Residential Treatment Facility, pursuant to the requirements of AB 2317 (Ramos), Chapter 589, Statutes of 2022. The Legislature also approved trailer bill language to align interdisciplinary team member requirements with federal statutes and other technical changes.
- **Strengthening Oversight for Substance Use Disorder Licensing and Certification.** The budget includes 12 positions and expenditure authority from the Residential Outpatient Licensing Fund (ROPLF) of \$2 million in 2023-24 and \$1.9 million annually thereafter for DHCS to support strengthening compliance and oversight, as well as establishing mandatory certification for outpatient substance use disorder programs. The budget also authorizes an increase in ROPLF fees of no more than 20 percent per year until the program reaches the 75 percent increase originally proposed by the Administration. The Legislature also approved trailer bill language to implement these provisions, authorize an increase in the ROPFL fee of no more than five percent per year

without approval by the Legislature, and require DHCS to develop a hardship fee waiver process to ensure access to quality substance use disorder services.

- **Naloxone Distribution Project Expansion.** The budget includes expenditure authority from the Opioid Settlements Fund of \$74.8 million in 2023-24, \$35.8 million in 2024-25, \$24.8 million in 2025-26, and \$24.1 million in 2026-27 for DHCS to support expansion of the Naloxone Distribution Project. The Legislature also approved provisional budget bill language authorizing an increase in expenditure authority from the Opioid Settlements Fund of up to \$15.3 million annually for four years if resources are available in the fund to support additional expansion of the project.
- **Drug Medi-Cal Claiming Timelines.** The Legislature approved trailer bill language to extend the claiming timelines for Drug Medi-Cal services from six months to twelve months to create parity and be consistent with timelines for Medi-Cal fee-for-service, specialty mental health services, and federal regulations.
- **CalAIM – Designated State Health Programs and Delay of Facility Carve-Ins to Managed Care.** The Legislature approved trailer bill language to increase Medi-Cal reimbursement rates for primary care and obstetrics services, consistent with the terms and conditions of the CalAIM 1115 Waiver related to designated state health programs, and to delay the integration of intermediate care facilities for individuals with developmental disabilities and subacute facilities into the managed care delivery system under CalAIM’s long-term care integration component.
- **Local Educational Agency Medi-Cal Billing Option Program Withhold Return.** The budget includes expenditure authority from the Special Deposit Fund of \$7.5 million in 2023-24 for DHCS to reimburse local educational agencies for excess administrative withholds associated with the Local Educational Agency Medi-Cal Billing Option Program (LEA-BOP).
- **Medi-Cal Provider Interim Payment Loan Authority.** The Legislature approved trailer bill language to set the Medical Provider Interim Payment Loan Authority amount at ten percent of the amount appropriated from the General Fund and six percent of the amount appropriated from the Federal Trust Fund for Medi-Cal benefit costs in the most recent Budget Act.
- **Nursing Facility Financing Reform.** The budget includes two positions and expenditure authority of \$1.3 million (\$666,000 General Fund and \$666,000 federal funds) in 2023-24 and \$1.3 million (\$657,000 General Fund and \$657,000 federal funds) annually thereafter for DHCS to support skilled nursing facility financing programs authorized by AB 186 (Committee on Budget), Chapter 46, Statutes of 2022.
- **PACE Monitoring and Program Operations.** The budget includes ten positions and expenditure authority of \$1.7 million (\$713,000 General Fund and \$965,000 federal funds) in 2023-24 and \$1.6 million (\$674,000 General Fund and \$914,000 federal funds) annually thereafter for DHCS support administration, operation, monitoring, and oversight of Programs of All Inclusive Care for the Elderly (PACE).

- **Program Workload.** The budget includes 19 positions and expenditure authority of \$3.8 million (\$1.9 million General Fund and \$1.9 million federal funds) in 2023-24, \$3.7 million (\$1.8 million General Fund and \$1.8 million federal funds) in 2024-25 through 2027-28, and \$3 million (\$1.5 million General Fund and \$1.5 million federal funds) annually thereafter for DHCS to support ongoing workload for the following programs: 1) Medi-Cal Health Enrollment Navigators Project; 2) Strengthening Preventive Services for Children in Medi-Cal; 3) Short-Term Residential Therapeutic Program (STRTP) Mental Health Program Approval, Oversight, and Monitoring; and 4) Administration.
- **Delay Two-Week Checkwrite Hold Buyback.** The budget includes General Fund savings of \$1.1 billion and authorizes delay of elimination of the practice of withholding Medi-Cal provider reimbursement checkwrites during the last two weeks of the fiscal year. The elimination was originally authorized in the 2022 Budget Act and will be delayed from 2022-23 until 2024-25.
- **Conform Statutory Estimate Requirements to Recent Program Changes.** The Legislature approved trailer bill language to conform the requirements for the semi-annual Medi-Cal Local Assistance Estimate and scheduling of Medi-Cal programs in the annual Budget Act with recent changes to the Medi-Cal program, but maintains the separate display of fee-for-service rates.
- **Newborn Hospital Gateway.** The Legislature approved trailer bill language to require all Medi-Cal providers participating in presumptive eligibility programs to report through the Newborn Hospital Gateway the births of any Medi-Cal eligible infant born in their facilities, including hospitals and birthing centers or other birthing settings, within 72 hours after birth or one business day after discharge.
- **Acute Inpatient Intensive Rehabilitation Services.** The Legislature approved trailer bill language to eliminate statutory provisions requiring initial evaluation and trial programs for acute inpatient intensive rehabilitation services, consistent with evidence-based practice and policies in the federal Medicare program.
- **Medi-Cal Enterprise System Modernization.** The budget includes eight total positions and expenditure authority of \$7.8 million (\$1.4 million General Fund and \$6.4 million federal funds) in 2023-24, \$4.5 million (\$716,000 General Fund and \$3.8 million federal funds) in 2024-25 and \$1.6 million (\$337,000 General Fund and \$1.2 million federal funds) annually thereafter for DHCS to support ongoing modernization efforts for the Medi-Cal Enterprise System, including the following projects: 1) Behavioral Health Modernization, 2) Federal Draw and Reporting System, 3) California Accounts Receivable Management, and 4) Medi-Cal Enterprise System Modernization Strategy and Architecture Planning.
- **Interoperability Federal Rule Implementation.** The budget includes expenditure authority of \$1.5 million (\$148,000 General Fund and \$1.3 million federal funds) in 2023-24 and 2024-25 for DHCS to support implementation and additional planning for new interoperability rules required by the federal Centers for Medicare and Medicaid Services (CMS).
- **Doula Services Implementation Evaluation.** The Legislature approved trailer bill language to align workgroup timelines for examination of implementation of the doula benefit in Medi-Cal with an anticipated one-year delay in implementation of the benefit.

- **Medical Interpreters Pilot Project – Extension.** The Legislature approved trailer bill language to extend availability of funding and extend the sunset date for the Medical Interpreters Pilot Project, a pilot project for interpretation services in the Medi-Cal program, pursuant to AB 635 (Atkins), Chapter 600, Statutes of 2016.
- **Long-Term Care Facilities Rate Year Shift.** The Legislature approved trailer bill language to shift reimbursement for certain long-term care facilities from a rate year that begins in August to a calendar year rate year, beginning January 1, 2024.
- **Assisted Living Waiver Expansion Permanent Workload.** The budget includes 15 positions and expenditure authority of \$933,000 (\$308,000 General Fund and \$625,000 federal funds) in 2023-24 and \$2.3 million (\$772,000 General Fund and \$1.6 million federal funds) annually thereafter for DHCS to support administrative, operational, and monitoring and oversight needs for the expansion of the Assisted Living Waiver Program.
- **Dental Procurement.** The budget includes six positions (conversion of four limited-term to permanent and two new positions) and expenditure authority of \$1.8 million (\$443,000 General Fund and \$1.3 million federal funds) in 2023-24 and \$1.7 million (\$438,000 General Fund and \$1.3 million federal funds) annually thereafter for DHCS to support a procurement effort, contract transition, and other workload to secure a new Fiscal Intermediary Dental Information Technology Maintenance and Operations contract in support of dental services for Medi-Cal.
- **Fund Source Change for CalHOPE.** The budget includes expenditure authority from the Mental Health Services Fund of \$50.5 million and a reduction of General Fund expenditure authority of \$40 million in 2023-24 to shift funding for CalHOPE from the General Fund to the Mental Health Services Fund.
- **Behavioral Health Modernization.** The budget includes expenditure authority of \$40 million (\$20 million federal funds and \$20 million Mental Health Services Fund) in 2023-24 for DHCS to support modernization of the behavioral health system, consistent with the provisions of SB 326 (Eggman), approved by the Legislature and currently awaiting the Governor's signature.
- **Children and Youth Behavioral Health Initiative.** The budget includes expenditure authority from the Mental Health Services Fund of \$10 million in 2023-24 to create statewide infrastructure for provider management and to manage billing for behavioral health services furnished to students under the Children and Youth Behavioral Health Initiative statewide fee schedule.
- **Los Angeles County CARE Act Start-Up Funding.** The Legislature approved provisional budget bill language to authorize the use of \$15 million of existing General Fund expenditure authority to support Los Angeles County planning and preparation to implement the Community Assistance, Recovery, and Empowerment (CARE) Act.
- **Contingency Management Pilot Extension.** The budget includes 11 positions and expenditure authority of \$1.5 million (\$755,000 General Fund and \$755,000 federal funds) in 2023-24, \$5 million (\$2.5 million General Fund and \$2.5 million federal funds) in 2024-25 and 2025-26, \$3.8 million (\$1.9 million General Fund and \$1.9 million federal funds) in 2026-27, and \$2.2 million

(\$1.1 million General Fund and \$1.1 million federal funds) in 2027-28 for DHCS to support conversion of the contingency management program from a pilot project to a waiver demonstration benefit.

- **Virtual Services in Driving Under the Influence Programs.** The Legislature approved trailer bill language to clarify its authority to regulate Driving Under the Influence programs that offer services virtually.
- **Pediatric Subacute Facilities.** The budget includes expenditure authority of \$1.7 million (\$836,000 General Fund and \$836,000 federal funds) in 2023-24 and \$454,000 (\$227,000 General Fund and \$227,000 federal funds) in 2024-25, to include free-standing pediatric subacute facilities in the current Medi-Cal rate “hold harmless” statutory language. The Legislature also approved trailer bill language to implement this rate change.
- **Asset Limit Elimination Cleanup.** The Legislature approved trailer bill language to make technical changes and eliminate statutory references related to the asset limit for determination of eligibility for Medi-Cal and other programs.
- **Indian Health Program.** The budget includes General Fund expenditure authority of \$11 million in 2023-24 and \$23 million annually thereafter to support the Indian Health Program.
- **Fentanyl Test Strips Distribution.** The budget includes General Fund expenditure authority of \$6 million in 2023-24 for the distribution of fentanyl test strips through the Naloxone Distribution Program.
- **Navigator Program.** The budget includes General Fund expenditure authority of \$10 million in 2023-24 for DHCS to support its health care navigator program.
- **CalAIM Providing Access and Transforming Health (PATH).** The budget includes General Fund expenditure authority of \$40 million in 2023-24 for DHCS to support the CalAIM Providing Access and Transforming Health (PATH) program to assist in building out provider networks for Enhanced Care Management and Community Supports benefits.

4265 DEPARTMENT OF PUBLIC HEALTH (DPH)

- **COVID-19 Response.** The budget includes General Fund expenditure authority of \$51.3 million in 2023-24 for CDPH to continue the state’s efforts to protect public health and safety against the spread of COVID-19, including vaccinations, testing, and operations support, as well as implementing the state’s SMARTER Plan.
- **Public Health Workforce Investments.** The budget maintains General Fund expenditure authority of \$49.8 million over four years, approved in the 2022 Budget Act, to support public health workforce investments.
- **Maintenance and Operations of Infectious Disease Data Systems – SMARTER Plan.** The budget includes General Fund expenditure authority of \$74.4 million in 2023-24 for CDPH to

support the maintenance and operations of critical infectious disease data systems established during the COVID-19 pandemic and to continue to support the state's emergency preparedness and response efforts, consistent with the SMARTER Plan.

- **COVID-19 Website Information Technology Resources.** The budget includes General Fund expenditure authority of \$900,000 in 2023-24, 2024-25, and 2025-26 for CDPH to support security and translation services to optimize maintenance of the COVID-19 website.
- **AIDS Drug Assistance Program (ADAP).** The budget includes \$372.3 million (\$265.8 million ADAP Rebate Fund and \$106.5 million federal funds) in 2022-23 and \$398 million (\$295.9 million ADAP Rebate Fund and \$102.1 million federal funds) in 2023-24 for expenditures in ADAP, which provides access to life-saving medications for Californians living with HIV and assistance with costs related to pre-exposure prophylaxis (PrEP) and post-exposure prophylaxis (PEP) medications for Californians at risk of acquiring HIV.
- **California Immunization Registry (AB 1797).** The budget includes three positions and General Fund expenditure authority of \$915,000 in 2023-24 and \$453,000 annually thereafter for CDPH to ensure health care providers and agencies provide required information to, and certain education and human services entities have access to, the California Immunization Registry (CAIR), pursuant to AB 1797 (Weber), Chapter 582, Statutes of 2022.
- **Hepatitis C Virus Equity – Access to the Cure.** The budget includes General Fund expenditure authority of \$10 million in 2023-24 to support expansion of hepatitis C virus (HCV) public health services, including outreach, testing, linkage and engagement in care to support young people who use drugs, Black, Indigenous, and People of Color (BIPOC) communities, and those experiencing homelessness in curing HCV.
- **MPox Response Reappropriation.** The budget includes reappropriation of funding, originally approved in the 2022 Budget Act, to support the state's response to the MPox outbreak.
- **BabyBIG Infant Botulism Treatment and Prevention Program.** The budget includes expenditure authority from the Infant Botulism Treatment and Prevention Fund of \$7.4 million in 2023-24, \$11.6 million in 2024-25, \$7 million in 2025-26, \$4.9 million in 2026-27, and \$3.9 million annually thereafter for CDPH to meet manufacturing costs associated with the production of the most recent lot of its licensed orphan drug, BabyBIG (Human Botulism Immune Globulin), the only treatment for infant botulism.
- **Genetic Disease Screening Program (GDSP).** The budget includes expenditure authority from the Genetic Disease Testing Fund of \$166 million (\$36.9 million state operations and \$129.2 million local assistance) in 2022-23, and \$187.6 million (\$38.1 million state operations and \$149.5 million local assistance) in 2023-24 to fund the Genetic Disease Screening Program, which screens newborns and pregnant women for genetic and congenital disorders.
- **California Newborn Screening Program Expansion.** The budget includes four positions and expenditure authority from the Genetic Disease Testing Fund of \$3.5 million in 2023-24, \$3.3 million in 2024-25 and 2025-26, and \$2.7 million annually thereafter for CDPH to support expansion of newborn screening to include mucopolysaccharidosis type II (MPS II) and

guanidinoacetate methyltransferase (GAMT) deficiency, pursuant to the requirements of SB 1095 (Pan), Chapter 393, Statutes of 2016.

- **Licensure of Clinical Lab Geneticists and Clinical Reproductive Biologists (SB 1267).** The budget includes one position and expenditure authority from the Clinical Laboratory Improvement Fund of \$210,000 in 2023-24 and \$176,000 annually thereafter for CDPH to implement the licensure of clinical laboratory geneticists and clinical reproductive biologists, pursuant to SB 1267 (Pan), Chapter 473, Statutes of 2022.
- **Women, Infants, and Children (WIC) Program.** The budget includes expenditure authority of \$1.3 billion (\$1.1 billion federal funds and \$193.4 million WIC manufacturer rebate funds) in 2022-23 and \$1.4 billion (\$1.2 billion federal funds and \$217.3 million WIC manufacturer rebate funds) in 2023-24 to fund the WIC Program, which provides nutrition services and food assistance for pregnant, breastfeeding, and non-breastfeeding women, infants, and children up to their fifth birthday at or below 185 percent of the federal poverty level.
- **Center for Health Care Quality Program Estimate.** The budget includes expenditure authority for the Center for Health Care Quality of \$481.5 million (\$7.7 million General Fund, \$143.1 million federal funds, and \$330.7 million special funds and reimbursements) in 2022-23 and \$462.1 million (\$5.2 million General Fund, \$132.6 million federal funds, and \$324.3 million special funds and reimbursements) in 2023-24.
- **Skilled Nursing Facilities Staffing Audits.** The budget includes General Fund expenditure authority of \$4 million annually for CDPH to support audits of skilled nursing facilities to verify compliance with minimum staffing requirements.
- **Facilitating Projects to Benefit Nursing Home Residents – Federal Penalties Account.** The budget includes expenditure authority from the Federal Health Facilities Citation Penalties Account of \$5 million in 2023-24, \$5 million in 2024-25, and \$3 million in 2025-26 for CDPH to support projects benefitting nursing home residents. The Legislature also approved trailer bill language to eliminate the cap on funding for projects from the Federal Health Facilities Citation Penalties Account.
- **SNFs Change of Ownership and Change of Management Application (AB 1502).** The budget includes expenditure authority from the Licensing and Certification Fund of \$286,000 annually for three years for CDPH to support implementation of new licensing requirements following changes in ownership or management of skilled nursing facilities, pursuant to AB 1502 (Muratsuchi), Chapter 578, Statutes of 2022.
- **Hospice Facility Licensure and Oversight (AB 2673).** The budget includes three positions and expenditure authority from the Licensing and Certification Fund of \$926,000 in 2023-24, \$759,000 in 2024-25, \$698,000 in 2025-26, and \$615,000 annually thereafter for CDPH to support implementation of hospice facilities licensing requirements, pursuant to AB 2673 (Irwin), Chapter 797, Statutes of 2022.

- **Gender Affirming Health Care (SB 107).** The budget includes expenditure authority from the Licensing and Certification Fund of \$321,000 annually for three years for CDPH to expand protections for a child receiving gender-affirming health care under the Confidentiality of Medical Information Act (CMIA), pursuant to SB 107 (Wiener), Chapter 810, Statutes of 2022.
- **CA Integrated Vital Records System Upgrades for Death Certificate Content (AB 2436).** The budget includes General Fund expenditure authority of \$563,000 in 2023-24 for CDPH to make changes to information on death certificates, pursuant to AB 2436 (Bauer-Kahan), Chapter 966, Statutes of 2022.
- **Extreme Heat – Statewide Extreme Heat Ranking System (AB 2238).** The budget includes two positions and General Fund expenditure authority of \$369,000 annually for CDPH to support creation of a statewide extreme heat ranking system, including a public communication plan, statewide guidance for preparing and planning for extreme heat events, and recommendations on local heat adaptation, preparedness and resilience measures, pursuant to the requirements of AB 2238 (Luz Rivas), Chapter 264, Statutes of 2022.
- **Public Health Regional Climate Planning Reversion.** The budget includes reversion of General Fund expenditure authority of \$25 million, originally approved in the 2022 Budget Act, for the Climate Change and Health Resilience Planning Grant Programs. This program would be restored in January 2024 if the Department of Finance determines there is sufficient General Fund to support this program.
- **Childhood Drowning Data Collection Pilot Program (SB 855).** The budget includes General Fund expenditure authority of \$260,000 in 2023-24, \$632,000 in 2024-25 and 2025-26, and \$316,000 in 2026-27 for CDPH to establish and administer a three-year Childhood Drowning Data Collection Pilot Program pursuant to SB 855 (Newman), Chapter 817, Statutes of 2022.
- **Restroom Access – Medical Conditions (AB 1632).** The budget includes nine positions and General Fund expenditure authority of \$1.4 million annually for CDPH to support creation of a new program to implement and oversee appropriate access to restrooms in places of business for certain medical conditions, pursuant to the requirements of AB 1632 (Weber), Chapter 893, Statutes of 2022.
- **Reduction of Human Remains and the Disposition of Reduced Human Remains (AB 351).** The budget includes one position and General Fund expenditure authority of \$357,000 in 2023-24, \$403,000 in 2024-25, \$335,000 in 2025-26, and \$193,000 annually thereafter for CDPH to support adoption of rules and regulations prescribing standards for human reduction chambers, pursuant to the provisions of AB 351 (Cristina Garcia), Chapter 399, Statutes of 2022.
- **Recreational Water Use – Regulation of Wave Basins (AB 2298).** The budget includes one position and General Fund expenditure authority of \$193,000 in 2023-24, \$290,000 in 2024-25 and 2025-26, \$380,000 in 2026-27, and \$193,000 annually thereafter for CDPH to support adoption of regulations on the sanitation and safety of wave basins, pursuant to the provisions of AB 2298 (Mayes), Chapter 461, Statutes of 2022.

- **Limited Podiatric Radiography Permit (AB 1704).** The budget includes General Fund expenditure authority of \$425,000 in 2023-24 for CDPH to support implementation of a new limited podiatric radiography permit, pursuant to the requirements of AB 1704 (Chen), Chapter 580, Statutes of 2022.
- **Radiologic Health Branch Licensing and Certification.** The Legislature approved trailer bill language to revise the denial, suspension, and revocation procedures associated with licenses and certifications held under the Radiologic Technology Act and licensed by CDPH, and to expand civil penalty authority to radiological technologists and nuclear medicine technology.
- **Industrial Hemp Licensing and Compliance Program Reappropriation.** The budget includes reappropriation of General Fund expenditure authority of \$1.2 million, previously approved in the 2022 Budget Act, to implement the regulation of industrial hemp products pursuant to AB 45 (Aguilar-Curry), Chapter 572, Statutes of 2021.
- **Protecting Children from the Damaging Effects of Lead Exposure.** The budget includes two positions and expenditure authority from the Childhood Lead Poisoning Prevention Fund of \$9.7 million in 2023-24, 2024-25, and 2025-26, and \$6.1 million annually thereafter for CDPH to support expansion of services to children with blood lead levels that meet or exceed new federal standards and new lead poisoning prevention activities.
- **Lead Renovation, Repair, and Painting Program (SB 1076).** The budget includes three positions and General Fund expenditure authority of \$1.2 million in 2023-24 and 2024-25, an additional 32 positions and expenditure authority from the Lead-Related Construction Fund of \$5.5 million in 2025-26 and \$5.2 million annually thereafter for CDPH to implement the lead-based paint Renovation, Repair, and Painting program, pursuant to the requirements of SB 1076 (Archuleta), Chapter 507, Statutes of 2022. The Legislature also approved trailer bill language to delay until July 1, 2027, the implementation of the lead regulatory program, and to delay until July 1, 2026, implementation of an education and outreach program for lead related construction.
- **California Harm Reduction Initiative.** The budget includes expenditure authority from the Opioid Settlements Fund of \$15.3 million annually for four years, beginning in 2023-24, to support harm reduction programs for staff and costs related to delivery of naloxone, fentanyl test strips, overdose prevention and response training, and drug treatment provision and navigation.
- **Fentanyl Program Grants and Availability of Fentanyl Test Strips and Naloxone.** The budget includes expenditure authority from the Opioid Settlements Fund of \$7.5 million in 2023-24, \$3.5 million in 2024-25, and \$1.5 million in 2025-26 and 2026-27 for CDPH to support six one-time competitive grants to reduce fentanyl overdoses and use, pursuant to AB 2365 (Patterson), Chapter 783, Statutes of 2022, and two one-time competitive grants to support innovative approaches to make fentanyl test strips and naloxone more widely available.

4440 DEPARTMENT OF STATE HOSPITALS (DSH)

- **Program Update – Metropolitan: Increased Secure Bed Capacity.** The budget includes General Fund savings of \$15.1 million in 2022-23 due to delays in the activation of newly secured units at Metropolitan State Hospital to provide increased capacity for the treatment of IST patients.
- **Program Update – Enhanced Treatment Program (ETP) Staffing.** The budget includes General Fund savings of \$3.2 million in 2023-24 due to delayed completion of Enhanced Treatment Program (ETP) units at Patton State Hospital.
- **Program Update – Mission Based Review: Direct Care Nursing.** The budget includes General Fund savings of \$18.1 million in 2022-23 and \$4.8 million in 2023-24 due to delays in staffing changes to implement methodologies to provide appropriate 24-hour nursing care, administration of medication, and an afterhours nursing supervisory structure.
- **Program Update – Mission Based Review: Protective Services.** The budget includes General Fund savings of \$11.5 million in 2022-23 due to delays in hiring hospital police officers to provide protective services in the State Hospitals.
- **Program Update – Mission Based Review: Treatment Team and Primary Care.** The budget includes General Fund savings of \$25.1 million in 2022-23 and \$8.4 million in 2023-24 due to delays in hiring for treatment and primary care teams.
- **Program Update – Patient-Driven Operating Expenses and Equipment.** The budget includes General Fund expenditure authority of \$22.8 million in 2022-23 and \$26.6 million in 2023-24 and annually thereafter to support operating expenses and equipment (OE&E) related to the care and treatment of DSH patients.
- **Program Update – Contracted Patient Services Incompetent to Stand Trial (IST) Solutions.** The budget includes one position and General Fund savings of \$27.4 million in 2022-23 and \$3.1 million annually thereafter, due to changes in jail-based competency treatment program (JBCT) implementation. The budget also includes reappropriation of General Fund resources, previously authorized in the 2021 Budget Act, to support contracts for Community Inpatient Facilities.
- **Program Update – County Bed Billing Reimbursement Authority.** The budget includes a reduction of reimbursements of \$27.5 million annually from county bed billing reimbursement authority based on updated patient census and bed rates.
- **Program Update – COVID-19 Update.** The budget includes General Fund savings of \$19.7 million in 2022-23 and General Fund expenditure authority of \$42.1 million in 2023-24 for COVID-19 driven workload and expenditures including personal services costs for staff dedicated to implementing infection control measures, surge staffing contracts, personal protective equipment, sanitation and testing supplies.
- **Program Update – DSH-Coalinga Intermediate Care Facility Conversion.** The budget includes General Fund savings of \$2.9 million in 2022-23 due to delay in the conversion of units at DSH-Coalinga to a licensed intermediate care facility (ICF).

- **Program Update: Forensic Conditional Release Program (CONREP) – General/Non-Sexually Violent Predator (Non-SVP) Program.** The budget includes General Fund savings of \$13.5 million in 2022-23 due to program activation adjustments in the Conditional Release Program for General/Non-Sexually Violent Predators.
- **Department of General Services Statewide Surcharge Adjustments.** The budget includes General Fund expenditure authority of \$1.9 million annually for DSH to address ongoing increased costs due to support services provided by the Department of General Services.
- **Teleservices – Visitation and Court Hearings.** The budget includes 15 positions and General Fund expenditure authority of \$2.1 million annually for DSH to permanently continue management of teleservices for patient visitation and court hearings implemented during the COVID-19 pandemic.
- **Psychiatry Workforce Pipeline, Recruitment, Hiring, and Retention.** The budget includes seven positions and General Fund expenditure authority of \$6.5 million in 2023-24, \$7.1 million in 2024-25, \$7.3 million in 2025-26, \$7.7 million in 2026-27, and \$8.3 million annually thereafter for DSH to support development and implementation of pipeline, recruitment, and retention initiatives to sustain and grow DSH's psychiatric workforce.
- **Electronic Health Records Implementation and Operation.** The budget includes 40.2 positions and General Fund expenditure authority of \$21.5 million in 2023-24 and 58 positions and General Fund expenditure authority of \$22.3 million annually thereafter for DSH to support the completion of remaining planning activities, System Integrator procurement, and transition into implementation of the Continuum Electronic Health Record (EHR) System.
- **Sexually Violent Predators (SB 1034).** The budget includes two positions and General Fund expenditure authority of \$598,000 annually for DSH to convene county representatives regarding suitable housing for sexually violent predators, as well as other requirements imposed pursuant to SB 1034 (Atkins), Chapter 880, Statutes of 2022.
- **Increased Court Appearances and Public Records Act Requests – Continuation of Funding.** The budget includes 5.5 positions and General Fund expenditure authority of \$847,000 annually for DSH to permanently extend limited-term resources approved in the 2021 Budget Act to address a sustained increase in workload for court hearings and responding to Public Records Act requests.
- **Criminal Record Information (CORI) Data.** The Legislature approved trailer bill language to provide access to Criminal Offender Record Information (CORI) to DSH for the purposes of Incompetent to Stand Trial (IST) Solutions and other mental health policy research and program evaluations.
- **Extend Funding for HIPAA Compliance and Accounting Workload.** The budget includes General Fund expenditure authority of \$615,000 in 2023-24 for DSH to support continue processing invoices and payments from medical providers containing protected health information in compliance with the Health Insurance Portability and Accountability Act (HIPAA).

- **Shift Funding for Patient Education from Reimbursements to Federal Funds.** The budget includes federal fund expenditure authority of \$100,000 annually, and a corresponding decrease of reimbursement authority, for DSH to shift funding from reimbursements to federal funds for support of special education and vocational education programs for DSH patients.
- **COVID-19 Workers Compensation.** The budget includes a reduction in General Fund expenditures of \$8 million in 2022-23 to reflect unspent workers' compensation funding authorized for COVID-19 related claims.
- **Incompetent to Stand Trial Program Reappropriations.** The budget includes reappropriation of resources for the following two programs related to patients deemed incompetent to stand trial (IST):
 - Felony Mental Health Diversion Program Pilot – The budget includes reappropriation of General Fund resources, approved in the 2018 Budget Act, for the Felony Mental Health Diversion Program Pilot.
 - Incompetent to Stand Trial Solutions – The budget includes reappropriation of General Fund resources, approved in the 2021 and 2022 Budget Acts, to continue incompetent to stand trial (IST) solution programs across DSH's contracted programs.
- **Napa Memorial Project Reappropriation.** The budget includes reappropriation of General Fund authority of \$60,000 approved in the 2021 Budget Act and \$60,000 approved in the 2022 Budget Act to support the completion of the Napa Memorial Project.
- **SB 1223 Chaptering Cleanup.** The Legislature approved trailer bill language to address chaptering issues that arose between the health omnibus trailer bill, AB 204 (Committee on Budget), Chapter 738, Statutes of 2022, and SB 1223 (Becker), Chapter 735, Statutes of 2022, related to individuals deemed incompetent to stand trial.
- **Metropolitan – Central Utility Plant Replacement.** The budget includes General Fund expenditure authority of \$1.9 million in 2023-24 for DSH to support the working drawings phase of the project at Metropolitan State Hospital to replace the Central Utility Plant.
- **Metropolitan – Fire Water Line Connection to Water Supply.** The budget includes General Fund expenditure authority of \$536,000 in 2023-24 for DSH to support the working drawings phase of the project at Metropolitan State Hospital to provide the capacity of water required for its fire sprinkler system to comply with current fire code requirements.
- **Metropolitan – Consolidation of Police Operations.** The budget includes reversion of expenditure authority from the Public Buildings Construction Fund of \$27.5 million in 2022-23, and expenditure authority of \$40 million in 2023-24 for the construction phase of the consolidation of police operations at DSH-Metropolitan.
- **Atascadero – Sewer and Wastewater Treatment Plant.** The budget includes General Fund expenditure authority of \$1 million in 2023-24 for DSH to support the working drawings phase for the project at Atascadero State Hospital to provide upgrades to the sewer collection system,

installation of a screening system, and connection to the City of Atascadero's wastewater treatment system.

- **Atascadero – Potable Water Booster Pump System.** The budget includes reversion of General Fund expenditure authority of \$2 million in 2022-23, approved in the 2022 Budget Act, and General Fund expenditure authority of \$4.7 million in 2023-24 for DSH to support the construction phase of the continuing project to install a potable water booster pump system to improve the performance of the main water system at DSH-Atascadero.
- **Coalinga – Hydronic Loop Replacement Reappropriation.** The budget includes reappropriation of General Fund authority of \$26.2 million, previously approved in the 2021 Budget Act, for DSH to support the construction phase of the hydronic loop replacement project at DSH-Coalinga.

4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION (MHSOAC)

- **Children and Youth Behavioral Health Initiative Evidence-Based Practices.** The budget includes reimbursement authority of \$15 million for DHCS and MHSOAC to enter into an interagency agreement to support administration of the Evidence-Based Practices grant program as part of the Children and Youth Behavioral Health Initiative.
- **Information Technology and Security Unit.** The budget includes two positions and expenditure authority from the Mental Health Services Fund of \$435,000 annually for MHSOAC to support creation of an Information Technology (IT) and Security unit to address increased IT and security workload.
- **Reappropriations – Allcove, Early Psychosis Intervention, and Mental Health Wellness.** The budget includes reappropriation of the following previously authorized expenditures:
 - Allcove Youth Drop-In Centers – The budget includes reappropriation of up to \$2 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2019 Budget Act, to support the Allcove Youth Drop-In Centers Program.
 - Early Psychosis Intervention Plus Program – The budget includes reappropriation of \$1.7 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2019 Budget Act, to support the Early Psychosis Intervention Plus Program.
 - Mental Health Wellness Program – The budget includes reappropriation of a total of \$16.5 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2017 Budget Act, 2019 Budget Act, and 2020 Budget Act, to support the Mental Health Wellness Program.

4800 CALIFORNIA HEALTH BENEFIT EXCHANGE

- **Covered California Health Benefit Exchange.** The budget includes \$443.2 million from the California Health Trust Fund for operation of the California Health Benefit Exchange, which facilitates the enrollment of qualified individuals and small employers in qualified health plans,

including through Covered California. The California Health Trust Fund collects revenue from charges on qualified health plans to support operation of the exchange.

- **Cost-Sharing Reduction Subsidies Beginning in 2024 Coverage Year.** The budget includes expenditure authority from the Health Care Affordability Reserve Fund of \$82.5 million in 2023-24 and \$165 million annually thereafter to support a program of financial assistance for individuals purchasing coverage in the Covered California health benefit exchange. For the 2024 coverage year, these subsidies will result in elimination of deductibles and reduction in copayments and other health care cost sharing for more than 600,000 Californians. The Legislature also approved trailer bill language to require all revenues collected from the individual mandate penalty to be annually deposited in the Health Care Affordability Reserve Fund to be used by Covered California to improve affordability in the health benefit exchange.
- **Health Care Coverage for Striking Workers.** The budget includes expenditure authority from the Health Care Affordability Reserve Fund of up to \$2 million annually to support a health care program for striking workers, pursuant to AB 2530 (Wood), Chapter 695, Statutes of 2022.
- **One Dollar Premium Subsidy Augmentation.** The budget includes General Fund expenditure authority of \$350,000 annually to support augmentation of the one dollar premium subsidy program for abortion services in Covered California due to higher than expected enrollment.

Health Budget Trailer Bills and Budget Bills

1. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
2. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
3. *Budget Acts of 2022 and 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*
4. *Budget Acts of 2022 and 2023 – Senate Bill 105 (Skinner) – Chapter 862, Statutes of 2023.*
5. *Health Omnibus – Assembly Bill 118 (Committee on Budget), Chapter 42, Statutes of 2023.*
6. *Distressed Hospital Loan Program – Assembly Bill 112 (Committee on Budget), Chapter 6, Statutes of 2023.*
7. *Managed Care Organization Provider Tax – Assembly Bill 119 (Committee on Budget), Chapter 13, Statutes of 2023.*
8. *Health Omnibus – Senate Bill 137 (Committee on Budget and Fiscal Review), Chapter 191, Statutes of 2023.*

HUMAN SERVICES

4100 STATE COUNCIL ON DEVELOPMENTAL DISABILITIES (SCDD)

The SCDD is responsible for engaging in advocacy, capacity building, and activities that promote self-determination, independence, productivity, and inclusion in all aspects of community life for Californians with developmental disabilities and their families. The budget includes SCDD includes \$14.7 million for SCDD, including:

- **Reimbursement Authority Increase.** The budget increases reimbursement authority by \$106,000 on a one-time basis to provide sufficient expenditure authority for a contract with the University of Southern California's University Center for Excellence in Developmental Disabilities.
- **Reappropriation of Federal Funds and Reimbursements.** The budget reappropriates up to \$232,000 from the Budget Act of 2020, and up to \$365,000 from the Budget Act of 2022 to allow SCDD to fully expend the vaccine access grant provided by the federal Administration for Community Living and the Centers for Disease Control, as well as the wildfire relief grant funded by the California Community Foundation.

4170 CALIFORNIA DEPARTMENT OF AGING (CDA)

The budget includes \$377.9 million (\$180.9 million General Fund) for CDA, including:

- **Advancing Older Adult Behavioral Health.** The budget includes \$50 million over three years to continue Master Plan for Aging work on behavioral health needs for older adults. This investment includes: \$30.3 million to local partners to continue local community older adult behavioral health capacity building; \$15 million to allow for continued operation of the statewide Older Adult Friendship Line (\$4.5 million) and an older adult behavioral health stigma reduction media campaign (\$10.5 million).
- **Modernizing the Older Californians Act.** The 2022 Budget Act included \$186 million General Fund (\$59.3 million in 2022-23, \$86.9 million in 2023-24, and \$39.8 million in 2024-25) to restore supports and services for older adults that were reduced during the last recession, including senior nutrition programs, family caregiver supports, volunteer development programs, and aging in place programs. The budget adjusts the spending period for this \$186 million investment to be spent over five years instead of three, which adjusts spending to \$37.2 million in each of the five years.
- **Master Plan for Aging, Phase III Infrastructure and Capacity.** The budget includes \$1.8 million General Fund in 2023-24 and \$1.7 million General Fund ongoing to support continued implementation of the Master Plan for Aging, with dedicated resources for data and information technology (IT) capacity, security, project management, and IT procurement and contracting expertise.

- **Health Insurance Counseling and Advocacy Program Modernization (HICAP).** The budget includes \$1.8 million from the HICAP Special Fund to support HICAP modernization efforts, including increased funding for all local HICAPs.
- **Administrative Efficiencies for Area Agency on Aging Funding.** The budget includes authority for CDA to provide annual Local Assistance funding via direct allocations to the department's 33 Area Agencies on Aging (AAAs) partners that receive funds to support older adults. Additionally, budget bill language increases the maximum amount allowable for advanced payments to AAAs.
- **CalFresh Healthy Living Program Expansion.** The budget increases reimbursement authority by \$3.2 million to provide increased services, program site expansion, and enhanced curricula for the CalFresh Healthy Living (CFHL) - Supplemental Nutrition Assistance Program Nutrition Education Program (SNAP-Ed) activities for low-income adults 60 and older.
- **Statewide No Wrong Door Assessment.** The budget includes federal authority of \$411,000 to assess individual and family caregiver access to the statewide No Wrong Door System for Long-Term Services and Supports as part of a federal grant by the Federal Health and Human Services, Administration for Community Living (ACL).

4180 COMMISSION ON AGING

The California Commission on Aging's mission is to advise the Governor, Legislature, and state and local agencies on the issues and concerns of older Californians. The budget for the Commission was approved as budgeted and includes \$992,000 (\$52,000 General Fund, \$63,000 California Seniors Special Fund, and \$877,000 Federal Trust Fund). The budget did not include any new funding for the Commission compared to the previous fiscal year.

4185 CALIFORNIA SENIOR LEGISLATURE (CSL)

The California Senior Legislature was established in 1980 to offer model legislation for older adults and to advocate for the needs of seniors. The budget for the CSL was approved as budgeted and includes \$441,000 (\$316,000 General Fund and \$125,000 Senior Citizen Advocacy Voluntary Tax Contribution Fund) for support of the CSL. The budget did not include any new funding for the CSL compared to the previous fiscal year.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)

The budget includes a total of \$14.1 billion (\$8.5 billion General Fund) to support the department and its activities, including:

- **Developmental Services Equity and Oversight.** The budget includes \$7.75 million (\$6.2 million General Fund) and trailer bill language to support standardized procedures at Regional Centers for initial intake, individual program planning, and vendorization; review the availability

of common services and supports for individuals served by Regional Centers; report on intake timelines and outcomes; and examine barriers that inhibit access to generic resources.

- **Independent Living Services.** The budget includes \$15 million (\$8.5 million General Fund) in 2023-24 and \$60 million (\$34 million General Fund) in 2024-25 to adjust service provider rates for Independent Living Services by January 2024, to align the types of services provided with more equivalent occupations, such as teachers, social and human services assistants, and rehabilitation counselors.
- **Reduced Caseload Ratio for Children Ages 0-5.** The budget includes \$102.1 million (\$68.5 million General Fund) to reflect updated caseload estimates and a revised methodology to support reduced caseload ratios of 1:40 for children ages 0-5.
- **Social Recreation and Camping Services.** The budget includes trailer bill language that prohibits a regional center from requiring an individual with an intellectual or developmental disability or their family from doing any of the following: (a) exhaust In-Home Supportive Services, (b) exchange respite hours or any other service or support, or (c) pay a copayment, in order to receive social recreation services. Trailer bill language additionally allows DDS to implement the provision of social recreation services, camping services, and nonmedical therapies through participant-directed services.
- **Parent Participation Requirement in Applied Behavioral Analysis (ABA) or Intensive Behavioral Intervention.** The budget includes trailer bill language to prohibit a regional center from denying or delaying the provision of ABA or intensive behavioral intervention services for children due to the lack of parent participation.
- **Access to Generic Services.** The budget includes trailer bill language that requires regional centers to purchase medical services identified in the individualized family service plan if the service is not available within 60 days through the family's health insurance or Medi-Cal, and requires a regional center to purchase medical services during any plan delays, including the appeals process.
- **Complex Needs Residential Program.** The budget includes \$10.5 million General Fund to develop three five-person residential homes for individuals with highly complex needs. Trailer bill language establishes criteria for admission, assessment, individual program planning, transition back to the community, and other program components. Trailer bill language additionally allows the Department of General Services, with the approval of DDS, to amend the existing lease to include a portion of the Fairview Developmental Center property for developing complex needs homes, but prohibits the department from using existing developmental center buildings. Trailer bill language requires the department to work jointly with the regional center to identify or develop alternative services and supports in the event the department determines that an individual cannot be safely served in a complex needs home and prohibits a complex needs home from using any non-emergency restraints or seclusion.
- **STAR Home Staff Adjustments and Intermediate Care Facility Licensure.** The budget includes \$15.9 million (\$9.8 million General Fund) to convert two DDS Stabilization Training Assistance Reintegration (STAR) homes to Intermediate Care Facility licensure. Trailer bill

language requires the department to work jointly with the regional center to identify or develop alternative services and supports in the event the department determines that an individual cannot be safely served in a STAR home and prohibits a STAR home from using any non-emergency restraints or seclusion.

- **Trauma-informed care for dually served youth in foster care.** The budget includes \$1.6 million (\$1.1 million General Fund) ongoing for 15 additional Regional Center specialists statewide who are responsible for implementing recommendations pursuant to the AB 2083 System of Care Multiyear Plan, which establishes a framework for improving cross-agency coordination to improve timelines for youth in foster care who are also eligible for regional center services.
- **Autism Services Branch.** The budget includes \$1 million (\$826,000 General Fund) in 2023-24 and ongoing to establish an Autism Services Branch within the Office of Statewide Clinical Services. Budget bill language requires DDS to report on outcomes and impacts associated with this expenditure, including updates on autism caseload data, and associated intake, ethnicity, age of eligibility determination, transitions out of secondary education, services and supports, and racial and ethnic inequities.
- **Extension of 10 Beds at Canyon Springs Community Facility.** The budget includes trailer bill language extending 10 crisis beds at Canyon Springs Community Facility through June 30, 2024, or the opening of completed and licensed complex needs homes, whichever is earlier.
- **Adjusting Rate Models to Reflect Increases in the Minimum Wage.** The budget includes \$78.2 million (\$46.4 million General Fund) to support the projected minimum wage increase effective January 1, 2024. Trailer bill language allows DDS to uniformly adjust provider rates when the California minimum wage increases.
- **Uniform Fiscal System Modernization and the Consumer Electronic Records Management System Project Planning.** The budget includes \$12.7 million (\$12.2 million General Fund) to support continued planning efforts for the Uniform Fiscal System Modernization (UFSM) and Consumer Electronic Records Management System (CERMS) projects. Supplemental report language requires the department to provide quarterly written updates to the Legislature on project development, scope, goals, timelines, and outcomes; stakeholder engagement; and plans to mitigate identified project risks.
- **Compliance with Federal Home and Community-Based Services Requirements.** The budget includes \$5.4 million (\$3.8 million General Fund) in 2023-24 and \$6.7 million (\$4.6 million General Fund) in 2024-25 and ongoing to align California's developmental disabilities system with requirements necessary for continued federal funding for Home and Community-Based Services programs. The budget also includes trailer bill language requiring DDS to provide an update on progress toward creating a person-centered, outcomes-based system, including the definition of compliance with the federal Home and Community Based Services Final Rule effective March 17, 2014 and data on providers within each service category that have not yet achieved compliance with the federal final rule.

- **Extension of Remote Option for Individual Program Plan (IPP) Meetings.** The budget includes trailer bill language that extends the option for an individual and their family to request a remote IPP meeting or individualized family service plan meeting through June 30, 2024.
- **Extended Suspension of Family Cost Participation Program and Annual Family Program Fee.** The budget includes trailer bill language that provides a one-year extension of regional center family fee assessments, including the Family Cost Participation Program and the Annual Family Program Fee, through June 30, 2024.
- **Quality Incentive for DDS Rate Models.** The budget includes trailer bill language which requires DDS to implement a hold harmless policy for providers whose rates in effect on January 1, 2023 exceed 90 percent of the rate model, until June 30, 2026. Trailer bill language additionally requires a provider to be eligible for a quality incentive payment that, when added to their base rate, equals the fully funded rate model. Trailer bill language allows the department to establish quality measures or benchmarks in the initial years of the quality incentive program that focus on building capacity, developing reporting systems, gathering baseline data, and similar activities while working towards meaningful outcome measures at the individual level for all services. Trailer bill language additionally specifies that beginning in 2024-25, there will be an opportunity for eligible providers to earn full quality incentive payments through one or more measures, and requires the department to determine each provider's quality incentive payment percentage prior to the start of the fiscal year by measuring the provider's performance against the quality measure or benchmarks for the most recently available reporting period.
- **Fairview Warm Shutdown.** The budget includes \$11.3 million General Fund for an additional year of funding to support the warm shutdown of Fairview Developmental Center.
- **Disparities Data.** The budget includes \$2.7 million (\$1.8 million General Fund) annually through 2025-26 and \$450,000 (\$360,000 General Fund) ongoing to address the requirements of AB 1957 (Wilson), Chapter 314, Statutes of 2022, which specifies public reporting on Individual Program Plans and purchase of services for individuals with intellectual and developmental disabilities. The budget also includes trailer bill language to specify data deidentification requirements, add a requirement for the department to aggregate purchase of service data on a statewide basis, and establish a collaborative process for stakeholder engagement regarding data de-identification.
- **Coordinated Family Support Services.** The budget includes \$18 million (\$10.8 million General Fund) one-time to continue funding the Coordinated Family Support service pilot program through the end of fiscal year 2023-24.
- **Enhancements to Risk Management Data Collection and Tracking.** The budget includes \$839,000 (\$671,000 General Fund) in 2023-24 and ongoing to enhance data collection, review, tracking, oversight, and response to special incident reports, high-risk incidents, and trends. Trailer bill language requires the department to provide annual updates on special incident trends as part of quarterly legislative updates pursuant to Welfare and Institutions Code section 4474.17.
- **Provisional Eligibility for Ages 0-2.** The budget adjusts funding for provisional eligibility due to the anticipated approval of a federal waiver for services provided to children ages 0-4 who are

determined provisionally eligible for full services provided through the Lanterman Developmental Disabilities Services Act (Lanterman Act). This adjustment includes General Fund savings of \$13 million and a commensurate increase of \$13 million in federal reimbursements. The budget also includes trailer bill language that expands provisional eligibility for the Lanterman Act to include children from birth through two years of age, making provisional eligibility inclusive of all children four years of age or under.

- **Protective Proceedings.** The budget includes \$1.5 million (\$1.2 million General Fund) in 2023-24 and 2024-25 and \$1.2 million (\$1 million General Fund) beginning in 2025-26 and ongoing, to implement AB 1663 (Maienschein), Chapter 894, Statutes of 2022, which revises various procedures in the conservatorship process.
- **Rate Adjustments for Mileage.** The budget includes \$10.1 million (\$6 million General Fund) to adjust service provider rates for mileage based on updates to the federal Internal Revenue Service mileage rate.
- **Information Security Office Support.** The budget includes \$895,000 (\$716,000 General Fund) to support federal and state information technology risk and compliance requirements and the maintenance and operation of the department's security system infrastructure. The budget also includes an additional \$174,000 (\$139,000 General Fund) to support Regional Center information security efforts in meeting federal and state information technology risk and compliance requirements.
- **Extension of Liquidation Period for Early Start Federal Funds.** Trailer bill language extends the liquidation date from January 28, 2024 to March 31, 2025 of federal funds authorized by the 2021 American Rescue Plan Act (ARPA) – federal Individuals with Disabilities Education Act (IDEA) Part C, to support early intervention services, consistent with pending approval by the federal Department of Education.
- **Home and Community-Based Services (HCBS) Spending Plan Adjustment.** The budget adjusts the HCBS Spending Plan by an increase of \$7.56 million General Fund and \$117.38 million reimbursements. This adjustment reflects expenditures on Service Provider Rate Reform acceleration in 2022-23, requiring net General Fund resources in 2023-24 related to DDS policy initiatives, including: Language Access and Cultural Competency, Social Recreation and Camping Services, and Service Provider Rate Reform.
- **Reappropriation of Community Placement Plan Funding.** The budget reappropriates \$10.75 million from the Budget Act of 2020 to support housing projects under development with units set aside for individuals with intellectual and developmental disabilities through the department's Community Placement Plan. The budget also includes budget bill language requiring written reporting to the Legislature by April 1, 2024 and at least annually thereafter on activities funded, including the use of any vendor or other contracted service, details on housing projects and units in development and completed, and impacts for persons served, including demographic and ethnic/racial breakdowns.
- **Rate Study Update – Family Home Agencies.** The budget includes trailer bill language stipulating that regional center reimbursement to family home agencies for services in a family

home shall not exceed rates for individuals who reside in a Community Care Facility vendored for four beds or less.

- **Transition of Federal Education Grant Funding to Department of State Hospitals.** The budget includes trailer bill language to finalize the process of transitioning the administration and oversight of federal education grants in Department of State Hospital (DSH) facilities from DDS, allowing DSH to receive all state and federal education funding directly.
- **Porterville Developmental Center Facility Support.** The budget includes \$201,000 (\$161,000 General Fund) ongoing to support project and facility maintenance activities at Porterville Developmental Center.
- **Headquarters Position Authority.** The budget includes authority for 71 positions, funded with existing resources, to support operational needs related to the following programs and initiatives: rate study implementation, quality incentives, Performance Incentive Program, Self-Determination Ombudsperson Office, and the Employment grant.
- **Enhanced Federal Funding.** The budget adjusts funding for state-operated facilities and Regional Centers to reflect the estimated receipt of additional federal funds associated with the final extension of the federal public health emergency related to the COVID-19 pandemic. This includes an increase of \$71.95 million one-time for Regional Centers.
- **Regional Center Operations Policy Update.** The budget includes \$11.6 million (\$8.4 million General Fund) to update service coordinators' and supervisors' salaries to the state equivalent salary level in Enhanced Service Coordination, Performance Incentives, and Early Start Eligibility.
- **START Training.** The budget includes \$330,000 (\$231,000 General Fund) for service provider network fees supporting the certified Systemic, Therapeutic, Assessment, Resources and Treatment (START) teams.
- **Delay of Preschool Inclusion Grants.** The 2022 Budget Act included \$20 million General Fund over two years for grants to enable preschool programs to include more children with exceptional needs. The budget delays the implementation of this program until 2024-25.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD)

The budget includes \$318.9 million (\$288.3 million federal funds, \$5.6 million reimbursements, and \$25 million Greenhouse Gas Reduction Fund) for CSD. The department's budget was approved as budgeted, and includes the following:

- **Reversion of Unspent California Arrearage Payment Program (CAPP) Funding.** The budget reverts \$562.07 million in unspent CAPP funds to the General Fund. Under the 2022 CAPP, CSD distributed approximately \$634.93 million in state funding to eliminate past due pandemic emergency energy utility debt of over 1.4 million residential customers.

- **Reappropriation of Greenhouse Gas Reduction Funds for Low-Income Weatherization Program.** The budget extends the liquidation period for encumbrances from the Budget Act of 2019 by an additional year to June 30, 2024, to allow the CSD to complete existing projects in the Low-Income Weatherization Program.

5160 DEPARTMENT OF REHABILITATION (DOR)

The budget includes \$564.3 million (\$82.17 million General Fund) for DOR to provide direct services and advocacy resulting in employment, independent living, and equality for individuals with disabilities. The department's budget was approved as budgeted and includes the following:

- **Disability Innovation Fund – California Subminimum Wage to Competitive Integrated Employment Project.** The budget includes \$11.2 million in federal fund authority over four years (approximately \$2.8 million each year through 2026-27) to perform project activities and provide program oversight for the California Subminimum Wage to Competitive Integrated Employment Project (CSP). The CSP is funded by a federal grant from the Disability Innovation Fund and will provide a comprehensive set of interventions and supports to increase competitive integrated employment outcomes, economic self-sufficiency, independence, and inclusion for individuals with the most significant disabilities currently in, or contemplating entering into, subminimum wage employment.
- **Federal Fund Authority for the Vocational Rehabilitation Program.** The budget includes an increase of \$180 million in federal fund authority over the next three fiscal years (\$60 million each year beginning in 2023-24 through 2025-26) to provide additional Vocational Rehabilitation services to individuals with disabilities to achieve competitive integrated employment, independent living, and equality.
- **Limited Examination and Appointment Program (LEAP).** The budget includes trailer bill language to permanently extend the LEAP program, which permits individuals with developmental disabilities to complete a written examination or readiness evaluation, or to complete an internship, in order to meet qualifications for state service.
- **Business Enterprises Program for the Blind (BEP) Workers' Compensation Self-insurance Program.** The budget includes trailer bill language which authorizes BEP vendors licensed by DOR to operate a facility with workers' compensation insurance provided by the BEP's group policy and allows DOR to secure payment of compensation through a self-insurance fund or insurance against liability.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES (DCSS)

The budget includes \$1.2 billion (\$378.57 million General Fund) for child support services to establish parentage and collect child support. The department's budget was approved as budgeted and includes the following:

- **Funding Increase for Local Child Support Agencies.** The budget includes \$35.8 million (\$12.2 million General Fund) to increase support for local child support agencies.
- **Cyber Security.** The budget includes \$1.06 million (\$360,000 General Fund) ongoing to comply with federal and state information security requirements.
- **Delayed Implementation of Child Support Pass-Through.** The budget accounts for a revised implementation date of April 2024 for the child support pass-through to formerly assisted families, due to delays in the Child Support Enforcement System. The revised implementation date results in approximately \$70 million General Fund revenue.

5180 DEPARTMENT OF SOCIAL SERVICES (CDSS)

Overall, the budget includes \$48.7 billion (\$21.64 billion General Fund) for CDSS, including: **Child Care and Development.** Specifically, the Child Care and Development budget includes:

- **Child Care Early Action.** Early budget action includes trailer bill language that (1) reappropriates approximately \$29.4 one-time federal funds for child care from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA), which are required under federal law to be expended by September 30, 2023, to extend the family fee waiver from July 1, 2023 to September 30, 2023; and (2) reappropriates approximately \$115.5 million in federal American Rescue Plan Act (ARPA) Stabilization funds to provide an additional, temporary rate supplement for all state-subsidized child care and preschool programs.
- **Family Fee Reform.** The budget includes trailer bill language to enact permanent family fee reform beginning October 1, 2023. Under the new family fee structure, families below 75 percent of state median income will pay no fee for subsidized child care, and families at or above 75 percent state median income will pay fees capped at one percent of monthly income. Trailer bill language additionally allows family fees accrued but uncollected prior to October 1, 2023 to be forgiven. The budget appropriates \$29.4 million in federal funds to waive all family fees through September 30, 2023, and \$56 million General Fund to reimburse child care providers for family fees waived or reduced when the new family fee structure takes effect on October 1, 2023.
- **Child Care Rates Package.** The budget includes \$1.65 billion one-time General Fund, available for two years to provide rate increases and other adjustments to child care reimbursement, pursuant to the ratified collective bargaining agreement between the state and Child Care Providers United (CCPU), and including parity across all subsidized child care providers. Components of the rates package include the following:
 - (1) *Cost of Care Plus Rates:* The rates package includes \$604.2 million to provide monthly rate increases to subsidized child care providers over an 18-month period from January 2024 through June 2025. Trailer bill language specifies per-child rate increases, ranging from \$98-\$211 depending on the child care provider type and region in which the child care provider is located. This equates to a 20 percent rate increase for all subsidized child care providers.

- (2) *One time transitional payments*: The rates package includes \$218.2 million to provide transitional one-time payments. Trailer bill language specifies one-time payments to all subsidized child care providers ranging from \$500 to \$3,000 per provider.
- (3) *Part-time and full-time definitions*: Trailer bill language redefines “part-time” as care certified for a child for fewer than 25 hours per week, and defines “full-time” as care certified for a child for 25 or more hours per week, for purposes of all subsidized child care programs and the California State Preschool Program (CSPP). The rates package includes \$59.9 million to cover the costs of this change.
- (4) *Payment Timeliness*. Trailer bill language requires contractors operating CSPP through a family childcare home education network, and each county and contractor that reimburses subsidized child care providers, to develop, implement, and publish a plan for timely payment to family childcare home providers.
- (5) *Two-year extension of reimbursement flexibility*. Trailer bill language provides that all subsidized child care providers shall be reimbursed at 100 percent of the contract maximum reimbursable amount or net reimbursable amount or net reimbursable program costs, whichever is less, through June 30, 2025. The rates package includes \$154.6 million over the two-year period to cover the costs associated with this extension.
- (6) *Health, Retirement, and Training for Family Child Care Providers*. The rates package includes \$390.1 million for health, retirement, and training for family child care providers. Specifically, trailer bill language (1) authorizes a contribution of up to \$15 million to the Joint CCPU Training Partnership Fund; (2) authorizes a contribution of up to \$100.1 million to the CCPU Workers Health Care Fund; and (3) appropriates up to \$80.1 million for the establishment of the CCPU Retirement Trust to provide retirement benefits to family child care providers.
- (7) *Alternative Methodology for setting child care reimbursement rates*. Trailer bill language, consistent with the CCPU collective bargaining agreement, requires CDSS, in collaboration with the Department of Education (CDE), to develop and conduct an alternative methodology to inform the setting of reimbursement rates for subsidized child care. Trailer bill language (1) requires CDSS to define elements of the state’s proposed single rate structure and report to the Legislature on progress made by February 15, 2024; (2) requires CDSS to report to the Legislature on the status of the state’s draft Child Care and Development Fund state plan by May 15, 2024; and (3) Requires CDSS to submit the proposed single rate structure utilizing the alternative methodology to the Administration for Children and Families in the Child Care and Development Fund state plan or an amendment to the state plan by July 1, 2024. Trailer bill language additionally requires the department to report to the Legislature on implementation components for the approved single rate structure within 60 days of federal approval.
- (8) *Administrative Costs*. The rates package also includes funding for administrative costs, including \$60.4 million for contractors and alternative payment programs to administer monthly cost of care plus rates, \$14.7 million to administer one-time transitional payments, \$141 million for alternative payment programs to collect member dues, comply with

reporting requirements, and other activities related to the CCPU collective bargaining agreement; and \$2 million state operations costs for CDSS. In total, the rates package includes \$218.1 million in administrative costs over two years.

- **Child Care Cost of Living Adjustment (COLA).** The budget suspends the statutory cost-of-living adjustment for child care and state preschool programs in 2023-24 and 2024-25, and repurposes statutory COLA funding to provide rate increases for all subsidized child care providers, inclusive of the rates package.
- **Income Verification.** The budget includes trailer bill language specifying that when a family experiences income fluctuation, a family may choose to provide up to the 12 preceding months of income information for the purpose of determining income eligibility or calculating a family fee. Trailer bill language additionally requires monthly income to be determined by averaging the total countable income from at least two months to determine average adjusted monthly income.
- **Child Care Pilot extension.** Trailer bill language extends individualized child care pilot projects in the Counties of Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, Santa Clara, Santa Cruz, Solano, and Sonoma for one year.
- **Projected Current Year Savings for General Child Care Program.** The budget approves one-time savings in 2022-23 of \$588 million General Fund from the 2022 Budget Act, based on estimated General Child Care expenditures that will go into contract by the end of fiscal year 2022-23.
- **CalSPARK Core Project Planning Resources.** The budget includes \$1.87 million one-time General Fund, provisional language to increase one-time General Fund by up to \$4 million upon approval of the Department of Finance, and \$4 million one-time federal funds to continue planning activities and support completion of the California Department of Technology (CDT) Project Approval Lifecycle (PAL) for the California Supporting Providers and Reaching Kids (CalSPARK) Core project.
- **Whole Child Community Equity.** The budget includes \$549,000 General Fund in 2022-23 and \$535,000 General Fund ongoing to support the development of the Whole Child Equity Framework and Whole Child Community Equity Screening Tool, pursuant to AB 2832 (Rivas), Chapter 699, Statutes of 2022.
- **Childcare expulsion and suspension.** The budget includes \$1.1 million ongoing to support workload associated with AB 2806 (McCarty), Chapter 915, Statutes of 2022, which made statutory changes to requirements related to child care expulsion, suspension, and mental health consultation. The budget also includes trailer bill language that requires CDSS and CDE to report recommendations for potential changes related to suspensions and expulsions to the Legislature.
- **Safe Use of Outdoor Play Spaces.** The budget includes \$162,000 in 2023-34 and \$149,000 ongoing to revise child care regulations to allow children with exceptional needs to use outdoor play spaces simultaneously with nondisabled children without obtaining a waiver, pursuant to AB 2827 (Quirk-Silva), Chapter 916, Statutes of 2022.

- **Public Records Act Exemption for Child Care Providers United Collective Bargaining.** The budget includes trailer bill language to provide a Public Records Act exemption for collective bargaining related to child care.
- **Alternative Payment Program reimbursement rate categories.** The budget includes trailer bill language clarifying that a license-exempt provider is not required to submit a copy of their rate sheet. Trailer bill language additionally clarifies that reimbursement for licensed providers is based on the category that matches what the provider charges private pay families, and that reimbursement for license-exempt providers shall be based on the category that results in higher reimbursement.
- **Inter-agency contract adjustments.** The budget includes trailer bill language which provides technical clean-up to align California State Preschool Program requirements with child care and development program requirements by including authority for inter-agency adjustments between different contractors with the same type of contract, which allows for matching of unused funds with identified service needs.
- **Preschool Development Grant Reimbursement Authority.** The budget includes increased reimbursement authority of \$892,000 one-time for CDSS to assist the California Health and Human Services Agency with the administration of the federal Preschool Development Grant.
- **Delay of 20,000 Subsidized Child Care Slots.** The budget approves the delay of 20,000 planned child care slot increases by one year, resulting in \$136 million in General Fund savings in 2023-24. This will allow the state to reach the overall goal of 200,000 new slots by 2026-27 instead of 2025-26.
- **Child Care and Development Program Fiscal Reporting.** The budget includes Supplemental Report Language requiring CDSS to report to the Legislature on estimates of child care and development funding estimated to go unspent in 2023-24 and point-in-time and projected expenditure levels associated with provisions included in the 2023 memorandum of understanding (MOU) between CCPU and the state and parity investments for non-represented child care providers receiving subsidies.

California Work Opportunity and Responsibility to Kids (CalWORKs). Specifically, the CalWORKs budget includes:

- **Ongoing 10 Percent Grant Increase.** Trailer bill language removes the expiration set for September 30, 2024, thereby extending indefinitely the 10 percent increase for the CalWORKs maximum aid payments currently in effect, as initially funded in the Budget Act of 2022. Trailer bill language additionally requires the display on grants to show the CalWORKs maximum aid payment amounts compared to 50 percent of the federal poverty level for the family size that is one greater than the assistance unit, to more closely account for all of the people in the family.
- **Maximum Aid Payment Increase.** The budget includes an increase of \$111.2 million ongoing to reflect a 3.6 percent increase to the CalWORKs Maximum Aid Payment levels, funded entirely

by 1991 Realignment revenue in the Child Poverty and Family Supplemental Support Subaccount.

- **Single Allocation Partial Reversion.** The budget reverts approximately \$288 million General Fund from the 2021-22 budget that is projected to go unexpended in the CalWORKs Single Allocation.
- **Guaranteed Income Pilot Program CalWORKs Exemption.** The budget includes trailer bill language that exempts guaranteed income payments from consideration as income and resources in determining CalWORKs eligibility. This trailer bill language also allows CDSS to accept funds from any public or private source to administer the Guaranteed Income pilot program, and enables CDSS to award funds to tribal entities. Trailer bill language also requires the department's evaluation to include the applicability of the lessons learned from the pilot program for CalWORKs, with the objective of improved outcomes for families and children living in poverty.
- **Pregnancy and Homeless Assistance Implementation.** The budget includes \$524,000 General Fund in 2023-24 and \$510,000 ongoing to implement the policy changes associated with SB 1083 (Skinner), Chapter 715, Statutes of 2022, and to provide ongoing county technical assistance and oversight of new requirements within the Homeless Assistance (HA) program.
- **Home Visiting Program Pregnancy Eligibility Alignment.** The budget includes trailer bill language removing unnecessary eligibility criteria for the CalWORKs Home Visiting Program, as a result of changes enacted in 2022 that streamline CalWORKs eligibility for pregnant applicants.
- **Reminder Notice of CalWORKs Redetermination.** The budget includes trailer bill language requiring counties to provide CalWORKs recipients an additional reminder notice to complete their annual redetermination certificate for CalWORKs eligibility.
- **Family Reunification Automation and County Administration Funding.** The budget includes an increase of \$1.88 million ongoing for county administration needed to provide CalWORKs payments to families who have had children removed from the home and are in court-ordered family reunification. Additionally, the budget includes an increase of \$1.94 million one-time for automation costs necessary to implement this program.
- **Federal Compliance and New Policy Support for Domestic Abuse Survivors.** The budget includes \$689,000 General Fund in 2023-24 and \$671,000 General Fund annually thereafter to address new workload associated with implementing federal rules pertaining to domestic abuse survivors.
- **Reporting on CalWORKs Families' Needs and Barriers.** The budget includes Supplemental Report Language requiring CDSS to provide specified information on the CalWORKs caseload on an annual basis, including information on the take-up rate, educational attainment, utilization of housing and other supportive services, and program trends.

- **CalWORKs Name Change.** The budget includes Supplemental Report Language requiring CDSS and the Department of Finance to provide a comprehensive fiscal estimate of the costs to change the name of the CalWORKs program by March 1, 2024.

CalFresh, Emergency Food, and other Food Assistance Programs.

- **Summer EBT.** The budget includes \$47 million (\$23.5 million General Fund) for outreach and automation costs to phase in a new federal Summer EBT program for children who qualify for free or reduced-price school meals beginning summer 2024. Trailer bill language requires CDSS, in partnership with the State Department of Education, to maximize participation in the Summer EBT benefit program and to share data for the purpose of administering Summer EBT.
- **County CalFresh Administration Rebase.** The budget includes \$406.5 million (\$159 million General Fund) to reflect a revised budget methodology for county CalFresh administration activities, pursuant to the 2022 Budget Act.
- **CalFresh \$50 Minimum Nutrition Benefit Pilot Program.** The budget includes \$915,000 in 2023-24 and \$15 million in 2024-25 to implement the CalFresh Minimum Nutrition Benefit Pilot Program, to provide eligible pilot households with a minimum monthly CalFresh benefit of \$50. Trailer bill language requires CDSS to consult with counties and stakeholders to identify populations or regions with persistently high levels of hunger to participate in the pilot program.
- **CalFresh Safe Drinking Water Pilot Program.** The budget includes \$3 million General Fund and trailer bill language to extend the CalFresh Safe Drinking Water pilot program.
- **CalFresh Fruit and Vegetable EBT Pilot Program.** The budget includes \$9.9 million General Fund one time to extend the California Fruit and Vegetable EBT Pilot Project. Trailer bill language removes the requirement that agricultural products be California-grown and extends the deadline for CDSS to submit a report evaluating the pilot project to September 1, 2025.
- **California Food Assistance Program (CFAP) Expansion.** The budget includes an increase of \$40 million one-time General Fund to support a revised automation and program outreach timeline for the expansion of CFAP to adults age 55 and over regardless of immigration status, with implementation anticipated October 2025. The budget additionally includes \$3.3 million to provide state-level administration for the expansion of the California Food Assistance Program (CFAP).
- **Federal Reimbursement of Food Benefit Theft.** The budget includes \$42.9 million federal funds for administration and automation activities to comply with the federal Consolidated Appropriation Act of 2023, which requires federal reimbursement of stolen CalFresh benefits.
- **CalFresh for College Students Act.** The budget includes \$174,000 to continue implementation of SB 641 (Skinner), Chapter 874, Statutes of 2022, to increase CalFresh student participation. The budget additionally includes budget bill language requiring the workgroup established pursuant to SB 641 to identify possible data-sharing options for the purpose of identifying potentially CalFresh-eligible students and increasing enrollment of eligible students into CalFresh.

- **CalFresh Federally Mandated Workloads.** The budget includes \$883,000 in 2023-24 and \$859,000 ongoing to oversee the operations of county management evaluations and quality control, meet new federally mandated reporting requirements, and implement critical policy changes to CalFresh program administration.
- **CalFresh Oral Notice of Work Rules: County Administration Workload to Comply with Federal Requirements.** The budget includes \$3.4 million ongoing for county administration workload to comply with new federal CalFresh Oral Notice of Work Rules requirements. Supplemental Report Language requires CDSS to convene stakeholders to review implementation details of complying with federal requirements related to the CalFresh Oral Notice of Work Rules.
- **CalFresh Employment and Training Increased Engagement and Technical Assistance.** The budget includes position authority for eight federally funded positions totaling \$1.4 million to sustain the department's oversight of the CalFresh Employment and Training (CalFresh E&T) program and expand program access in compliance with federal law.

Child Welfare and Foster Care. The budget includes the following related to child welfare:

- **Bridge Funding for Foster Family Agencies.** The budget includes \$10.1 million (\$8 million General Fund) to provide a one-time increase to the current rates paid to foster family agencies.
- **Housing Supplement for Foster Youth in Supervised Independent Living Placements (SILPs).** The budget includes \$1 million in 2023-24, \$200,000 in 2024-25, and \$18.8 million in 2025-26 and ongoing to provide a housing supplement for foster youth in SILPs. Trailer bill language establishes the housing supplement and requires CDSS to calculate this housing supplement by November 1 of each year.
- **Child Welfare Services – California Automated Response and Engagement System (CWS-CARES) Project.** The budget includes \$130.2 million (\$66.6 million General Fund) for 2023-24 for state operations to continue the design, development, and implementation activities of the CWS-CARES project, which will replace the existing child welfare case management system. Budget bill language includes authority to access an additional \$70.1 million (\$35 million General Fund) should project activities accelerate. Additionally, budget bill language makes expenditure of these funds contingent upon verification of satisfactory progress, as defined, by the Department of Finance, in consultation with the Department of Technology. Budget bill language further requires CDSS to convene monthly meetings with the Legislative Analyst's Office, legislative staff, the Department of Technology, the Department of Finance, and other relevant parties to review project status reports; provide stakeholders, counties, and the Legislature with monthly project status reports; and schedule an annual progress demonstration. Trailer bill language increases legislative oversight of the project and specifies project objectives.
- **Unlicensed Adoption Agency Enforcement.** The budget includes \$1.2 million in 2023-24 and \$1.1 million ongoing to support changes to the Adoption Facilitator Program corresponding to changes in trailer bill language. Trailer bill language (1) repeals existing law relating to adoption facilitators and expressly states that an adoption facilitator that continues to operate on or after January 1, 2024 is an unlicensed adoption agency; (2) prohibits a person or organization from engaging in activities relating to adoption unless the person or organization has a valid adoption

agency license; and (3) specifies the enforcement mechanisms CDSS will undertake to prevent a person or organization from performing any of the functions of an adoption agency without a valid license.

- **Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (CONNECT).** The budget includes \$3.6 million (\$2.7 million General Fund) in 2023-24 to support additional workload for county child welfare agencies associated with implementation of the BH-CONNECT Waiver. Funding for Child and Family Teams for family maintenance cases, joint home visits with mental health providers, and activity stipends for children in foster care will implement in 2024-25.
- **The Foster Youth Bill of Rights Translation.** The budget includes \$500,000 General Fund over two years for the Office of the Foster Care Ombudsperson to translate, design, publish, and disseminate the Foster Youth Bill of Rights to counties and licensed children's residential facilities statewide as mandated by existing statute and AB 1735 (Bryan), Chapter 405, Statutes of 2022.
- **Children's Crisis Continuum Pilot Program.** The budget includes trailer bill language to extend the timeframe for the implementation of the Children's Crisis Continuum Pilot Program for five years from the date grant recipients are selected.
- **Kin-GAP Program Alignment and Technical Clarifications.** The budget includes trailer bill language that revises provisions relating to eligibility for Kinship Guardianship Assistance Payments (Kin-GAP) and state Kin-GAP aid by defining "approved home of the prospective relative guardian," for purposes of those programs, to include specific references to a relative approved as a resource family or a tribally approved home. Trailer bill language also revises the definition of a "relative" under Kin-GAP to include an adult who meets the definition of an extended family member under the federal Indian Child Welfare Act of 1978 (ICWA).
- **Level of Care Permanent Rates.** The budget includes Supplemental Report Language requiring CDSS, as part of the January 10, 2024 Governor's proposed 2024-25 budget, to include a schedule for stakeholder input and consultation on the Continuum of Care (CCR) permanent rates proposal.

In-Home Supportive Services (IHSS). The budget includes the following augmentations related to IHSS:

- **Evaluation of Statewide/Regional Collective Bargaining.** The budget includes \$1.5 million General Fund one-time, and budget bill language requiring CDSS to analyze the costs and benefits of approaches that transition collective bargaining with IHSS providers from the current model to a statewide and/or regional model and to provide the analysis no later than January 1, 2025.
- **Collective Bargaining County Penalty.** The budget includes trailer bill language which, beginning October 1, 2023, increases the amount of the 1991 Realignment funding withholding from 7 percent to 10 percent of the county's prior fiscal year IHSS Maintenance of Effort (MOE) requirement and requires the withholding continue once each fiscal year until the county enters

into a collective bargaining agreement. Trailer bill language specifies the conditions under which this penalty would occur.

- **Access for Minor Recipients.** The budget includes \$60.7 million (\$27.9 million General Fund) ongoing to increase access to IHSS for minor recipients and their families. Trailer bill language eliminates provider eligibility requirements that only apply to minor recipients, to allow IHSS-eligible minor recipients to select a parent or a non-parent as their provider.
- **IHSS Career Pathways Program Reporting Extension.** The budget includes trailer bill language that extends the deadline of the IHSS Career Pathways Program final report from December 31, 2024, to September 30, 2025, and extends the operative end date of the pilot program from March 31, 2024, to March 31, 2025, corresponding to the extension of the Home and Community-Based Services (HCBS) Spending Plan.
- **IHSS Wage Supplement.** The budget includes trailer bill language to clarify the application of wage supplements created as a part of IHSS Memorandum of Understandings (MOUs) between counties and IHSS provider unions.
- **Monitoring of Medi-Cal Redetermination Impacts on IHSS.** The budget includes Supplemental Report Language requiring CDSS to provide an update on the impacts and outcomes of redeterminations on IHSS recipients regarding (1) related Medi-Cal terminations and the subsequent loss of full-scope Medi-Cal, (2) the number of IHSS consumers who are in the IHSS Residual program, and (3) any other information regarding the impacts of Medi-Cal redeterminations on this population.

Supplemental Security Income/State Supplemental Payment (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI). The budget includes the following related to SSI/SSP and CAPI:

- **Grant Increase.** The budget includes \$186 million General Fund in 2023-24 (\$292 million ongoing) to increase SSP grants by approximately 8.6 percent and includes trailer bill language to codify this grant increase.
- **SSP Payment Level Method.** The budget includes trailer bill language requiring a report from CDSS by February 1, 2024 that describes the process that would need to occur in order to switch the method the state uses to meet the federal maintenance of supplementary payment levels requirement for SSP from the current supplementary payment level method to the total expenditures method.

Office of Equity and Immigrant/Refugee/Asylee Services. The budget includes the following augmentations related to immigration and equity programs:

- **Rapid Response Program – Southern Border Humanitarian Support.** The budget includes \$150 million General Fund one-time for the Rapid Response program, which funds sheltering for migrants and supports their safe passage through border regions in partnership with local providers. Budget bill language requires CDSS to provide quarterly updates to the Legislature on expenditures made to support rapid response services and supports, the remaining available funding, and the plan to expend the remaining funds.

- **Support for Community-Based Organizations for Hate Incidents Response.** The budget includes an additional \$40 million to support community-based organizations to provide services for survivors and victims of hate incidents, bringing total program funding to \$80 million General Fund in 2023-24. Budget bill language expands the purposes of the funds to statewide coalition building and for payment of a language differential for direct service professionals.
- **Opportunities for Youth Program.** The budget includes \$5 million General Fund one-time for the Opportunities for Youth program, serving Undocumented Unaccompanied Minors.
- **Tribal Dependency Representation Program Revised Methodology.** The budget includes trailer bill language that allows Tribes to determine their own factors to be considered for the distribution of remaining funding after the initial allocation for the Tribal Dependency Representation Program, without requiring the use of a specific piece of data that is not tracked reliably across all Tribes.
- **Tribally Approved Homes Modification.** The budget includes trailer bill language that deletes a May 1 deadline for Indian tribes to enter into an agreement with CDSS prior to the fiscal year for which funding is requested related to the Tribally Approved Homes Compensation Program, and instead requires an Indian tribe that seeks funding to submit a letter of interest each year to the department by a deadline established by CDSS.
- **Equity Programs: Workload Rightsizing.** The budget includes \$893,000 in 2023-24 and \$853,000 ongoing to right size staff resources for implementation of new and expanded legislative initiatives to support immigrant and refugee children in California, tribal food assistance, and related human service programs.
- **Grant Option for Deaf Access Program.** The budget includes trailer bill language that authorizes CDSS to administer the Deaf Access Program via grants to public agencies or private nonprofit corporations, as an alternative to contracts with those entities.
- **Extension of Flexibility in Allocation and Award of Federal Refugee Resettlement Funds.** The budget includes trailer bill language that authorizes CDSS to allocate federal funds for refugee social services programs to private for-profit organizations. Trailer bill language requires CDSS to prioritize funding for qualified nonprofit organizations and counties over for-profit organizations and requires CDSS to track and document the funding provided to each type of service provider and report this information to the Legislature.
- **Immigration Legal Services Clean Up.** The budget includes trailer bill language that removes the requirement that contracts provide for legal services to unaccompanied minors on a fee-per-case basis and instead requires CDSS to determine the funding method.

Community Care Licensing (CCL). The budget includes the following related to CCL:

- **Background Check Resources.** The budget includes \$4 million for an increase of staff in the Care Provider Management Bureau for processing background checks, providing technical assistance, and customer services, in order to address the background check backlog. The budget

also includes contract funding of \$900,000 limited-term funding to (1) support ongoing IT maintenance for the Guardian background check system and (2) initiate planning activities to develop a replacement to the Guardian system. Budget bill language requires CDSS provide quarterly updates to legislative staff, including the Legislative Analyst's Office, on the status of the backlog, beginning August 1, 2023.

- **Home Care Fund Stabilization.** The budget includes \$2.8 million ongoing to stabilize and provide responsible oversight and enforcement of the home care system in California through the Home Care Program. Trailer bill language requires CDSS to report to the Legislature by January 10, 2025 on the solvency of the Home Care Fund and submit quarterly progress updates to the Legislature.
- **Preventing Trauma During Facility Closure.** The budget includes \$5.1 million ongoing to support temporary manager contracts to protect the health and safety of residents of Residential Care Facilities for the Elderly and Adult Residential Facilities.
- **Administrator Certification Section Training Updates.** The budget includes trailer bill language to modify the initial certification and continuing education training requirements for the Administrator Certification Program (ACP) to continue to offer online training options that were available throughout the COVID-19 pandemic under statewide waivers.
- **Veterans Foster Home Support.** The budget includes \$1.3 million ongoing to implement AB 2119 (Flora), Chapter 381, Statutes of 2022, which requires medical foster homes authorized by the United States Department of Veterans Affairs (USDVA) to be licensed as medical foster homes for veterans by CCL.
- **Facility Management System Project Planning Resources.** The budget augments funding for project resources and vendor costs to align the budgetary authority with the updated Facility Management System (FMS) project budget, and reappropriates \$21.1 million in unspent funds from the 2021 and 2022 Budget Acts.

CDSS Housing and Homelessness Division. The budget includes the following related to CDSS Housing and Homelessness Programs:

- **Expanded Programs and Permanent Position Funding.** The budget includes \$3.5 million ongoing to convert 17 limited-term position funding to permanent resources in the Housing and Homeless Division to fulfill its legislative mandates and provide critical services to individuals experiencing homelessness.
- **Housing and Homelessness Programs Reporting.** Trailer bill language requires CDSS to report information on the dollar amounts and contracted entities, the number of requests for service, and the number of families or individuals approved to receive program services as applicable to the CalWORKs Housing Support Program, the Home Safe Program, the Bringing Families Home Program, and the Housing and Disability Income Advocacy Program, as well as certain information about the Community Care Expansion Program. Trailer bill language also requires

CDSS to provide trend information on housing and homelessness needs of communities served by these programs.

- **Housing Investment Power and Duties.** Trailer bill language authorizes CDSS to utilize no more than \$10.5 million of the combined one-time funds appropriated in the Budget Act of 2021 and the Budget Act of 2022 for the purposes of the CalWORKs Housing Support Program, the Home Safe Program, the Bringing Families Home Program, and the Housing and Disability Income Advocacy Program, to contract with vendors for the purpose of establishing a system to collect data and track outcomes, and to contract with independent evaluation and research agencies to evaluate the impacts of each of those programs. Trailer bill language also authorizes a second allocation of \$10.5 million General Fund from the 2022 Budget Act funds to contract with entities to provide technical assistance for each of the above-stated programs.
- **Home Safe Program Technical Changes.** The budget includes trailer bill language that (1) expands the definition of “adult protective services” to include activities performed in accordance with tribal law or custom; (2) expands the definition of “older adult” to include the age range established by tribal law or custom for tribal programs; and (3) extends the exemption period for required matching funds to June 30, 2025.
- **Housing and Disability Advocacy Program (HDAP) Technical Changes.** The budget includes trailer bill language that extends the reimbursement waiver and exemption for a HDAP grantee to match certain funds through June 30, 2025 and requires CDSS to adopt regulations for the Housing and Disability Income Advocacy Program as a whole by July 1, 2024.
- **Bringing Families Home Program Technical Changes.** The budget includes trailer bill language that (1) expands the definition of “child welfare services” to include those services provided by a tribe; (2) expands the definition of “homeless” to include an individual or family who is fleeing domestic violence; (3) changes the existing definition of “permanent housing” for purposes of the program; (4) extends the exception period to June 30, 2025, for the fund-matching requirement; and (5) requires CDSS to adopt regulations implementing all provisions of the program no later than July 1, 2024.

Other CDSS Budget Adjustments. The budget includes various other augmentations and provisions related to the CDSS budget, including:

- **EBT Card Security.** The budget includes \$50 million (\$17.1 million General Fund) in 2023-24, \$23 million (\$7.9 million General Fund) in 2024-25, and \$3.5 million (\$1.2 million General Fund) in 2024-25 for upgrades to EBT to safeguard CalWORKs and CalFresh clients’ access to benefits, including card technology enhancements.
- **Statewide Verification Hub Staff and Technical Resources.** The budget includes \$1.9 million (\$1.6 million General Fund) to support the continued planning, design, development, and implementation of the Statewide Verification Hub project, which seeks to streamline the processes of obtaining required eligibility verifications for human services programs, improve accuracy of benefit calculation, improve client experience, enhance reporting capabilities, and simplify the verification process across departments.

- **CalSAWS Bi-Directional Interface with CWS-CARES.** The budget includes \$25 million one-time for the development of a bi-directional interface between the California Statewide Automated Welfare System (CalSAWS) and Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) systems.
- **Work Number Contract.** The budget includes an increase of \$3.85 million ongoing for updated contract costs associated with the third-party employment phone verification services used to assist county welfare departments with eligibility determinations.
- **BenefitsCal Enhancements.** The budget includes an increase of \$1.5 million in 2023-24 and \$1.75 million in 2024-25 to migrate features of GetCalFresh.org to BenefitsCal.
- **Reappropriations of Unspent Funds.** The budget includes reappropriations of unspent funds for the following programs:
 - **Afghan Integration and Resettlement Support Project Reappropriation.** \$7.6 million from the 2021 Budget Act to continue the Afghan Integration and Resettlement Support Project.
 - **Enhanced Services Programs for Asylees Reappropriation.** \$6 million from the 2021 Budget Act to continue the Enhanced Services Programs for Asylees program.
 - **Tribal Dependency Representation Reappropriation.** \$4.15 million from the 2022 Budget Act to extend the availability of resources for the Tribal Dependency Representation Program.
 - **Tribally Approved Homes Compensation Reappropriation.** \$4.78 million from the 2022 Budget Act to extend the availability of resources for the Tribally Approved Homes Compensation Program.
 - **Tribal Technical Assistance Reappropriation.** \$100,000 from the 2022 Budget Act to extend the availability of resources for Tribal Technical Assistance.
 - **California Newcomer Education and Well-Being Reappropriation.** \$901,000 from the 2021 Budget Act to continue the California Newcomer Education and Well-Being program.
 - **CalWORKs County Staff Training Racial Equity and Implicit Bias Reappropriation.** \$10 million from the 2022 Budget Act to continue the development of county staff training on racial equity and implicit bias.
 - **Child Welfare Training Reappropriation.** \$7 million from the 2022 Budget Act to extend the availability of resources for the Child Welfare Training Program.
 - **Promise Neighborhood State Operations Funding.** \$500,000 in state operations funding for Promise Neighborhoods from the 2022 Budget Act.

- **Special Fund Abolishment.** The budget abolishes Fund 8065 (Safely Surrendered Baby Fund) and Fund 8106 (Special Olympics Fund) due to voluntary tax contributions coming in below the required minimum contribution as determined by the Franchise Tax Board.
- **Child and Adult Care Food Program Resources.** The budget includes position authority within existing funding for 16 positions to support program administration and oversight functions of the Child and Adult Care Food Program (CACFP), which provides cash reimbursements for nutritious meals that are served to infants, children, and adults in care settings.

Human Services Budget and Trailer Bills

1. *Early Child Care and Education – Assembly Bill 110 (Committee on Budget), Chapter 4, Statutes of 2023.*
2. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
3. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
4. *Budget Acts of 2022 and 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*
5. *Early Child Care and Education – Assembly Bill 116 (Committee on Budget), Chapter 41, Statutes of 2023.*
6. *Human Services – Assembly Bill 120 (Committee on Budget), Chapter 43, Statutes of 2023.*
7. *Developmental Services – Assembly Bill 121 (Committee on Budget), Chapter 44, Statutes of 2023.*
8. *Human Services and Developmental Services– Senate Bill 138 (Committee on Budget and Fiscal Review), Chapter 192, Statutes of 2023.*
9. *Early Child Care and Education – Senate Bill 140 (Committee on Budget and Fiscal Review), Chapter 193, Statutes of 2023.*

SUBCOMMITTEE 4
ON
STATE ADMINISTRATION
AND
GENERAL GOVERNMENT

Senate Committee on Budget and Fiscal Review

Members

Stephen C. Padilla, Chair
Anna M. Caballero
Roger W. Niello

Consultants

Diego Emilio J. Lopez
Timothy Griffiths
Elisa Wynne

SUBCOMMITTEE No. 4

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STATE ADMINISTRATION

0511 GOVERNMENT OPERATIONS AGENCY (GovOps)

- **Cradle-to-Career.** The budget includes increases to the GovOps, Office of the Cradle-to-Career (C2C) Data System, of 10 new positions, reclassification of four existing positions, and \$4.9 million General Fund in 2023-24 and ongoing to fund and manage ongoing workload related to the Cradle-to-Career Data System.
- **Mass Timber Building Competition Reappropriation.** The budget extends the encumbrance or expenditure availability of \$144,000 in Timber Regulation and Forest Restoration Funds until June 30, 2024. This is to provide the additional time necessary for the Government Operations Agency to disburse funds to the winners of the 2019 California Mass Timber Building Competition.

0840 STATE CONTROLLER'S OFFICE (SCO)

- **Broadcom Computer Associate Integrated Database Management System (IDMS).** The budget provides \$3.92 million General Fund and \$3.41 million from various special funds in 2023-24 through 2025-26 to fully support the contracted costs for Broadcom Computer Associates Integrated Database Management System (IDMS) software, including licensing fees, annual maintenance fees, Central Processing Unit (CPU) upgrade fees associated with the product and any applicable administrative fees related to maintaining the software.
- **State Payroll System Project.** The budget provides \$16.8 million General Fund to the State Controller's Office for Department Agency Readiness Teams activities in support of the California State Payroll System Project.
- **Unclaimed Property Voluntary Compliance Program.** The budget provides \$318,000 Unclaimed Property Fund in 2023-24 and \$295,000 in 2024-25 and ongoing for SCO to support three permanent positions for the implementation and operation of a Voluntary Compliance Program (VCP) pursuant to AB 2280 (Reyes), Chapter 282, Statutes of 2022.
- **Various Initiatives.** The budget provides \$16.6 million General Fund to the State Controller's Office for initiatives related to FI\$Cal, the Book of Record, and the Annual Comprehensive Financial Report.
- **FI\$Cal Onboarding.** The budget includes statutory changes to the reporting and implementation timelines for the transfer of state accounting book of record functions to the FI\$Cal accounting system to conform to the new expected implementation date of July 1, 2026.

0855 CALIFORNIA GAMBLING CONTROL COMMISSION

- **Tribal Vendor Reimbursements.** The budget provides for a one-time transfer from the Gambling Control Fund (GCF) to the Indian Gaming Special Distribution Fund (SDF) of \$6,005,000 to reimburse the SDF for the fees and deposits previously collected and deposited into the GCF from Gaming Resource Suppliers (Tribal Vendors).

0890 SECRETARY OF STATE

- **Elections.** The budget provides funding for the following:
 - \$1.59 million General Fund in 2023-24 and \$1.535 million General Fund in 2024-25 and annually thereafter and 11.0 positions in the Secretary of State (SOS) Elections Division to support elections in California.
 - \$5.83 million Federal Trust Fund Authority and \$1.17 million General Fund in 2023-24 to accept and expend the Help America Vote Act (HAVA) Election Security Federal Grant award and meet the 20 percent state match requirement.
 - \$10.6 million Federal Trust Fund authority in 2023-24 for SOS to cover the maintenance and operations vendor, data analysis, security assessment, Election Management Systems support and verification, data lines, security enhancements, and off-premises cloud costs for the VoteCal statewide voter registration system.
 - \$3.42 million in Federal Trust Fund authority in 2023-24 for SOS to continue implementation of the statewide mandates of HAVA. This funding will be utilized for voter education and training programs for election officials and poll workers, development, and dissemination of voting information to increase voter participation and confidence, voting system testing and approval, county assistance for improving voting systems, ensuring election assistance for individuals with disabilities, election auditing, and improving the secure administration of elections.
- **Internal Audit Office Staffing Needs.** The budget provides \$692,000 (\$223,000 General Fund and \$469,000 Business Fees Fund) in 2023-24 and \$672,000 (\$216,000 General Fund and \$456,000 Business Fees Fund) in 2024-25 and ongoing and four positions for SOS to support increased workload in the Internal Audit Office.
- **Notary Automation Program Replacement Project (NAP 2.0).** The budget provides \$3.61 million Business Fees Fund in 2023-2024 and two positions for SOS to provide for planning resources for the Notary Automation Program (NAP) system replacement.
- **CAL-ACCESS (California Automated Lobbying and Campaign Contributions and Expenditure Search System) Replacement System (CARS) Project.** The budget provides \$6.92 million General Fund in 2023-24 to support the CARS Project and replace the CAL-ACCESS system for electronic reporting of campaign finance and lobbying activities mandated by the Political Reform Act.

- **California Business Connect Maintenance and Operations.** The budget provides \$7.7 million ongoing Business Fees Fund for the Maintenance and Operations phase to support the California Business Connect system under the program name “bizfile”.
- **Secretary of State Staffing Resources.** \$2.7 million ongoing (\$1.32 million Business Fees Fund and \$1.38 million General Fund) to address the funding deficiency for a subset of the Secretary of State’s existing positions.
- **Implementation of Legislation.** The budget provides funding to implement the following chaptered legislation: (1) SB 450 (Dababneh), Chapter 832, Statutes of 2016, (2) AB 2528 (Bigelow), Chapter 500, Statutes of 2022, (3) SB 1131 (Newman), Chapter 554, Statutes of 2022, (4) AB 1416 (Santiago), Chapter 751, Statutes of 2022, (5) AB 2135 (Irwin) Chapter 773, Statutes of 2022, and (6) AB 2841 (Low), Chapter 807, Statutes of 2022.

1045 CANNABIS CONTROL APPEALS PANEL

- **Continuation of Cannabis Control Appeals Panel Resources.** The budget provides \$3.05 million Cannabis Control Fund in 2023-24, \$3.07 million in 2024-25, and \$3.08 million in 2025-26 to support the operations of the Cannabis Control Appeals Panel.

1111 DEPARTMENT OF CONSUMER AFFAIRS (DCA)

- **Board of Accountancy - Regulatory Analyst for Rulemaking Process.** The budget provides \$162,000 Accountancy Fund, Professions and Vocations Fund in 2023-24 and \$154,000 in 2024-25 and ongoing to support one Associate Governmental Program Analyst for the California Board of Accountancy to initiate, complete, and promulgate regulatory packages.
- **Business Modernization Cohort 1 and 2.** The budget provides \$6 million from various special funds in 2023-24 to allow continued implementation of the Business Modernization Cohort (BMC) 1 and 2 programs and \$2.5 million in 2024-25 and ongoing for the Department of Consumers Affairs (DCA) to support maintenance and operations of the Business Modernization Cohort 1 programs.
- **Cemetery and Funeral Bureau -Clerical Support.** The budget provides \$119,000 Cemetery and Funeral Fund in 2023-24 and \$111,000 in 2024-25 and ongoing and one position for the Cemetery and Funeral Bureau to meet ongoing permanent support workload in the Bureau’s Field and Audit units.
- **DCA Business Services Office – Cashier Courier Workload.** The budget provides \$219,000 from various fund sources in 2023-24 and ongoing and two positions for the Department of Consumer Affairs, Business Services Office to address staff deficiencies in its mailroom.
- **Medical Board of California Augmentation and Continuation of Resources for the Licensed Physicians from Mexico Pilot Program.** The budget provides \$223,000 Special Deposit Fund in 2023-24 and \$299,000 in 2024-25 for the Medical Board of California to support the ongoing evaluation of the Licensed Physicians and Dentists from Mexico Pilot Program.

- **Office of Administrative Hearings – Budget Augmentation.** The budget provides \$3.7 million from various fund sources in 2023-24 and ongoing for various boards and bureaus to address increased costs for the Department of Consumer Affairs, Office of Administrative Hearings.
- **Organizational Improvement Office Permanent Funding.** The budget provides \$1.15 million from various fund sources in 2023-24 and ongoing to permanently fund seven positions for DCA to continue conducting business analytics and organizational change management activities for its 36 business and professional licensing entities and its centralized service divisions.
- **Physical Therapy Board – Military and Endorsement Application Workload.** The budget provides \$267,000 Physical Therapy Fund in 2023-24 and \$251,000 in 2024-25 and ongoing and two positions for the Physical Therapy Board to help expedite processing license applications.
- **Regulations Unit Permanent Funding.** The budget provides \$1.8 million from various fund sources in 2023-24 and ongoing to continue support of eight existing positions (six Attorney IIIs, one Senior Legal Analyst, and one Research Data Specialist II) in the DCA’s Regulations Unit.
- **Speech-Language Board Licensing and Examination Workload.** The budget provides \$252,000 Speech-Language Pathology and Audiology and Hearing Aid Dispensers Board Fund in 2023-24 and \$236,000 in 2024-25 and ongoing for two positions for the Speech-Language Pathology and Audiology and Hearing Aid Dispensers Board to address its increasing licensing and examination workload and unfulfilled continuing education (CE) audit workload.
- **Veterinary Medical Board – Enforcement Workload.** The budget provides \$1.1 million Veterinary Medical Board Contingent Fund in 2023-24 and ongoing for the Veterinary Medical Board to provide for permanent funding of six Associate Governmental Program Analysts (AGPA) and one Staff Services Manager I (SSM I) position in the Enforcement Unit.
- **Implementation of Legislation.** The budget provides funding to implement the following chaptered legislation: (1) AB 2515 (Holden), Chapter 287, Statutes of 2022, (2) AB 2685 (Committee on Business and Professions), Chapter 414, Statutes of 2022, (3) SB 1433 (Roth), Chapter 544, Statutes of 2022, (4) SB 1428 (Archuleta), Chapter 622, Statutes of 2022, (5) SB 1346 (Becker), Chapter 886, Statutes of 2022.
- **Public Health Nurses Certification Fee Waivers Program.** The budget shifts funding for the Public Health Nurses Certification Fee Waivers Program from the Department of Health Care Access and Information (HCAI) to DCA and reduces HCAI’s budget by \$3.33 million General Fund in 2022-23; appropriates \$6.66 million General Fund to DCA in 2023-24; and the remaining \$3.34 million General Fund planned in the 2024 Budget Act to be appropriated to DCA.
- **Portability of Professional Licenses for Servicemembers.** The budget includes statutory changes that conform state statutes with recent federal law enabling the portability of professional licenses for servicemembers and spouses if certain requirements are met.
- **Physician Post-Graduate Training License.** The budget includes statutory changes that provides an extension to March 31, 2024, for physician post-graduate training licenses expiring between June 1, 2023, and December 1, 2023. Clarifies that medical school graduates must obtain a post-graduate training license 180 days after beginning a training program. Extends the amount

of time from 90 days to 180 days for applicants who have completed 12 months of approved postgraduate training in another state or Canada to obtain a physician and surgeon's license.

1115 DEPARTMENT OF CANNABIS CONTROL

- **Continuation of Implementation of the Department of Cannabis Control.** The budget provides \$4 million Cannabis Control Fund in 2023-24, \$2.3 million in 2024-25, \$2.4 million in 2025-26 and ongoing and 11 positions for DCC to support its Information Technology (IT) operations and to establish a central California district office in Fresno to increase its statewide enforcement capacity.
- **Background Check Authority – Technical Changes.** The budget includes technical, statutory changes to conform with federal requirements in order to authorize the Department of Cannabis Control to receive criminal history background check information for internal employees and during the execution of its regulatory authority.
- **Implementation of Legislation.** The budget provides funding to implement the following chaptered legislation: SB 1326 (Caballero), Chapter 396, Statutes of 2022 and AB 1885 (Kalra), Chapter 389, Statutes of 2022.

1703 CALIFORNIA PRIVACY PROTECTION AGENCY

- **Consumer Privacy Implementation.** The budget provides seven positions in 2023-24 and ongoing and \$1.8 million General Fund in 2023-24 and \$1.2 million in 2024-25 and ongoing to support implementation and enforcement of the California Consumer Privacy Act of 2018.
- **Consumer Protection and Awareness Media Campaign.** The budget reappropriates \$6 million from the Budget Act of 2022 for the Privacy Protection Agency in support of a statewide media campaign to support consumer protection and awareness.
- **Implementation of Legislation.** The budget includes statutory changes for the implementation of AB 2273 (Wicks), Chapter 320, Statutes of 2022 that include the following:
 - Establishes the Children's Data Protection Working Group created in AB 2273 (2022) in the Office of the Attorney General;
 - Changes the deadline for the report to the Legislature from January 1, 2024, to July 1, 2024;
 - Authorizes working group meetings to be conducted remotely; and,
 - Reduces the total working group membership from ten to nine by reducing the number of appointments of the California Privacy Protection Agency from two to one.

2100 DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL (ABC)

- **Administrative Support for Evolving Program Operations.** The budget provides \$20.5 million General Fund in 2023-24 to the Department of Alcoholic Beverage Control for Administrative Support for Evolving Program Operations.

7502 DEPARTMENT OF TECHNOLOGY (CDT)

- **CA.Gov Resource Renewal.** The budget provides \$1.32 million in General Fund in 2023-24 and ongoing and permanent renewal of five positions to continue focusing on the development and evolution of digital transformation initiatives, including the CA Design System, incorporating User Experience (UX) disciplines into digital efforts, and re-imagining the CA.gov web portal.
- **California Cybersecurity Integration Center.** The budget provides \$28.7 million General Fund ongoing and 17 positions for the California Cybersecurity Integration Center, a multi-department partnership that coordinates cybersecurity preparation and response across the state, shared between CalOES, the California Military Department, the California Department of Technology, and the California Highway Patrol. The budget also includes provisional language requiring CalOES to report on the activities of the new center.
- **Digital Identification Continuation.** The budget provides \$1.2 million General Fund in 2023-24 and 2024-25 and an extension of 2.0 positions to continue efforts of implementing the Digital Identification (ID) system.
- **Office of Information Security (OIS) Intrusion Detection Prevention.** The budget provides \$2.96 million General Fund in 2023-24 to upgrade the State's Intrusion Detection and Intrusion Prevention Systems. It also provides \$1.93 million General Fund in 2024-25 and ongoing to maintain these systems.
- **OIS Supply Chain and Third Party Risk.** The budget provides \$250,000 General Fund in 2023-24 and ongoing to enhance the state's supply chain security and 3rd party risk validation methodology.
- **OIS Cal-Secure Unified Integrated Management (UIRM) Project.** The budget provides \$700,000 General Fund in 2023-24 to plan the solution for the Statewide URIM. The URIM security program will allow the Office of Information Security to effectively measure information security maturity, assess risk across the enterprise and at each state entity, and automate compliance submission and tracking.
- **Financial Information System of California (FI\$Cal) Onboarding.** The budget provides \$2.2 million General Fund in 2023-24 to assist in the successful completion of the onboarding process to the statewide Financial Information System of California.
- **State Digital Equity Grant Reappropriation.** The budget extends the encumbrance or expenditure availability of \$4 million Federal Trust Fund until June 30, 2024 to allow CDT to access the federal State Digital Equity Grant funds it received in December 2022 throughout the grant period.

- **Vendor Hosted Subscription Services.** The budget provides \$50 million Technology Services Revolving Fund for Vendor Hosted Subscription Services.
- **Broadband.** The budget includes the following changes related to broadband infrastructure:
 - **Middle Mile Broadband Infrastructure Program.** The budget increases the Federal Trust Fund authority of the Department of Technology to accept a \$73 million federal grant award to support the Middle Mile Broadband Infrastructure Program and other technical changes.
 - **New Federal Expenditure Item.** The budget creates a new federal expenditure item to provide for receipt and expenditure of federal grants by the CDT, Office of Broadband and Digital Literacy.
 - **State Middle Mile Broadband Enterprise Fund.** The budget includes statutory changes that establishes the State Middle Mile Broadband Enterprise Fund at the Department of Technology.
 - **Broadband.** The budget includes statutory changes that do the following:
 - Requires lease agreements entered into by the Department of Technology as part of the state middle mile system to include sufficient fiber strands to support speeds comparable to those offered by infrastructure built or jointly built by the state.
 - Requires the Department of Technology to post a map of the middle mile project segments upon execution of a lease, build or joint build contract for the project segment;
 - Requires the California Public Utilities Commission to prioritize public housing developments for Broadband Public Housing Account grants if they have not received a grant and do not have access to free broadband internet service.
- **Implementation of Legislation.** The budget provides funding for implementation of the following chaptered legislation: (1) SB 717 (Dodd), Chapter 813, Statutes of 2022, (2) AB 2135 (Irwin), Chapter 773, Statutes of 2022, (3) AB 2355 (Salas), Chapter 498, Statutes of 2022, and (4) AB 2750 (Mia Bonta), Chapter 597, Statutes of 2022. It also includes statutory changes related to implementation of AB 2135 (Irwin), Chapter 773, Statutes of 2022.

7760 DEPARTMENT OF GENERAL SERVICES

- **Direct Digital Control Upgrades.** The budget provides \$11.8 million General Fund for three years, beginning in 2023-24 to upgrade Direct Digital Control systems.
- **Emergency Services Function #7 Emergency Workload Support.** The budget provides \$2.01 million in ongoing expenditure authority from the Service Revolving Fund and 12 full time permanent positions beginning in 2023-24 for the DGS Procurement Division (PD), Office of Risk & Insurance Management (ORIM), and Office of Fiscal Services (OFS) to support the

increased ongoing demand for statewide emergency management functions and departmental services specific to statewide emergency planning, fiscal, and procurement services.

- **Enterprise Technology Solutions Information Technology Workload Adjustment.** The budget provides \$2.5 million in one-time authority from the Service Revolving Fund in 2023-24, \$2.2 million in ongoing authority from the Service Revolving Fund beginning in 2024-25, and position authority for 12 permanent positions beginning in 2023-24 for DGS, Enterprise Technology Solutions (ETS) to comply with existing Cal-Secure requirements of cybersecurity, privacy and data governance, and the evolving needs of its customers.
- **Facilities Management Division Fire Alarm System Deferred Maintenance.** The budget provides \$20.4 million General Fund in 2023-24 to address critical fire, life, and safety (FLS) issues relating to fire alarm systems.
- **Facilities Management Division New Buildings Operations and Support.** The budget provides \$22.4 million in 2023-24 from the Service Revolving Fund and 149 positions with \$29.87 million Service Revolving Fund ongoing and 199 permanent positions beginning in 2024-25 for the DGS, Facilities Management Division (FMD) to manage, operate, and maintain the new Richards Boulevard Office Complex (RBOC) and the Joe Serna Jr. California Environmental Protection Agency (CalEPA) building, both located in Sacramento.
- **Facilities Management Division (FMD) Position Authority.** The budget provides two permanent positions beginning in 2023-24 and ongoing for DGS, FMD to address existing workload related to its building maintenance program for buildings owned and operated by DGS.
- **Office of Administrative Hearings Workload Adjustment.** The budget provides \$650,000 ongoing authority from the Service Revolving Fund, five positions, and a three-year limited-term extension of \$11.45 million in authority from the Service Revolving Fund for DGS, Office of Administrative Hearings (OAH) to address Peace Officer Certification Hearings workload created by SB 2 (Bradford), Chapter 409, Statutes of 2021 and Cannabis Administrative Hearings Workload.
- **Office of Fleet and Asset Management State Fleet Policy and Compliance.** The budget provides \$654,000 ongoing authority from the Service Revolving Fund and four positions for the DGS, Office of Fleet and Asset Management (OFAM) to implement a State Fleet Policy Development and Compliance Review program to support fleet sustainability initiatives by continuing to establish green fleet policies, ensure state departments' compliance with these policies, and provide mandatory reporting on the results of these policies.
- **Office of Human Resources Workload Adjustment.** The budget provides \$395,000 in ongoing authority from the Service Revolving Fund and six positions for the DGS, Office of Human Resources (OHR) to support human resources administrative services and to bring technical, analytical, and professional staffing in line with the department's growth.
- **Office of Legal Services Internal Workload Adjustment.** The budget provides \$636,000 in ongoing authority from the Service Revolving Fund and two permanent positions beginning in 2023-24 for the DGS, Office of Legal Services Internal (OLS-INT) to manage growing workload

associated with legal support for complex real estate matters and supervisory work over the entire range of legal issues handled by DGS attorneys.

- **Office of State Publishing New Warehouse Operation.** The budget provides \$1.3 million Service Revolving Fund beginning in 2023-24 for the DGS, Office of State Publishing (OSP) to lease and operate a new warehouse facility located in West Sacramento and accommodate an increased supply level critical for print production operations.
- **Office of State Publishing ScholarShare Postage Increase.** The budget provides \$558,000 Service Revolving Fund in 2023-24 and \$380,000 in 2024-25 for DGS, Office of State Publishing (OSP) to fund postage for the ScholarShare Investment Board's initial notification mailings to eligible participants of the California Kids Investment and Development Savings Program.
- **Office of Sustainability Electric Vehicle Service Equipment Infrastructure Assessment and Facility Development.** The budget provides \$35 million General Fund over three years for DGS, Office of Sustainability to support the DGS Five-Year Zero Emission Vehicles Infrastructure Investment Plan (2023-24 through 2027-28) to continue performing installations of electric vehicle service equipment (EVSE) at state-owned and leased facilities to meet California's clean transportation and greenhouse gas goals.
- **Ongoing Support for Diversity and Inclusiveness in State Contracting.** The budget provides \$3.51 million Service Revolving Fund and 21 permanent positions beginning in 2023-24 for the DGS, Procurement Division and the Office of Small Business and Disabled Veteran Business Enterprise Services and the Statewide Supplier Diversity Program (SSDP) to continue increasing diversity and inclusiveness in state contracting programs across all state departments, as well as acquire Learning Management Systems licenses for the Office of the Small Business.
- **Procurement Division E-Marketplace Implementation.** The budget provides \$2.4 million (\$2.2 million from the Service Revolving Fund and \$224,000 in Reimbursements) ongoing and two permanent positions beginning in 2023-24 for the DGS, Procurement Division (PD) to implement, maintain, and operate the statewide eMarketplace solution.
- **Procurement Division Permanent Support for the California Pharmaceutical Collaborative.** The budget provides \$842,000 Service Revolving Fund ongoing beginning in 2023-24 to continue funding four positions supporting ongoing workload of the Statewide Pharmaceutical Program's California Pharmaceutical Collaborative.
- **Procurement Division Support for Small Business & Disabled Veterans Business Enterprises Program Compliance.** The budget provides \$320,000 Service Revolving Fund and two permanent positions beginning in 2023-24 for the DGS, Procurement Division (PD) to staff the Small Business and Disabled Veteran Business Enterprise program to support training, communication, compliance, enforcement, and program abuse functions, for implementation of the 2018-114 State Audit recommendations and recently passed legislation.
- **Real Estate Services Division Affordable Housing Development Program Funding.** The budget provides \$1.1 million Property Acquisition Law Money Account ongoing beginning in 2023-24 for the DGS, Real Estate Services Division/Asset Management Branch. Additionally,

DGS requests approval to create a multi-year operating reserve in the account retaining revenue from the sale of surplus state-owned real estate and from the lease of state-owned property.

- **Real Estate Services Division California Military Department and California Highway Patrol Workload.** The budget provides \$795,000 Service Revolving Fund ongoing, and three permanent positions beginning in 2023-24 for the DGS, Real Estate Services Division to address new project management workload associated with the California Military Department and California Highway Patrol (CHP).
- **Legislative Office Building Roof Replacement.** The budget provides \$5.9 million General Fund in 2023-24 to address critical repairs caused by water intrusion at various locations in the Legislative Office Building located at 1020 N Street in Sacramento.
- **Human Resources and Project Billing Legacy Platform Replacement.** The budget provides \$1.05 million General Fund in 2023-24, and \$600,000 in 2024-25 and 2025-26 for DGS to replace its legacy project billing and human resources platform, used by the department and its client agencies.
- **Deferred Maintenance Reappropriation for Ronald M. George State Office Complex Repairs.** The budget extends the encumbrance or expenditure date of up to \$3.9 million from funds appropriated in the Budget Act of 2022 for deferred maintenance, and to repurpose those funds for repairs to the Ronald M. George State Office Complex. The Ronald M. George State Office Complex houses the Supreme Court of California and requires urgent repairs.
- **Extend Encumbrance Date for the STEM Teacher Recruitment Grant Program.** The budget includes statutory changes to extend the encumbrance date for the STEM Teacher Recruitment Grant Program in the School Facilities Aid Program, which was appropriated in the Budget Act of 2021, from June 30, 2022, to June 30, 2024.
- **Emergency Sleeping Cabins.** The budget includes statutory changes that:
 - Authorizes the Department of General Services to assist a political subdivision with delivery and installation of emergency sleeping cabins and related improvements, in prescribed cities and counties and if the political subdivision has declared a shelter crisis, among other requirements.
 - Limits the authority granted to the delivery of up to 1,200 emergency sleeping cabins.
 - These provisions are repealed as of January 1, 2025.
- **Real Estate Services Division Affordable Housing Development Program Funding.** The budget includes statutory changes that authorizes DGS to deposit some or all of the net proceeds related to the lease or sale of excess state lands into the Property Acquisition Law Money Account and authorizes DGS to maintain an operating reserve in the account sufficient to continue developing excess state lands into affordable housing.

- **State Allocation Board Appointments.** The budget includes statutory changes that provides the President Pro Tempore of the Senate appointment authority for Senators to the State Allocation Board.
- **Deferred Maintenance.** The budget reverts \$88.6 million General Fund for deferred maintenance and direct digital control projects included in the 2021-22 and 2022-23 budgets.
- **Implementation of Legislation.** The budget provides funding for the following chaptered legislation: (1) SB 1422 (Hertzberg), Chapter 310, Statutes of 2022, (2) AB 2592 (McCarty), Chapter 439, Statutes of 2022, (3) SB 1020 (Laird), Chapter 361, Statutes of 2022, (4) AB 661 (Bennett), Chapter 517, Statutes of 2022, (5) SB 674 (Durazo), Chapter 875, Statutes of 2022, (6) AB 2974 (Committee on Jobs, Economic Development, and the Economy), Chapter 600, Statutes of 2022, (7) SB 561 (Dodd), Chapter 446, Statutes of 2022, (8) AB 2233 (Quirk-Silva), Chapter 438, Statutes of 2022, (9) AB 2019 (Petrie-Norris), Chapter 730, Statutes of 2022, (10) SB 1203 (Becker), Chapter 368, Statutes of 2022, (11) AB 209 (Committee on Budget), Chapter 251, Statutes of 2022, (11) AB 1738 (Boerner), Chapter 687, Statutes of 2022, (12) AB 2075 (Ting), Chapter 346, Statutes of 2022, (13) AB 2232 (McCarty), Chapter 777, Statutes of 2022 (14) AB 2446 (Holden), Chapter 352, Statutes of 2022, and (15) AB 2863 (Wilson), Chapter 809, Statutes of 2022.

7910 OFFICE OF ADMINISTRATIVE LAW (OAL)

- **Early Intervention Assistance.** The budget provides \$573,000 (\$344,000 General Fund and \$229,000 Central Service Cost Recovery Fund) in 2023-24 and ongoing and three positions for the Office of Administrative Law to provide early intervention assistance for executive branch state agencies conducting rulemaking actions pursuant to the Administrative Procedure Act (APA) and to conduct trainings and outreach regarding legislation.

8260 CALIFORNIA ARTS COUNCIL

- **National Arts Endowment Grant Award.** The budget increases the Federal Trust Fund Authority of the Arts Council by \$300,000 to fully spend a federal grant award from the National Arts Endowment.
- **Creative Economy Working Group.** The budget establishes the California Creative Economy Workgroup to develop a strategic plan for the California creative economy; provides for the membership of the workgroup; and requires the workgroup to, among other things, collect and analyze data on the state of the California creative economy.
- **Cultural Districts.** The budget reverts the unexpended balance of \$20 million to the General Fund, from the appropriation made in the Budget Act of 2022 to support cultural districts.

8620 FAIR POLITICAL PRACTICES COMMISSION (FPPC)

- **Political Reform Education Program.** The budget provides \$455,000 General Fund in fiscal year 2023-24, and \$421,000 in 2024-25 and ongoing, and three positions for the Fair Political Practices Commission (FPPC) to continue to develop, administer and expand the new Political Reform Education Program (PREP).
- **Implementation of Legislation.** The budget provides funding for implementation of the following chaptered legislation: (1) SB 1360 (Umberg), Chapter 887 of the Statutes of 2022, (2) SB 746 (Skinner), Chapter 876 of the Statutes of 2022, (3) SB 1439 (Glazer), Chapter 848, Statutes of 2022, (4) SB 459 (Allen), Chapter 873 of the Statutes of 2022, (5) AB 2172 (Cervantes), Chapter 328, Statutes of 2022, and (6) SB 794 (Glazer), Chapter 816, Statutes of 2022.

8800 FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA

- **State Payroll System Reappropriation.** The budget extends the encumbrance or expenditure availability of \$5,530,000 General Fund and \$3,686,000 Central Services Cost Recovery Fund until June 30, 2024, upon approval of the Department of Finance. This is to provide additional time for the Financial Information System for California to request funding to support its integration with the California State Payroll System.

8820 CALIFORNIA COMMISSION ON THE STATUS OF WOMEN AND GIRLS

- **Continued Implementation of SB 24 (2019).** The budget extends the existing three limited-term positions tasked with implementing SB 24 (Leyva), Chapter 740, Statutes of 2019 for two additional years.
- **Women's Recovery Response Program.** The budget provides \$1 million General Fund in 2023-24 to support the Women's Recovery Response Program.

8825 CALIFORNIA COMMISSION ON ASIAN AND PACIFIC ISLANDER AMERICAN AFFAIRS

- **Health Access Program Analyst.** The budget provides \$149,000 ongoing General Fund to fund one permanent Associate Governmental Program Analyst for the Commission on Asian and Pacific Islander American Affairs to effectively respond to the growing needs and challenges of Asian and Pacific Islander American communities to ensure all Californians have access to culturally and linguistically appropriate health and mental health resources and services.

8885 COMMISSION ON STATE MANDATES

- **Reappropriation of Personnel Savings from the 2022 Budget Act.** The budget reappropriates \$130,000 General Fund of estimated savings from the 2022 Budget Act to pay out leave balances for staff who are planning to retire in 2023-24.
- **Sexual Assault Evidence Kits: Testing Mandate.** The budget provides \$10.76 million General Fund in 2023-24 to reimburse cities and counties for the workload costs associated with complying with Penal Code section 680, which requires city and county law enforcement agencies to perform activities relating to DNA testing of sexual assault forensic evidence within specified time periods.
- **County of Los Angeles Citizens Redistricting Commission Mandate.** The budget provides \$1.16 million General Fund in 2023-24 to reimburse the County of Los Angeles to staff and fund the Citizens Redistricting Commission, which was created to adjust the boundary lines of the County supervisorial districts in the year following the year of the decennial federal census.
- **Racial and Identity Profiling Mandate.** The budget provides \$50.5 million General Fund to reimburse local governments for the costs they incurred to comply with AB 953 (Weber) Chapter 466, Statutes of 2015 while they were under review by the Commission. The budget also includes \$16.5 million ongoing General Fund to support such costs in the future.

8940 CALIFORNIA MILITARY DEPARTMENT (CMD)

- **Consolidated Headquarters Complex (CHQC) Maintenance Resources – Phase 2.** The budget provides \$448,000 General Fund in 2023-24, and \$441,000 in 2024-25 and ongoing, and three positions for CMD to perform work order clerk duties and to oversee the sustainability objectives of the new CHQC building, such as Zero Net Energy and Leadership in Energy and Environmental Design.
- **Grizzly Youth ChalleNGe Program.** The budget provides \$2 million (\$1.5 million Federal Trust Fund authority and \$500,000 General Fund) in 2023-24 and ongoing and 12 positions for CMD to administer the Youth ChalleNGe Program expansion at the Grizzly Youth Academy in Camp San Luis Obispo.
- **School Cybersecurity (AB 2355).** The budget provides \$227,000 for CalOES and \$724,000 and three positions for the California Department of Technology from 2023-24 through 2026-27 to implement AB 2355 (Salas), Chapter 498, Statutes of 2022.
- **STARBASE Porterville and Camp San Luis Obispo.** The budget provides \$1.3 million Federal Trust Fund authority in 2023-24, and \$1.5 million in 2024-25 and ongoing, for CMD to establish and operate STARBASE programs at Porterville Military Academy and Camp San Luis Obispo.
- **State Active Duty Pay Adjustment.** The budget provides \$3.2 million (\$1.32 million General Fund, \$1.67 million Federal Trust Fund authority, \$77,000 Mental Health Services Fund, and

\$136,000 Reimbursement authority) ongoing to align the pay of its State Active Duty (SAD) employees to the pay of service members of similar grade in the federal armed forces.

- **State Comptroller Workload.** The budget provides \$1.48 million General Fund in 2023-24, and \$1.46 million annually thereafter and nine positions for CMD to support administrative services within the department's accounting and budget areas.
- **Consolidated Headquarters Complex Security.** The budget provides 18 State Active Duty (SAD) positions and \$2.4 million General Fund in 2023-24 and \$2.3 million ongoing for the California Military Department (CMD) to provide security for the state employees, military personnel, and the new state-owned Consolidated Headquarters Complex (CHQC).
- **San Luis Obispo Embankment Repair.** \$1.2 million to the Military Department for creek embankment repairs at San Luis Obispo.
- **Army Facilities Agreement Program Income Fund.** The budget includes statutory changes, to establish the Army Facilities Agreement Program Income Fund to receive, maintain, and expend Army Facilities Agreement Program Income (PI) generated from leases, licensing, and support agreements of CMD Army facilities by non-federal tenants. It also includes \$2.5 million ongoing Army Facilities Agreement Program Income Fund expenditure authority to pay for facility repair, maintenance, and other activities for the CMD Army facilities.
- **Military Family Relief Fund Dissolution.** The budget includes statutory changes to abolish the California National Guard Military Family Relief Fund and absorb the remaining monies into the Military Department Support Fund.
- **Discovery Youth Challenge and STARBASE Programs.** The budget provides \$1.06 million in Federal Trust Fund authority for facility repairs and upgrades at the Discovery Youth Challenge Program in Lathrop and for start-up supplies at the STARBASE program at Los Alamitos. It also provides for \$500,000 in increased reimbursement authority to support facility improvements at the Sunburst Youth Challenge Academy at Los Alamitos.

8955 CALIFORNIA DEPARTMENT OF VETERAN AFFAIRS (CalVet)

- **Administrative Support.** The budget provides \$1.43 million General Fund in 2023-24, and \$1.37 million in 2024-25 and ongoing, and 10 positions for purposes of administrative support in the areas of accounting, budgets, and human resources.
- **California Central Coast Veterans Cemetery Operations.** The budget provides \$95,000 General Fund in 2023-24 and \$89,000 General Fund in 2024-25 and ongoing and one position to support operational requirements at the California Central Coast Veterans Cemetery.
- **CalVet Electronic Health Record Project: Additional Activities and Scope Increase.** The budget provides one-time funding of \$2.55 million General Fund in 2023-24 for the fourth year of implementation of a new long-term care electronic health record system in the Veterans Homes of California and Headquarters.

- **Clinical and Operational Workload.** The budget provides \$3.03 million General Fund in 2023-24, and \$3.0 million in 2024-25 and ongoing, and 15.5 positions to improve oversight and coordination of clinical and operational initiatives in the Veterans Homes of California.
- **Minority Veterans Unit Workload.** The budget provides \$156,000 General Fund in 2023-24 and \$150,000 in 2024-25 and ongoing, and one position to meet the unmet needs of the approximately 760,000 minority veterans and their family members in California.
- **Veterans Services Division District Office Support.** The budget provides \$1.33 million General Fund in 2023-24, and \$1.28 million General Fund in 2024-25 and ongoing, and nine positions to provide for staffing at the Veterans Services Division three District Offices.
- **Website Development to Enhance Digital Communications.** The budget provides \$1 million General Fund in 2023-24 to procure contractor services to enhance digital communications in support of providing services and benefits to veterans of California through a content management system website.
- **Women Veterans Unit Workload.** The budget provides \$156,000 General Fund in 2023-24 and \$150,000 in 2024-25 and ongoing and one position to meet the unmet needs of the 163,000 women veterans, and approximately 30,000 servicewomen and their family members in California.
- **Yountville Roof Replacements.** The budget provides \$15.86 million General Fund in 2023-24 to replace five roofs at Veterans Home of California (VHC)-Yountville.
- **Initial Support for Yountville Skilled Nursing Facility.** The budget provides 2.2 positions and \$356,000 General Fund in 2023-24, and 10 positions and \$1.33 million General Fund annually thereafter for CalVet for the first phase of staffing ramp up of a new skilled nursing facility (SNF) at the Veterans Home of California-Yountville.
- **Reappropriation for the Rector Creek Assessment Study.** The budget reappropriates funding and extends the liquidation period from June 30, 2023 to June 30, 2024, to complete the Rector Creek Instream Flow and Fish Condition Assessment Study.
- **Settlement Costs.** The budget provides \$8.66 million one-time General Fund to pay for legal settlement costs as a result of a settled lawsuit at the Veterans Home of California, Chula Vista.
- **Increased Support for Nursing Operations.** The budget provides \$25 million General Fund in 2023-24 and 2024-25 for CalVet to provide for nursing staff overtime and nursing registry staff costs to ensure continuity of nursing staff operations at the Veterans Homes of California.
- **Yountville Fire Service Contract.** The budget provides \$535,000 General Fund in 2023-24 and \$800,000 ongoing for CalVet to fund an increase in costs for contracted fire prevention services for the Yountville Veterans Home.
- **Headquarters Building Electrical Maintenance.** The budget provides \$22 million one-time General Fund for CalVet to upgrade the electrical infrastructure at the department's headquarters building.

VARIOUS DEPARTMENTS

- **Bagley-Keene Open Meeting Act.** The budget includes statutory changes that authorizes state entities to hold public meetings, subject to specified notice and accessibility requirements, through teleconferencing and making public meetings accessible telephonically or otherwise electronically to the public, as specified. These provisions sunset on December 31, 2023.
- **Background Check Authority – Technical Changes.** The budget includes technical, statutory changes to conform with federal requirements in order to authorize various departments to receive criminal history background check information for internal employees and during the execution of their regulatory activities. The departments include:
 - Department of Toxic Substances Control
 - California Horse Racing Board
 - Department of Cannabis Control
 - Department of Financial Protection and Innovation
 - Department of Real Estate
 - Department of Public Health Food and Drug Branch
 - Office of Youth and Community Restoration
 - Department of State Hospitals
 - Department of Housing and Community Development
 - FI\$Cal

CONTROL SECTIONS

- **Control Section 11.86.** Adds Control Section 11.86 to allow the Department of Finance to adjust specified appropriations up to a total of \$125 million to support costs associated with preparedness, response, recovery and other activities related to the 2023 storms and associated risks.
- **Control Section 13.40.** Adds Control Section 13.40 to allow the Director of Finance to transfer up to \$1.5 billion from various special funds to the General Fund as budgetary loans during the 2023-24 fiscal year.
- **Control Section 19.561-19.569.** Adds Control Section 19.561 through 19.569 to reflect the funding of various legislative priorities.

General Government and State Administration Budget Trailer Bills

1. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
2. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
3. *Budget Act of 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*
4. *State Government – Assembly Bill 127 (Committee on Budget), Chapter 45, Statutes of 2023.*
5. *Cannabis – Assembly Bill 128 (Committee on Budget), Chapter 46, Statute of 2023.*
6. *State Government – Senate Bill 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023.*
7. *Background Checks – Senate Bill 152 (Committee on Budget and Fiscal Review), Chapter 198, Statutes of 2023.*

FINANCIAL MANAGEMENT

0110/0120/0130 STATE LEGISLATURE

The Legislature's budget for 2023-24 was increased to reflect the growth in the state's appropriation limit (SAL), which was calculated to be 4.09 percent in the Governor's May Revision. Applying the May Revision SAL rate to the legislative budget resulted in funding of \$177.3 million for the Senate and \$233.6 million for the Assembly.

0870 OFFICE OF TAX APPEALS (OTA)

The budget for the Office of Tax Appeals for 2023-24 includes 119 positions and \$28.4 million General Fund. This includes:

- **Workload Resources.** The budget provides \$435,000 ongoing General Fund and permanent position authority for two positions in the Hearings Section of the Legal Division to fulfill requirements set forth in SB 189 (Committee on Budget and Fiscal Review), Chapter 48, Statutes of 2022 and address additional workload at the Office of Tax Appeals (OTA).
- **Regulatory Exemption.** Trailer bill language exempted Office of Tax Appeals communications and final written opinions from the Administrative Procedures Act.

0954 SCHOLARSHARE INVESTMENT BOARD

- **CalKIDS Marketing Campaign.** The budget includes statutory changes that provides \$8 million from previously allocated funding to support a statewide integrated marketing campaign comprised of advertising, public relations, and community outreach elements, including a focus on low-income and disadvantaged communities.
- **CalKIDS Seed Deposits and Technical Clarification.** The budget includes statutory changes that increases the amount the Scholarshare Board can provide in seed grants for newborns from \$25 to \$100 and clarifies legislative intent that the state Department of Public Health and the Scholarshare Board enter into a data-sharing agreement that promotes data privacy and security.

0984 CALSAVERS RETIREMENT SAVINGS BOARD

The CalSavers Retirement Savings Board was established by SB 1234 (De León), Chapter 734, Statutes of 2012. SB 1234 (De León), Chapter 804, Statutes of 2016, subsequently authorized the Board to implement the CalSavers Retirement Savings Program, a state-administered retirement savings program for private sector employees in California with no access to workplace retirement savings plans.

- **Loan Repayment Extensions.** The budget provides an extension of the loan repayment date for a \$1.9 million General Fund loan, provided in the 2016 Budget Act to the CalSavers Retirement

Savings Trust from June 30, 2024, as provided in the 2021 Budget Act, to June 30, 2030 and an extension of the loan repayment date for a \$15 million General Fund loan, provided in the 2017 Budget Act to the CalSavers Retirement Savings Trust Program Fund from June 30, 2024, as provided in the 2021 Budget Act, to June 30, 2030.

1701 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION (DFPI)

- **California Residential Mortgage Lending Act Examination Workload.** The budget provides \$1.84 million Financial Protection Fund in 2023-24 and \$1.75 million in 2024-25 and ongoing and eight positions to address increased workload related to growth in loan volume and licensee locations, pandemic anti-foreclosure efforts and changes to federal regulations associated with carrying out the California Residential Mortgage Lending Act (CRMLA).
- **Escrow Law Examination Workload.** The budget provides \$1.13 million Financial Protection Fund in 2023-24 and \$1.07 million in 2024-25 and ongoing, and five positions to address growth in licensee locations and consumer funds managed, expand internet escrow services, reduce examination backlog, and assist in carrying out the statutory requirements of the California Escrow Law.
- **Information Technology System Development Workload.** The budget provides \$1.7 million in 2023-24 and \$1.6 million in 2024-25 and ongoing from a variety of fund sources and nine positions to augment information technology (IT) staff to meet the department's increased system development workload and to align the Information Technology Office's (ITO) project methodology with the state's recommendations.
- **Implementation of Legislation.** The budget provides funding for implementation of the chaptered legislation, AB 676 (Holden), Chapter 728, Statutes of 2022.

7600 DEPARTMENT OF TAX AND FEE ADMINISTRATION (CDTFA)

CDTFA administers numerous tax and fee programs, including the Sales and Use Tax, the Cigarette and Tobacco Products Tax Program, and the excise and cultivation taxes for medicinal and recreational cannabis. The CDTFA also administers the alcohol excise tax and the insurance tax pursuant to agreements with the State Board of Equalization. The budget for CDTFA for 2023-24 includes 4,556 positions and \$731.4 million (\$538.9 million General Fund), including:

- **Centralized Revenue Opportunity System Maintenance and Operations.** The budget includes \$8.9 million in 2023-24 and 2024-25 from a variety of fund sources for the Centralized Revenue Opportunity System (CROS) at CDTFA. Of this, \$5.3 million is for contract services for maintenance and operations (M&O), \$2.75 million is for the GenTax Software License and \$850,000 is for operating expenses and equipment (OE&E).
- **California Health Care, Research, and Prevention Tobacco Tax Act of 2016 (Proposition 56).** The budget provides ongoing funding of \$2.5 million in 2023-24 and ongoing from the Department of Tax and Fee Administration Subaccount, Tobacco Law Enforcement Account,

CA Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund to fund 16 permanent positions at CDTFA.

- **Lithium Extraction and Geothermal Development Excise Tax.** The budget provides \$249,000 in 2023-24, \$145,000 in 2024-25, and \$144,000 in 2025-26 and ongoing from the Lithium Extraction Excise Tax Fund for the implementation and administration of the new Lithium Extraction Excise Tax Program (LET) that was established in Chapter 63, of the Statutes of 2022 (SB 125).
- **Main Street Small Business Tax Credits I and II.** The budget reverts \$101 million to the General Fund from the total amount set aside for the Main Street Small Business Tax Credits I and II, due to the expiration of the reservation period.
- **Mental Health – Crisis Hotline.** The budget includes \$661,000 and 2.5 positions in 2023-24, \$617,000 and 2.5 positions in 2024-25 and ongoing from the new 988 State Suicide and Behavioral Health Crisis Services Fund for the CDTFA to address the workload associated with 988 Suicide and Crisis Lifeline that was established in AB 988 (Bauer-Kahan), Chapter 747, Statutes of 2022 and for the ongoing administration of the 911 Surcharge Act.

7730 FRANCHISE TAX BOARD (FTB)

FTB is responsible for collecting personal income tax and corporation tax revenue and operating various collection and auditing programs. The enacted budget for FTB for 2023-24 includes 6,807.6 positions and \$1.233 billion (\$1.193 billion General Fund). Changes to programs and workload in the budget package include:

- **Tax Exemptions for Student Loan Debt Relief and other Post-Secondary Education-related Relief.** Trailer bill legislation amended personal income tax law to implement the Budget Act of 2022 and to clarify that student loan debt relief and other pandemic relief provided to students through post-secondary education institutions would not be taxed as personal income. This relief extended to discharges of specified student loans, discharge of unpaid student debts and fees for California Community College students, and the provision of higher education emergency grants to students.
- **Debt Interception for Foster Youth Tax Credit.** Trailer bill language specifies that the State Controller, beginning January 1, 2024, is prohibited from offsetting delinquent accounts against personal income tax refunds of an individual who received the Foster Youth Tax Credit, in addition to individuals who received the Earned Income Tax Credit or the Young Child Tax Credit.
- **New Employment Tax Credit.** Trailer bill language amends the New Employment Credit to include provisions for the following specified industries: Electric airplane manufacturing, lithium production and battery manufacturing, and semiconductor manufacturing, research and development. For these specified industries, the amendments eliminate the requirement that the new employment be located within a designated census tract or economic development area and amend the portion of wages for qualified employees to reflect wages that exceed 100 percent, but do not exceed 350 percent of the minimum wage.

- **Incomplete Gift Nongrantor (ING) Trusts.** Trailer bill language specified that, commencing with the 2023 taxable year, the income from an incomplete gift nongrantor trust would be included in the income of the grantor, as if the trust was a grantor trust, except when the fiduciary of a trust where 90 percent of beneficiaries are charitable organizations elects to be taxed as a resident nongrantor trust.
- **Middle Class Tax Refund.** Trailer bill language specified that the FTB shall issue payments for the Middle Class Tax Refund no later than September 30, 2023, with allowances for re-issuance of payments as necessary.
- **Data Sharing Agreements.** Trailer bill language amends the data sharing requirements between the State Department of Social Services, the State Department of Health Care Services, and the Franchise Tax Board to specify data elements to be shared on social services and health program participants for use in informing individuals of available tax credits.
- **Wildfire Settlements Tax Exemption.** Trailer bill language specifies that for taxable years beginning on or after January 1, 2020, and before January 1, 2028, excludes from gross income for any qualified taxpayer, amounts received in settlements associated with either the 2019 Kincadee Fire in the County of Sonoma, or the 2020 Zogg Fire in the Counties of Tehama and Shasta.
- **California Film & Television Tax Credit Program 4.0.** Trailer bill language made the following changes:
 - Extended the authority for the California Film Commission (CFC) to allocate, and for qualified taxpayers to claim, the California Motion Picture and Television Production Credit for an additional five years, starting in 2025-26 (Film and Television Tax Credit 4.0) maintaining the current authorization amount of \$330 million per year.
 - Amended the credit structure for the Film and Television Tax Credit 4.0 to make it refundable, thereby allowing taxpayers with insufficient tax liability to make use of the credit.
 - Provided recipients with 96 percent of the credit amount and included an additional four percent if the applicant chooses to submit a diversity workplan that includes specified diversity goals for the project. The additional percentage will be approved for applicants that show in their diversity workplan that they have met or made a good-faith effort to meet the goals they set for the projects.
 - Requires the CFC to submit to the Legislature on an annual basis, commencing June 30, 2027, containing specified diversity data provided by the applicants.
 - Increased the amount provided to Career Pathways Program from an amount equal to 0.25 percent of the approved credit amount to an amount equal to 0.5 percent. Specified that, beginning January 1, 2028, the amount may be increased up to 0.25 percent per year, up to one percent of the credit amount, based on an evaluation of the program and job availability and growth in the industry. Beginning January 1, 2025, the CFC is required to collect, and

report to the Legislature specified information on the Career Pathways Program and participants.

- Expanded the CFC board to include a diversity, equity and inclusion expert employed in the motion picture industry. (In addition, increased staffing at the CFC to include two positions to address diversity, equity, inclusion, and workforce).
- Established the Safety on Productions Pilot Program. Commencing July 1, 2025, and until June 30, 2030, inclusive, the pilot program will require that motion picture production employers that receive a specified motion picture tax credit, for that motion picture production, to hire specified staff related to set safety, require specified safety activities, and require a final safety evaluation report, among other things. An evaluation of the program is required and recommendations provided to the Legislature at the completion of the pilot program.
- Made technical changes to the Soundstage Tax credit and Program 3.0.
- **Microbusiness Relief Grant Tax Exemption.** Trailer bill language extends the gross income exclusion for the California Microbusiness COVID-19 Relief Program grants through the 2024 tax year consistent with the repeal date of the program.

FTB Administrative Costs. The budget includes funding and positions that reflect FTB's increased administration responsibilities, and that support FTB's efforts to update their data center and tax systems.

- **Tax Exemptions for Higher Education Relief Workload.** The budget provided \$20,000 General Fund to the FTB for workload related to ensuring student loan debt relief and other post-secondary education debt relief for students would not be taxed as personal income.
- **New Employment Credit Changes Workload.** The budget provided \$10,000 General Fund for the FTB to make necessary changes to the credit reservation system for the New Employment Credit.
- **Technology Expansion for Business Entities Refundable Credit.** The budget included \$4.5 million General Fund and two, two-year limited term positions and five permanent positions in 2023-24; \$1.0 million General Fund in 2024-25; \$753,000 General Fund in 2025-26 and ongoing for FTB to expand the tax systems necessary to support refundable credits for Business Entities.
- **Enterprise Data to Revenue (EDR2).** The budget provides \$135 million General Fund and 41 permanent positions and 31 limited-term positions to begin third-year implementation of the Enterprise Data to Revenue (EDR2) project, which is the second phase of the Tax System Modernization (TSM) plan at the Franchise Tax Board. In addition, the budget provides for the re-appropriation of \$17.5 million of vendor compensation funds approved in the 2022 Budget Act to fund workload shifted to 2023-24 and re-appropriates \$11.6 million in 2022-23 contingency funding to 2023-24.
- **Return Processing Technology Support.** The budget provides \$4.9 million General Fund and \$96,000 special funds for 29 permanent positions in 2023-24; and \$4.6 million General Fund and

\$91,000 special funds in 2024-25 and ongoing for FTB to maintain and improve its existing mission-critical applications and return-processing technology support services.

- **Essential Services and Stakeholder Support Gaps.** The budget provides \$2.5 million (\$2.4 million in General Fund and \$100,000 in special funds) for 13 positions for 2023-24 and \$2.4 million (\$2.3 million in General Fund and \$100,000 in special funds) for 13 positions in 2024-25 and ongoing to enable the FTB to engage in critical and essential services related to revenue estimating, budgeting, legislative analysis, project oversight, procurement, talent management and ensure compliance with Equal Employment Opportunity Laws.
- **Film and Television Tax Credit Administration.** The budget provides \$721,000 in General Fund and 4.1 positions in 2024-25; \$767,000 in General Fund and 5.3 positions in 2025-26; \$292,000 in General Fund and two positions in 2026-27 and ongoing to implement the expansion of Film and Television Tax Credit.
- **Reversions.** The budget reverts \$200 million to the General Fund from the total amount set aside for the Middle Class Tax Refunds in the Budget Act of 2022. In addition, the budget reverts the unexpended balance of appropriations in the 2022 Budget Act related to FTB staffing costs anticipated to be saved in 2022-23 and one-time FTB legal expense savings in 2022-23.
- **Customer Service Resources.** The budget includes \$2.7 million General Fund and 19 positions ongoing to augment FTB staffing levels that will handle increased workload in the taxpayer customer service center, and to also support efforts to improve customer service employee retention.
- **Franchise Tax Board Support Funding Reappropriation.** The budget reappropriates \$4 million General Fund of the unexpended support funding appropriated for Tax Programs in the 2022 Budget Act for the processing of 2022 tax returns and payments in 2023-24 in response to the tax filing extension provided due to the severe winter storms.
- **High-Speed Printer Refresh.** The budget includes \$2.2 million General Fund and \$33,000 special funds in 2023-24 and 2024-25; \$99,000 General Fund and \$2,000 special funds in 2025-26, and ongoing for FTB to replace two high-speed print systems and software that FTB uses to print notices, bills, and correspondence.
- **Digital Workload Management Workload.** The budget provides \$1.8 million, (\$35,000 special funds), for two permanent positions, one limited-term position, and software costs in 2023-24; \$1.6 million, (\$30,000 special funds), for two permanent positions, one limited-term position, and software costs in 2024-25; \$1.9 million, (\$36,000 special funds), for two permanent positions, one limited-term position, and software costs in 2025-26; and \$1.5 million, (\$28,000 special funds), for two permanent positions and software costs in 2026-27 and ongoing to replace obsolete legacy and custom-coded solutions and implement a new, enterprise-class low-code service management platform.
- **Management Enterprise Licensing Agreement Renewal.** The budget provides \$1.8 million, (\$27,000 special funds) in 2023-24, \$1.9 million, (\$29,000 special funds) in 2024-25 and ongoing to establish a fully funded, permanent baseline budget to continue existing licensing and support subscription for existing mainframe software that allows FTB to keep its existing mission critical applications running.

- **Security and Access Management.** The budget provides \$1.8 million (\$35,000 special funds), for two permanent positions, and software costs in 2023-24; \$1.6 million (\$30,000 special funds), for two permanent positions and software costs in 2024-25, \$1.6 million (\$31,000 special funds), for two permanent positions and software costs in 2025-26 and ongoing to reduce security risk by implementing a solution to add Privileged Access Management (PAM) capabilities and improve login security by integrating multi-factor authentication (MFA) into FTB's public web applications in compliance with Cal-Secure direction.

8860 DEPARTMENT OF FINANCE (DOF)

The Director of Finance serves as the Governor's chief fiscal policy advisor and promotes long-term economic sustainability and responsible resource allocation. The enacted budget for DOF for 2023-24 includes 521.1 positions and \$111.6 million (\$58.2 million General Fund), including:

- **Department of Finance Workload.** The budget provides \$3.8 million (\$2.1 million General Fund and \$1.7 million other funds) and nine ongoing positions to address vulnerabilities in Finance's Information Technology (IT) Infrastructure that were identified as a result of the cybersecurity incident that DOF experienced in December 2022.
- **State Appropriations Limit.** Trailer bill legislation required the DOF to, no later than February 1 of each year, calculate the individual subvention amounts for each of the specified state programs and provide this state subventions information on an annual basis to the California State Association of Counties and the League of California Cities for distribution to local agencies for use in calculation of local appropriation limits.
- **Tax Expenditure Report.** Trailer bill language amends the requirements for the tax expenditure report provided by the DOF to move the annual due date to November 15th, and requires data on personal income tax expenditures in the report to include expenditures categorized by taxpayers' income level and the related cost to the state, provided data is readily available.

Financial Management Budget Trailer Bills

1. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
2. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
3. *Budget Act of 2022 and 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*
4. *Budget Act of 2022 and 2023 – Senate Bill 105 (Skinner), Chapter 862, Statutes of 2023.*
5. *Personal Income Tax Law – Assembly Bill 111 (Committee on Budget), Chapter 5, Statutes of 2023.*
6. *State Government – Assembly Bill 127 (Committee on Budget), Chapter 45, Statutes of 2023.*

7. *Revenue and Taxation – Senate Bill 131 (Committee on Budget and Fiscal Review), Chapter 55, Statutes of 2023.*
8. *Income taxes: tax credits: motion pictures: occupational safety: California Film Commission – Senate Bill 132 (Committee on Budget and Fiscal Review), Chapter 56, Statutes of 2023.*
9. *State Government – Senate Bill 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023.*

ECONOMIC DEVELOPMENT

0509 GOVERNOR'S OFFICE OF BUSINESS AND DEVELOPMENT (GO-BIZ)

GO-Biz provides a single point of contact for the state's economic development, business assistance, and job creation efforts. GO-Biz includes the Office of the Small Business Advocate (CalOSBA), the Infrastructure and Economic Development Bank (IBank), the California Film Commission (CFC), and the California Office of Tourism, among other sub-entities.

In relation to GO-Biz's overall budget for the 2023-24 fiscal year, the following proposals came before the Committee for consideration:

- **Office of Small Business Advocate Staffing Expansion.** GO-Biz's Office of the Small Business Advocate (CalOSBA) ensures that all California small businesses and innovative startups have the information and direct support they need by administering grants, providing training and consultation services, conducting outreach and advocacy, and operating disaster preparedness and relief efforts for small businesses, among other activities. AB 2019 (Petrie-Norris), Chapter 730, Statutes of 2022, directed CalOSBA to report on its efforts to support procurement participation by small businesses; microbusinesses; disabled veteran business enterprises (DVBES); and businesses or microbusinesses owned by women, minorities or LGBTQ community members. AB 2019 also required CalOSBA to report on state agency compliance and implementation of "economic equity first" action plans and policies. As part of the Governor's January budget proposal, CalOSBA requested \$391,000 annually from the General Fund and the authority to hire three positions to respond to these new requirements. The Committee approved the request and it was ultimately incorporated into the final budget bill.
- **Additional Resources for Zero Emission Vehicle Related Initiatives.** GO-Biz' Zero Emission Market Development Unit is charged with helping to facilitate the state's transition to zero emission vehicle (ZEV) use. SB 1251 (Gonzalez), Chapter 372, Statutes of 2022, directs the ZEV Unit to integrate equity considerations into its work including, among other things, hiring a ZEV Equity Advocate tasked with overseeing the incorporation of equity planning and programming across state agencies involved in the development and support of California's ZEV vehicles and corresponding infrastructure. As part of the Governor's January budget proposal, GO-Biz requested hiring authority for four positions, \$764,000 in Air Pollution Control Funds in 2023-24 through 2027-28, and \$534,000 in 2028-29 and ongoing in Air Pollution Control Funds in order to implement SB 1251 as well as to address increased workload. The Committee approved the request and it was ultimately incorporated into the final budget bill.
- **An Additional Year of CalCompetes Grants.** Since 2014, GO-Biz's CalCompetes program has provided financial incentives for businesses to stay in or move to California. Until recently, these incentives only came in the form of tax credits. For the past two years, CalCompetes has also offered grant-based incentives. Under the grant-based programs, CalCompetes provides up-front funding to businesses in exchange for their promise to make investments and to hire in California. As part of the Governor's January budget proposal, GO-Biz requested \$120 million in one-time General Fund for a third year of the California Competes Grant program. The Subcommittee initially held this request open for further consideration but subsequently approved it and it was ultimately incorporated into the final budget bill.

- **Business Investment Services Staffing Expansion.** GO-Biz's Business Investment Services (CalBIS) provides services to employers, corporate executives, business owners, and site location consultants interested in investing or locating within California. CalBIS also convenes teams that seek to attract new businesses to California, prevent the closure of large employers within California, and respond to other important business developments in the state. Finally, CalBIS works collaboratively with local, regional, state, and federal entities, to attract, retain, and help businesses grow in California. As part of the Governor's January budget proposal, CalBIS requested six positions and \$740,000 ongoing General Fund to address increased workload and preserve the team's ability to maintain current service levels effectively. The Committee initially held this request open for further consideration, but subsequently approved it and it was ultimately incorporated into the final budget bill.
- **International Trade Office Staffing Expansion.** GO-Biz's International Affairs and Trade Unit is the state's lead agency on international trade. Among other things, the Unit promotes exports, attracts investment-based economic growth, and fosters relationships with California's international counterparts. As part of the Governor's January budget proposal, GO-Biz requested \$327,000 ongoing from the General Fund and hiring authority for two positions to address increased workload. The Committee initially held this request open for further consideration, but subsequently approved it, and it was ultimately incorporated into the final budget bill.
- **Revision and Relaunch of the Made in California Program.** The Made in California Program (CA Made) was intended to support in-state manufacturing by increasing consumer awareness of in-state production. Under the program, businesses can apply to have their products certified by an independent third party as being made in California provided the products meet specified criteria. Only two businesses have sought such certification so far. As part of the Governor's January budget proposal, GO-Biz requested \$1.534 million from the General Fund in 2023-24, to be spent over three years, to relaunch the Made in California Program. Through proposed trailer bill language, GO-Biz also sought statutory changes intended to increase program participation by easing the requirements for certification. The Subcommittee initially held the request open for further consideration and subsequently rejected it. However, the request was ultimately incorporated into the final budget bill.
- **Administrative Staff Expansion.** As part of the Governor's January budget proposal, GO-Biz requested seven positions and \$955,000 in ongoing General Fund to support the increased workload in its Administrative Services Division resulting from the addition of new program mandates. The Subcommittee initially held this request open for further consideration, but subsequently approved it and it was ultimately incorporated into the final budget bill.
- **Reimbursement Authority for Federally-Funded Small Business Outsmart Disaster Program.** The Small Business Outsmart Disaster Program is a statewide awareness campaign focused on providing California businesses and communities with the resources they need to adequately prepare for and recover from all types of disasters and business interruptions. As part of the May Revision to the Governor's budget proposal, GO-Biz requested \$350,000 in reimbursement authority in 2023-24 to allow CalOSBA to administer a federal grant, in coordination with the California Academy for Economic Development, to support three limited-term regional positions that would provide program outreach as well as business continuity training. The Committee approved this request and it was incorporated into the final budget bill.

- **Extension of Sunset Dates for Small Business Relief Programs.** The May Revision to the Governor’s proposed budget sought statutory changes through proposed budget trailer bill language that extended the deadlines for several programs run by Cal-OSBA to allow additional time for awarding grants and for program closeout activities. The Subcommittee initially held the proposal open for further consideration, but subsequently approved it, and it was ultimately incorporated into the first of the state government budget trailer bills.
- **Allocation of Federal Funds to Small Business Credit Initiative.** The May Revision to the Governor’s budget proposal requested to allocate \$23.5 million in federal funds to CalOSBA to provide technical assistance to small business applying for State Small Business Credit Initiative capital programs. The Committee initially held this request open for further consideration, but subsequently approved it, and it was incorporated into the final budget bill.
- **Migrant Shelter in Calexico, California.** The Senate proposed an allocation of \$2 million GO-Biz to support the establishment and operation of an indoor, temperature controlled shelter for receiving and assisting migrants dropped in Calexico en route to their final destination. The Committee initially held this item open for further consideration, but subsequently approved it, and it was incorporated into the final budget bill. Through administrative action, the Department of Finance later reassigned department management of this allocation to the Department of Social Services.
- **Reappropriation of Unspent Funds from the California Small Business COVID-19 Relief Grant Program.** The California Small Business COVID-19 Relief Grant Program provided assistance to small businesses financially impacted by the COVID-19 pandemic. CalOSBA administers the program. As part of the Governor’s January budget proposal, CalOSBA estimated that there would be \$92 million in unspent funding after all grants had been awarded. Accordingly, GOBiz proposed recapturing this amount. Based on updated data, the Governor’s May Revision proposed to recapture an additional \$50 million in unspent funding. The Committee initially held this proposal open for further consideration, but subsequently approved it, and it was ultimately incorporated into the final budget bill.
- **Reduction in the Local Government Budget Sustainability Fund and Reallocation to the Downtown Fresno Infrastructure Plan.** The Governor’s January budget proposal allocated \$300 million over three years for the Local Government Budget Sustainability Fund. The purpose of the Fund was to help counties with high levels of poverty and unemployment to maintain budget stability. The Governor’s May Revision reallocated \$250 million from this Fund, directing it instead to the City of Fresno’s Public Infrastructure Plan for investment in a high speed rail station, parking, green space, walkability, and water projects in the downtown area. This Subcommittee initially held this proposal open for further consideration, but subsequently approved it, and it was ultimately incorporated into the final budget bill.
- **Reappropriation of Export Training Grant Funding to Align with Immigrant Integration and Economic Development Funding.** The 2022 Budget Act included \$2 million for competitive grants to service providers to develop export training programs and curriculum aimed at underserved business owners. The availability of this funding was inadvertently set for too short a period to align with the related competitive grants to local governments included in the Immigrant Integration and Economic Development proposal. To address the issue, the Governor’s May Revision included a proposal to reappropriate the original funding and extend the encumbrance or expenditure period out until June 30, 2025. The Committee approved the proposal and the language was ultimately incorporated into the final budget bill.

- **Allocation and Guidance for Diablo Canyon Economic Development Spending.** SB 846 (Dodd), Chapter 239, Statutes of 2022, extended the Diablo Canyon nuclear power plant's license to operate for an additional five years. SB 846 also included a series of associated measures, including expenditure of \$160 million – \$10 million in 2023-24 and \$150 million in 2024-25 – to support implementation of a plan for environmental enhancements, access to powerplant lands, and local economic development “in a manner that is consistent with existing decommissioning efforts.” As part of the Governor's May Revision to the proposed budget, GO-Biz requested allocation of the first \$10 million installment. This Committee approved the request subject to the requirement that all expenditures be submitted to the Joint Legislative Budget Committee (JLBC) in advance. This formulation was incorporated into the final budget bill. Later, the allocation was further refined through a budget bill junior which directed half of the money to GO-Biz to support costs used to assess the reuse of Parcel P of the Diablo Canyon Nuclear Power Plant and the feasibility of pursuing any reuses identified while sending the remaining half of the funds to the Natural Resources Agency to support costs associated with the development of conservation easements on the lands surrounding the Diablo Canyon Power Plant.

0650 OFFICE OF PLANNING AND RESEARCH (OPR)

The Governor's Office of Planning and Research (OPR) refers to itself as the state's comprehensive planning agency. OPR encompasses a wide variety of sub-entities and policy initiatives with an overall focus on land use and community development, climate risk and resilience, and high road economic development.

In relation to OPR's overall budget for the 2023-24 fiscal year, the following proposals came before the Committee for consideration:

- **Continuation of the California Youth Job Corps.** As part of the Governor's January budget proposal, OPR requested \$78.1 million in annual, ongoing allocations from the General Fund to continue the program (though \$25 million of the requested 2023-24 allocation derived from a proposed reallocation of \$25 million from the Summer Bridge Youth Employment program. The Committee initially held the request open for further consideration, but subsequently approved it, and it was ultimately incorporated into the final budget bill. The Subcommittee also approved a related May Revision proposal to add budget bill language directing OPR to set aside \$2 million from the Youth Job Corps program for tribal communities and to prioritize outreach to, and recruitment of, AB 540 students. These modifications were also ultimately incorporated into the final budget bill.
- **Continuation and Expansion of the California Climate Action Corps.** California Climate Action Corps is a workforce development program operated by California Volunteers that provides youth with an opportunity to engage in environmental conservation and climate change mitigation activities. The Governor's January budget requested \$4.7 million annually from the General Fund from 2023-24 through 2025-26, and \$9.3 million from the General Fund in 2026-27 and ongoing to expand the California Climate Action Corps program and make this limited-term program ongoing and eventually double the number of participants. The Committee initially held this proposal open for further consideration, but subsequently rejected it. Ultimately, however, the proposal was included in the final budget bill.

- **Extension of Expenditure Deadline for CEQANet System Redesign.** CEQANet is the computer system through which OPR receives and catalogs CEQA related notices, as required by statute. CEQANet is currently undergoing system redesign. Through an April Finance Letter, OPR requested to reappropriate up to \$1.2 million that was previously allocated for this purpose in order to provide additional time to complete the Project Approval Lifecycle. The request makes the funding available for encumbrance and expenditure until June 30, 2025. This Committee approved the request and it was ultimately incorporated into the final budget bill.
- **Extension of Expenditure Deadlines for CEQA Judicial Review.** SB 7 (Atkins), Chapter 19, Stats. 2021) provided California Environmental Quality Act streamlining for “environmental leadership development projects” so long as the Governor certifies that the projects meet specified criteria. OPR conducts the necessary review. Through an April 1 Finance Letter, OPR requested to reappropriate as-yet unused resources to SB 7 implementation, thus extending the time for encumbrance or expenditure until June 30, 2024. This Committee approved the request and it was ultimately incorporated into the final budget bill.
- **Staffing for Statewide Extreme Heat Ranking System.** AB 2238 (L. Rivas), Chapter 264, Statutes of 2022, requires the California Environmental Protection Agency (CalEPA), in coordination with the OPR’s Integrated Climate Adaptation and Resiliency Program (ICARP), the California Department of Public Health, and the California Department of Insurance, to develop a statewide extreme heat ranking system and a series of accompanying public awareness and planning resources. As part of the Governor’s January budget proposal, OPR requested \$944,000 from the General Fund in 2023-24 and \$564,000 in 2024-25 and 2025-26 and three positions to carry out this mandate. The Committee approved the request. However, OPR subsequently reduced the request to one position and \$703,000. This reduced request was ultimately incorporated into the final budget bill.
- **Authority and Funding for Tribal Liaison Position.** OPR’s programing and grant-making brings it into regular contact with tribal nations. To facilitate these interactions, OPR requested \$284,000 from the General Fund in 2023-24 and ongoing to enable it to establish a Tribal Liaison position. The Committee approved the request. However, as part of the May Revise, OPR reduced the request to \$244,000 and this lower figure was ultimately incorporated into the final budget bill.
- **Staffing for General Plan Guide Update and Associated Technical Assistance.** OPR is statutorily required to adopt and periodically revise state guidelines for the preparation and content of local general plans for all cities and counties in California. The current version of OPR’s General Plan Guidelines was last updated in 2017. As part of the Governor’s January budget proposal, OPR requested \$2.3 million from the General Fund in 2023-24 and \$714,000 in 2024-25 and 2025-26 and three positions to support the comprehensive update of General Plan Guidelines in order to incorporate 150 newly enacted laws since 2017 and to align the Guidelines with the State Housing, Equity and Climate priorities. The Subcommittee initially held the request open for further consideration. As part of the May Revise, OPR reduced its request for this item to two positions and \$2.1 million. The Committee approved this reduced request and it was ultimately incorporated into the final budget bill.
- **Legal and Legislative Staffing Expansion.** OPR statutory obligations and program scope have grown significantly in recent years. As part of the Governor’s January budget proposal, OPR requested \$1.4 million from the General Fund in 2023-24 and ongoing and authority for five positions to handle the resulting increase in legal and legislative workload. The Subcommittee initially held the request open for further consideration. As part of the May Revise, OPR reduced its request for

this item to four positions and \$1.3 million. The Committee approved this reduced request and it was ultimately incorporated into the final budget bill.

- **Clarification of OPR’s Lead Agency Role for CEQA Purposes.** Pursuant to the CEQA, the public agency with primary responsibility for carrying out or approving a development project is deemed to be the “lead agency.” Lead agencies have the duty to prepare (or hire someone to prepare) the environmental impact report for projects that they propose to carry out or approve. Alternatively, the lead agency must adopt a negative declaration if it finds that the project will not have a significant effect on the environment or prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions to the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. Through proposed trailer bill language accompanying the May Revision, the Governor sought statutory changes to clarify that OPR is not a “lead agency” for purposes of CEQA when OPR merely provides financial assistance for planning, research, or project implementation related to land use or climate resiliency, adaptation, or mitigation, and another public agency or tribal government will be conducting its own environmental review of the project. This Committee approved the proposed trailer bill language, but requested the inclusion of language highlighting the unique role that OPR plays within the CEQA process. As so modified, the proposed trailer bill language was ultimately incorporated into the first of the state government budget trailer bills.
- **Authorization of Advance Payments to Community Resiliency Centers.** AB 156 (Committee on Budget), Chapter 569, Statutes of 2022, established a statewide Advance Payment Pilot Program. Under the pilot program, state agencies may provide advance payments on grants, generally limited to no more than 25 percent of the total grant, if the recipient meets specified requirements, including demonstrating good standing with the Internal Revenue Service, submitting progress reports on the spend-down of funds, and providing an itemized budget, a spending timeline, and a workplan. Community Resiliency Centers were meant to be included in the pilot program but they were inadvertently left out due to a drafting error. Through proposed trailer bill language accompanying the May Revision, the Governor sought statutory changes to authorize the Strategic Growth Council (SGC) within OPR to make advance payments to community resiliency centers as part of the pilot program. This Committee approved the proposed language and it was ultimately incorporated into the first of the state government budget trailer bills.
- **Establishment of the Racial Equity Commission, Transfer of the Youth Empowerment Commission to OPR and Related Staffing Augmentations.** Executive Order N-16-22 (EO) establishes the state’s first Racial Equity Commission (Commission) charged with producing a Racial Equity Framework consisting of resources and tools to promote racial equity and address structural racism. The EO places the Commission within OPR. AB 46 (L. Rivas), Chapter 660, Statutes of 2021, created the California Youth Empowerment Commission (YEC) consisting of thirteen voting commissioners between 14 and 25 years of age who meet specified requirements. The YEC is advisory in nature. Its primary purpose is to provide meaningful opportunities for civic engagement to improve the quality of life for California’s disconnected and disadvantaged youth. As part of the Governor’s January budget proposal, OPR requested \$3.8 million from the General Fund in 2023-24, and \$3.1 million from 2024-25 through 2029-30 and 12 positions to establish and operate these two commissions. The request also includes proposed budget trailer bill language transferring YEC to within OPR and a net-zero transfer of \$1.5 million from YEC to OPR. The Subcommittee initially held these proposals open for further consideration. As part of the May Revision, OPR reduced these requests to eight positions and \$2.9 million. This reduced request was ultimately incorporated

into the final budget bill, while the language transferring the YEC to OPR was ultimately incorporated into the first of the state government budget trailer bills

- **Establish Information Technology Unit.** OPR has expanded significantly in recent years both in terms of assigned responsibilities and personnel. To date, OPR's program staff have been supported by the Governor's Office Information Technology Unit (GO ITU), but due to the recent growth and complexity of OPR budget programs, the GO ITU can no longer support OPR's IT needs. As part of the May Revision, OPR requested \$5.3 million from the General Fund and 15 positions in 2023-24 and \$5.2 million in 2024-25 and ongoing to establish an Information Technology Unit within OPR. The Subcommittee initially held this request open for further consideration and subsequently approved just \$3.9 million and 10 new positions for the intended purpose. Ultimately, however, the final budget bill incorporated the full funding request.
- **Increase Reimbursement Authority to Fully Absorb Federal Office of Local Defense Grant Award.** The U.S. Department of Defense Office of Local Defense Community Cooperation helps states and communities to "strengthen critical relationships with Department of Defense's assets and installations." Through a Finance Letter accompanying the May Revision, the Governor requested increased reimbursement authority in the amount of \$500,000 one-time for an anticipated federal Office of Local Defense grant award for which OPR is expected to be a subrecipient of a grant awarded to the University of California, Davis. The Committee approved the request and it was ultimately incorporated into the final budget bill.
- **Budget Revision to Incorporate Federal Environmental Justice Grant.** Through a Finance Letter accompanying the May Revision, the Governor requested an increase of \$350,000 in 2023-24, and \$400,000 in 2024-25 and 2025-26, to account for an anticipated federal United States Environmental Protection Agency Environmental Justice Government-to-Government grant award to be used for partnering with community based organizations within disproportionately impacted areas to pilot activities that address climate change, disaster resiliency, and emergency preparedness. This Committee approved the request and it was incorporated into the final budget bill.
- **Increase in Administrative Carve Out from the Transformative Climate Communities Program.** Through a Finance Letter accompanying the May Revision, the Governor requested to increase the maximum amount that the Transformative Climate Communities Program may spend on administrative costs from five percent to 10 percent. The additional administrative resources are meant to support additional technical assistance for local jurisdictions that intend to apply for federal grants that fund projects similar to the Transformative Climate Communities program. The Committee approved this request and it was ultimately incorporated into the final budget bill.
- **Tribal and Under-Resourced Community Set Aside for the Integrated Climate Adaptation Planning Grant Program.** Through a Finance Letter accompanying the May Revision, the Governor requested to set aside funding for tribal communities and under-resourced communities to promote their participation in the Integrated Climate Adaptation Planning Grant Program. The Committee approved this request and it was ultimately incorporated into the final budget bill.
- **Extreme Heat Outreach Campaign Accounting Code Modification.** Through a Finance Letter accompanying the May Revision, the Governor requested to modify the accounting code associated with a \$14 million, one-time allocation for an extreme heat outreach campaign administered by the Office of Community Partnerships and Strategic Communications within OPR. The modification

appropriately reflects that the funding is limited-term. The Committee approved this request and it was ultimately incorporated into the final budget bill.

- **Transition to State Civil Service Positions and Reductions to Governor’s Budget Proposal.** The Governor’s January budget proposal requested various staffing increases at OPR in response to program growth. As noted where relevant, the May Revise proposed to reduce this staffing expansion by \$2 million and 10 positions. Additionally, the May Revise requested to establish 13 of the remaining 16 new positions as civil service positions as an initial step toward the use of state civil service classifications across OPR. The Committee initially held this request open for further consideration but subsequently approved it, and it was ultimately incorporated into the final budget bill.
- **Extension of Expenditure Deadlines for Transformative Climate Community Grants.** Through an April 1 Finance Letter, the Governor requested to extend the time that Transformative Climate Community Round 2 grantees have to fully expend grant awards through June 30, 2027. The Committee approved this request and it was ultimately incorporated into the final budget bill.

Economic Development Budget Trailer Bills

1. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
2. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
3. *State Government – Assembly Bill 127 (Committee on Budget), Chapter 45, Statutes of 2023.*
4. *State Government – Senate Bill 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023.*

HOUSING & HOMELESSNESS

0515 BUSINESS, CONSUMER SERVICES, AND HOUSING (BCSH)

The Business, Consumer Services, and Housing Agency oversees a number of housing-related departments, including the Civil Rights Department (CRD), the Housing and Community Development Department (HCD), and the California Housing Finance Agency (CalHFA). BCSH also shares oversight responsibility for California's Inter-Agency Council on Homelessness (Cal-ICH).

In relation to BCSH's overall budget for 2023-24 the following proposals came before this Committee for consideration:

- **Establishment of Homeless Housing Assistance and Prevention Program Round Five and Associated Accountability Measures.** The Homeless Housing Assistance and Prevention Program (HHAP) provides local assistance grants to counties, big cities, and continuums of care to aid them in addressing homelessness. The Governor's January Budget proposal included \$1 billion from the General Fund for a fifth round of HHAP funding tied to proposed budget trailer bill language asserting an intent to impose additional requirements on HHAP recipients to increase accountability for outcomes and for meeting certain prerequisites for the production of housing, including submission of a compliant housing element. This Committee initially approved both the \$1 billion allocation for HHAP Round 5 and the allocation of another \$1 billion for a HHAP Round 6 in 2024-25. Ultimately, however, the final housing trailer bill, AB 129 (Committee on Budget), Chapter 40, Statutes of 2023 only mentions an intent to provide further funding to HHAP in an unspecified amount in the future. As set forth in the final housing budget trailer bill, HHAP Round 5 includes all of the following elements:
 - Provides the framework for distribution, use, and oversight of \$1 billion in funding for HHAP Round 5.
 - Requires HHAP Round 5 recipients to apply on a regional basis.
 - Makes receipt of HHAP Round 5 funding contingent on the creation of, and adherence to, a regionally coordinated homelessness prevention and reduction plan.
 - Requires each plan to coordinate all homelessness funding and services across the region, to assign specific roles and responsibilities to each party to the plan, and to set forth key actions that each party will take to reduce and prevent homelessness. Requires each regionally coordinated plan to be memorialized in the form of a Memorandum of Understanding.
 - Makes receipt of the second installment of HHAP money contingent on progress toward accomplishment of the regional plan elements, with requirements for technical assistance and regional plan modification for regions that are not achieving sufficient progress.
 - Provides funding for participants to engage in the regional coordination process.

- Advances deployment of \$100 million from the “bonus” set-aside from HHAP Round 3 to each HHAP recipient upon submission of their regional plan.
 - Moves up deployment of the remaining \$260 million in “bonus” funding from Rounds 3 and 4 to 2024-25 and requires disbursement of it to each HHAP recipient upon submission of their regional plan and approval of a compliant housing element.
 - Allows for flexible use of HHAP funds while ensuring that each region adequately prioritizes resources for permanent housing solutions before directing HHAP resources to interim housing solutions.
 - Further incentivizes readiness for maximum housing production through eligibility for additional Homekey grants for HHAP recipients that have compliant housing elements.
- **Staffing for Homeless Equity for Left Behind Populations Workload.** SB 914 (Rubio), Chapter 665, Statutes of 2022, the Homeless Equity for Left Behind Populations (HELP) Act, requires the Inter-Agency Council on Homelessness to establish initial goals to prevent and end homelessness among domestic violence survivors, their children, and unaccompanied women, and then to evaluate those goals at least every two years thereafter to determine whether updates are needed. As part of the Governor’s January Budget, BCSH requested for two positions and \$339,000 from General Fund in 2023- 24, two positions and \$323,000 from the General Fund in 2024-25 and ongoing to undertake this work. The Committee approved the request and it was ultimately incorporated into the final budget bill.
 - **Information Security Resources.** As part of the Governor’s January budget, BCSH requested one position and \$731,000 in 2023-24 and \$223,000 in 2024-25 and ongoing from various funding sources to address data- and cyber-security, including the establishment of a permanent Agency Information Security Officer (AISO) as well as one-time contract assistance to create the Agency Security Framework. The Committee approved the request and it was ultimately incorporated into the final budget bill.
 - **Facilitation of Inter-Agency Counsel on Homelessness Advisory Committee and Working Group Participation.** The statutes governing the Inter-Agency Council on Homelessness (Cal-ICH) establish an Advisory Committee and working groups to help guide the work of the Council. The statutes further specify that the membership in these bodies should include individuals with lived experience of homelessness. To help facilitate such participate, the Governor proposed budget trailer bill language allowing for remote meetings of the Advisory Committee and specifying how per diem will be made available to homeless members. The Committee approved this proposal and it was ultimately incorporated into the final housing budget trailer bill.

1700 CIVIL RIGHTS DEPARTMENT (CRD)

The Civil Rights Department (CRD) is responsible for promotion and enforcement of the state’s primary anti-discrimination laws including, among others, the Fair Employment and Housing Act (FEHA) and the Unruh Civil Rights Act. To carry out its mission, CRD conducts public outreach, reporting, investigation of complaints, and civil litigation, among other activities.

In relation to CRD's overall budget for the fiscal year 2023-24, the following proposals came before this Committee for consideration:

- **Establishment of the Pilot Fair and Welcoming Business Environment Certification Program.** In response to reports of increasing incidents of unlawful harassment and discrimination taking place at California businesses, AB 2448 (Ting), Chapter 515, Statutes of 2022 directed CRD to establish a pilot program that recognizes California businesses for taking measures to create safe and welcoming environments free from discrimination and harassment of customers. Under the program, CRD is to provide a certificate to businesses that meet specified criteria. These businesses may then prominently display this certificate. The bill also directs CRD to maintain a database of businesses receiving the certificate, to publish the database on its website, and to evaluate the effectiveness of the program by January 1, 2028. As part of the Governor's January budget proposal, CRD requested one position in the amount of \$245,000 General Fund in 2023-24, and \$243,000 in General Fund annually thereafter through 2027-28 to implement this program. The Committee approved this request and it was incorporated into the final budget bill.
- **Enforcement of New Employment Discrimination Law Related to Cannabis Use.** AB 2188 (Quirk), Chapter 392, Statutes of 2022 made it unlawful for an employer to discriminate against a person in hiring or any term or condition of employment based upon: the person's use of cannabis off the job and away from the workplace or the result of a drug screening test required by the employer that finds the person to have non-psychoactive cannabis metabolites in their hair, blood, urine, or other bodily fluids. Because AB 2188's provisions are nested within the FEHA, CRD has responsibility for enforcing them. As part of the Governor's January budget proposal, CRD requested \$1.7 million in General Fund in 2023-24, 2024-25, and 2025-26 to enable it to carry out that responsibility. The Committee approved this request and it was incorporated into the final budget bill.
- **Expanded Housing Voucher Discrimination Enforcement Capacity.** The Fair Employment and Housing Act (FEHA) prohibits rental housing discrimination on the basis of source of income, as defined in the statute. With the enactment of SB 329 (Mitchell), Chapter 600, Statutes of 2019, California expanded that definition to include government housing assistance vouchers, such as Housing Choice vouchers (formerly known as Section 8 vouchers) and Veterans Affairs Supportive Housing (VASH) vouchers. According to CRD, the resulting caseload increase has been higher than it initially anticipated. In response, as part of the Governor's January budget proposal, CRD requested \$602,000 in General Fund for four permanent positions in 2023-24, as well as \$595,000 General Fund in 2024-25 and ongoing for the purpose of processing the additional housing source of income discrimination complaints. The Committee approved this request and it was incorporated into the final budget bill.
- **Enforcement of Recently Enacted Leave from Work Laws.** Two pieces of 2022 legislation – AB 1041 (Wicks), Chapter 748, Statutes of 2022 and AB 1949 (Low), Chapter 767, Statutes of 2022 added to California's workplace leave laws. Specifically, AB 1041 expanded the California Family Rights Act (CFRA) to enable qualified employees to take job-protected leave to provide care for the serious health condition of one "designated person" who is related to the employee by blood or whose association with the employee is the equivalent of a family relationship. AB 1949 added provided eligible employees with up to five days of job-protected leave when a family member dies. As part of the Governor's January budget proposal, CRD requested \$1.2

million in General Fund in 2023-24, 2024-25, and 2025-26 to enforce these new leave laws. The Committee approved this request and it was incorporated into the final budget bill.

- **Increased Staffing to Carry Out Expanded Pay Equity Data Reporting.** SB 1162 (Limón), Chapter 559, Statutes of 2022 modified California's pay equity data reporting program in two ways. First, SB 1162 increased the number of reports that CRD receives because SB 1162 now requires employers to file a report regardless of whether the employer files a related federal report (the EEOC-1) and because SB 1162 now requires employers to report pay data on employees hired through contract labor if they hired 100 or more employees this way within the prior calendar year. Second, SB 1162 expanded the kind of data CRD receives in each report because SB 1162 requires all employers submitting pay data reports to include median and mean hourly rates of employee groupings by job category, race/ethnicity, and sex. As part of the Governor's January budget proposal, CRD requested two positions in the amount of \$494,000 General Fund in 2023-24, and \$492,000 General Fund in 2024-25 and ongoing to handle the resulting increase in workload. The Committee approved this request and it was incorporated into the final budget bill.
- **Hiring of Dedicated Auditing and Recruitment Personnel.** CRD's workload and budget has expanded considerably in recent years. As part of the Governor's January budget proposal, CRD requested two positions in the amount of \$441,000 General Fund ongoing to assist with the department's administrative workload, to ensure efficient operations and improve staff recruitment and retention, including internal audits and diversity outreach. The Subcommittee initially held this request open for further consideration, but ultimately approved it, and it was incorporated into the final budget bill.
- **Implementation and Enforcement of Local Tenant Preference Legislation.** SB 649 (Cortese), Chapter 660, Statutes of 2022 explicitly authorized local governments to enact local tenant preferences in relation to affordable housing created using subsidies from specific government funding sources. At the same time, SB 649 expressly mandated that any such local tenant preference ordinance comply with the FEHA and other laws prohibiting housing discrimination. As part of the Governor's January budget proposal, CRD requested \$1.1 million in General Fund in 2023-24 and \$1.2 million in 2024-25 and 2025-26 to enforce compliance with this new law. The Subcommittee initially held this request open for further consideration, but ultimately approved it, and it was incorporated into the final budget bill.
- **Utilization of Federal Grant Funding for California Versus Hate Hotline and Network.** In response to increasing reports of discriminatory violence and intimidation across the state, CRD obtained a \$375,000 award from the federal government to implement the Earning Community Trust Project as a part of the California vs. Hate Resource Line and Network (CA vs. Hate). As part of the Governor's May Budget Revision, CRD requested authority to utilize these federal dollars for that purpose. The Committee approved the request and it was incorporated into the final budget bill.
- **Updating Accounting to Reflect Name Change.** Formerly, the CRD was known as the Fair Employment and Housing Department and its Council was known as the Fair Employment and Housing Council. SB 189 (Committee on Budget and Fiscal Review), Chapter 48, Statutes of 2022 revised the names of both the Department and the Council. The Council's name change was not reflected in the official accounting titles, however. In one of the Finance Letters accompanying the Governor's May Budget Revision, CRD proposed to update the Council's

name within the budgetary program. The Committee approved the request and it was incorporated into the final budget bill.

2240 HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT (HCD)

The Housing and Community Development Department (HCD) is responsible for oversight over the state's housing development planning process, regulation of the state's mobilehome and manufactured home communities, and the promotion of affordable housing production through the administration of grant programs, among other things.

In relation to HCD's overall budget for fiscal year 2023-24, the following proposals came before this Committee for consideration:

- **Staffing Increases for Implementation of Recently Enacted Legislation.** California recently enacted the following new laws falling within HCD's purview:
 - AB 1654 (R. Rivas), Chapter 638, Statutes of 2022 requires HCD to commission a statewide study of farmworker housing conditions, needs, and solutions;
 - AB 1738 (Boerner), Chapter 687, Statutes of 2022 requires HCD and the California Building Standards Commission (CBSC) to research and develop building standards for the installation of electric vehicle (EV) charging stations in existing structures during certain retrofits and authorizes them to propose the standards for adoption;
 - AB 1978 (Ward), Chapter 644, Statutes of 2022 directs HCD to establish a tracking system for all funding programs that, at a minimum, includes the deadlines for each step of a program application and required the tracking system to be on the HCD's internet website;
 - AB 2011 (Wicks), Chapter 647, Statutes of 2022 authorizes specified housing development projects to be a use by right on specified sites zoned for retail, office, or parking, as specified;
 - AB 2234 (R. Rivas), Chapter 651, Statutes of 2022 establishes time limits for approval of post-entitlement permits, as defined, and required post-entitlement permitting procedures to be available online;
 - AB 2483 (Maienschein), Chapter 655, Statutes of 2022 requires HCD to provide incentives in the Multi-Family Finance SuperNOFA or MFSN to applicants that agree to set aside at least 20 percent of a project's units for individuals that are experiencing homelessness, as defined, who are also eligible to receive qualifying services under specified MediCal Waiver programs;
 - AB 2563 (Santiago), Chapter 657, Statutes of 2022 authorizes HCD to reject the housing element portion of a planning agency's annual progress report, as specified, and to report specified housing element reporting violations to the Attorney General;
 - SB 6 (Caballero), Chapter 659, Statutes of 2022, the Middle Class Housing Act, establishes housing as an allowable use on any parcel zoned for office or retail uses;

- SB 869 (Leyva), Chapter 662, Statutes of 2022 requires managers and assistant managers of mobilehome and recreational vehicle (RV) parks to complete an online training and renew the training every year;
- SB 948 (Becker), Chapter 667, Statutes of 2022 replaces individual project transition reserves for the development of affordable housing to a pooled reserve model, as specified; and
- SB 1307 (Rubio), Chapter 669, Statutes of 2022 requires HCD to post on its website and send an annual notice to local jurisdictions on how a local jurisdiction can assume responsibility for enforcement of health and safety standards at mobilehome parks and RV parks.

In order to carry out the work required to implement this legislation, HCD requested the following budgetary augmentations as part of the Governor's January Budget Proposal (in some instances revised by subsequent Finance Letters):

- \$2.8 million from the General Fund for 17 positions annually in 2023-24 and 2024-25, and \$1.6 million from the General Fund for 10 positions annually in 2025-26 and ongoing;
- \$3.1 million from the General Fund in 2023-24, \$1.9 million from the General Fund in 2024-25, \$1.3 million from the General Fund in 2025-26, and \$884,000 from the General Fund in 2026-27 for contracts to support various legislation;
- \$1.2 million from the Mobilehome and Recreational Vehicle Park Training Fund for seven positions annually starting in 2025-26 and ongoing;
- \$50,000 from the Mobilehome Manufactured Home Revolving Fund in 2023-24 and \$131,000 from the Mobilehome and Recreational Vehicle Park Training Fund annually in 2025-26 and ongoing for contracts; and
- eight positions in 2023-24 and 2024-25, and then 6 positions in 2025-26 and ongoing from other specified funds.

The Subcommittee initially held the portion of this request relating to SB 649 (Cortese), Chapter 660, Statutes of 2022 for further consideration, but ultimately approved the request in its entirety, and it was incorporated into the final budget bill in full.

- **Hiring of Additional Factory-Built Housing Inspector.** HCD is statutorily mandated to inspect the manufacture of factory-built housing units and components designed for use in California to ensure they meet California building standards. HCD is also responsible for certifying third-party agencies who perform as a Design Approval Agency (DAA) and/or a Quality Assurance Agency (QAA). These third party agencies distribute the HCD insignias which denote that the FBH components and buildings in question meet California's requirements. As part of the Governor's January Budget Proposal, HCD requested authority to hire one additional District Representative I in 2023-24 to help complete these inspections. The Committee approved this request and it was incorporated into the final budget bill.

- **Hiring of Additional Mobilehome and Manufactured Home Registration and Titling Staff.** HCD is mandated by statute to provide an orderly and economical transfer of registrations and titles for manufactured homes, mobilehomes, and commercial modulars. As part of the Governor's January budget proposal, CRD requested authority to hire an additional four position to help carry out this mandate. The Committee approved this request, and it was incorporated into the final budget bill.
- **Transfer of Duty to Post Notice of Pro-Housing Designation and Housing Element Compliance Prerequisites.** Previously existing law required the Department of Finance to maintain and post on its website a list of which funding programs require a legally compliant housing element for eligibility, as well as a list of those competitive funding programs that award extra points to designated pro-housing jurisdictions. Through budget trailer bill language, the Administration proposed to shift this responsibility to HCD, since HCD administers many of the relevant funding programs. The Committee approved this proposal, and it was incorporated into the final housing trailer bill.
- **Implementation of Affordable Housing and High Roads Job Act.** AB 2011 (Wicks), Chapter 647, Statutes of 2022, also known as the Affordable Housing and High Road Jobs Act, authorizes specified housing development projects to be a use by-right on specified sites zoned for retail, office, or parking, as specified. After revision through a subsequent Finance Letter, the Governor's January budget proposal requested \$452,000 from the General Fund in 2024-25 and \$424,000 from the General Fund in 2025-26 and 2026-27 for HCD staff to coordinate with local governments, provide guidance and technical assistance, and manage enforcement activities associated with AB 2011. The Committee approved this request, and it was incorporated into the final budget bill.
- **Federal Community Development Block Grant for Disaster Recovery Expenditure Authority.** The 2020 wildfire season resulted in widespread destruction in California. In response, the federal government issued disaster declarations. In addition to triggering the distribution of immediate aid and assistance to California, these declarations set the stage for California to receive the longer-term disaster recovery funding in the amount of \$231.2 million, for administration by HCD. Through an April Finance Letter, the Governor requested these funds into HCD's budget, as well as authority to hire 20 additional staff to enable the department to allocate these funds to communities impacted by the 2020 wildfires. The Governor also requested that provisional language be added to provide an extended encumbrance period and to allow the transfer of funding for state operations. The Subcommittee approved the request, but amended the provisional language to require the Administration to provide notification and information to the Joint Legislative Budget Committee (JLBC) in advance of each proposed transfer. The amended provisional language was incorporated into the final budget bill.
- **CalHome Reduction.** The CalHome program provides grants to local agencies and nonprofits to assist low- and very-low-income first-time homebuyers with housing assistance, counseling and technical assistance. The program is administered by HCD. The 2022 Budget Act included \$350 million one-time General Fund (\$250 million in the 2022 Budget Act and \$100 million committed for 2023-24) for CalHome. The Governor's January budget proposed to remove \$100 million one-time General Fund in 2023-24, to be restored if the revenue outlook improves and there is sufficient General Fund in January 2024. The Committee rejected this proposal and a reduced cut of \$50 million was ultimately included in the final budget bill.

- **Modifications to the Excess Sites Local Government Matching Grants Program.** The Excess Sites Local Government Matching Grants Program requires HCD to create an inventory of property owned by local governments which could be suitable for housing development. The program also provides grant funding for predevelopment and development of affordable housing on sites identified in the inventory. Through trailer bill language, the Governor proposed to modify the timing and frequency of inventory updates, as well as the deadline for expenditure of funds allocated to the program. The Committee approved the proposed language and it was ultimately included in the final housing trailer bill.
- **Technical Changes to the Infill Infrastructure Grant Program of 2019.** Infill Infrastructure Grant Program is intended to promote infill housing development by providing financial assistance for Capital Improvement Projects that are an integral part of, or necessary to facilitate the development of affordable and mixed income housing. Through trailer bill language, the Governor proposed to correct technical errors left over from modifications made to the program in 2019. The Committee approved the proposed language and it was ultimately included in the final housing trailer bill.
- **Modification of “Rural Area” Definition and Rejection of For-Profit Eligibility for Joe Serna Jr. Farmworker Housing Grant Program Loans.** The phrase “rural area” is used in several state and federal statutes determining eligibility for affordable housing funding. for the construction or rehabilitation of rental housing for lower income agricultural employees and their families. Through trailer bill language, the Governor proposed to revise the state definition of “rural areas” to better align with the federal definition. The Committee approved the proposed revision to the definition of “rural area,” but rejected for-profit participation in the Joe Serna Jr. Farmworker Housing Grant (FWHG) program. Ultimately, the rural area definition change was incorporated in the final housing trailer bill; for profit participation in the FWHG program was not.
- **Partial Deferral and Reduction in Foreclosure Intervention Housing Prevention Program.** The Foreclosure Intervention Housing Prevention Program (FIHPP) provides funding to qualified non-profit organizations to acquire residential properties that have been foreclosed on. The non-profit organizations must then operate the property as affordable housing. The 2021 Budget Act allocated \$500 million in one-time General Fund to FIHPP. The Governor’s May Revision to the budget proposal sought to defer allocation of \$345 million of that \$500 million over four fiscal years—for a revised allocation of: \$50 million in 2023-24, \$100 million in 2024-25, \$100 million in 2025-26, and \$95 million in 2026-27. The Sub-Committee initially held this proposal open for further consideration and subsequently approved a modified deferment in the amounts of: \$115 million in fiscal year 2023-24, \$115 million in 2024-25, and \$115 million in 2025-26. As originally enacted in the budget bill, the deferral was further revised to provide for \$82.5 million in 2023-24, \$70 million in 2024-25, \$100 million in 2025-26, and \$62.5 million in 2026-27. Through a subsequent budget bill junior, those amounts were changed yet again. Ultimately, the final budget deferred \$330 million of the \$500 million one-time General Fund and expressed an intent to reallocate that amount as follows: \$82.5 million in 2023-24, \$85 million in 2024-25, \$100 million in 2025-26, and \$62.5 million in 2026-27.
- **Formation of the Employee Housing Regulation Fund as a Separate Account within the Housing and Community Development Department Budget.** The Housing and Community Development Department (HCD) collects specified fees in relation to the inspection of certain employee housing. In the past, all such fees were deposited into the General Fund. The Governor

proposed budget trailer bill language establishing a separate, Employee Housing Regulation Fund for the purpose tracking and accounting for these fees. The Committee approved the proposal and it was ultimately incorporated into the final housing trailer bill.

- **Housing Inspection Staff Expansion.** The Housing and Community Development Department (HCD) is responsible for conducting health and safety inspections at mobilehome parks, recreational vehicle parks, and certain employee housing. As part of the Governor's January Budget proposal, HCD requested authority to hire an additional 10 inspectors to help carry out this function. The Subcommittee initially held the request open for further consideration but ultimately approved it, and the request was incorporated into the final budget bill.
- **Recapture of Unused Downtown Rebound Balance.** The 2000 Budget Act allocated \$25 million to HCD for the establishment of Downtown Rebound, a program intended to facilitate the conversion of commercial and industrial structures into residential housing. Over two decades later, \$17.5 million of the original allocation remained unspent. The Governor's May Revision proposed to recapture this unspent amount and redirect it to the General Fund. The Committee approved this proposal and it was incorporated into the final budget bill.
- **Technical Modifications Relating to End of the Emergency Rental Assistance Program.** The Emergency Rental Assistance Program (ERAP) is a federally-funded program designed to assist landlords and tenants who were impacted financially by the COVID-19 pandemic. Although ERAP assistance is no longer available for current rental payments, the program continues to process applications submitted previously. As part of the May Revision, the Governor requested to extend the encumbrance period for ERAP funds until June 30, 2024, in order to complete administrative close-out activities. The Sub-Committee approved this request and it was ultimately incorporated into the final budget bill.
- **Surplus Lands Act Exemption for Chula Vista College Campus.** The Surplus Lands Act (SLA) generally requires that, before disposing of surplus land they own, local jurisdictions must first give affordable housing developers the opportunity to acquire it. The Senate proposed budget trailer bill language making an exception to the SLA for specific circumstances such as those found in Chula Vista, where city-owned property was used to facilitate the development of a college campus and specified minimum affordable housing requirements have been met. The Committee approved this proposal and it was ultimately incorporated into the final housing trailer bill.
- **Augmentation of Allocation to the Multi-Family Housing Program.** The Multi-Family Housing Program (MHP) is HCD's flagship affordable housing development grant program. The 2023-24 baseline budget included \$225 million for MHP. The final budget bill ultimately included a further \$100 million for the program.

2260 CALIFORNIA HOUSING FINANCE AGENCY (CALHFA)

The California Housing Finance Agency (CalHFA) provides housing development and ownership financing to support the needs of low- and moderate-income renters and homebuyers.

In relation to CalHFA's overall budget for the fiscal year 2023-24, the following proposals came before this Committee for consideration:

- **Partial Cuts to the Accessory Dwelling Unit Grant Program.** Accessory Dwelling Units (ADUs) are secondary residential units that share the same property with the primary unit. As part of California's recent effort to promote ADU construction as one piece of the solution to the state's housing crisis, CalHFA has administered an ADU Grant Program, providing grants of up to \$40,000 for pre-development and non-reoccurring closing costs associated with the construction of an ADU. The Governor's January budget proposed to cut all \$50 million in ADU grant funds for 2023-24, subject to restoration in the event of improved revenues. This Committee rejected the proposed cut entirely and it was dropped from the final budget bill. (The cut was subsequently revived however, and then partially restored as part of amendments to a budget bill junior. Ultimately, \$25 million was kept in the program for 2023-24.
- **California Dream for All Funding and Eligibility Revisions.** The California Dream for All program provides shared-appreciation loans designed to help low- and moderate income Californians achieve homeownership for the first time, opening up a key path to building intergenerational wealth. The Governor's January budget proposed to cut \$200 million from the program which had been slated for expenditure in 2023-24. The Subcommittee initially rejected this cut entirely and it was dropped from the final budget bill. Subsequently, an additional \$20 million was added to the program through a budget bill junior. Meanwhile, the Legislature proposed inclusion of budget trailer bill language directing CalHFA to tailor the program eligibility requirements to more narrowly target lower-income, first-generation homebuyers and to explore and report back to the Legislature on options for expanding the pool of funds available to support additional program loans.
- **Formal Separation of the California Housing Finance Agency from the Housing and Community Development Department.** Although it largely operates as a standalone entity, the California Housing Finance Agency (CalHFA) was previously located within the Housing and Community Development Department (HCD) for organizational purposes. The Governor proposed budget trailer bill language separating CalHFA from HCD for accounting and budgetary purposes. The Committee approved this proposal and it was ultimately incorporated into the final housing trailer bill.

Housing and Homelessness Budget Bills

1. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
2. *Budget Acts of 2022 and 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*
3. *Housing – Assembly Bill 129 (Committee on Budget), Chapter 40, Statutes of 2023.*
4. *State Government – Senate Bill 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023.*

SUBCOMMITTEE 5
ON
CORRECTIONS,
PUBLIC SAFETY,
JUDICIARY, LABOR AND
TRANSPORTATION

Senate Committee on Budget and Fiscal Review

Members

Maria Elena Durazo, Chair
Josh Newman
Kelly Seyarto

Consultants

Dr. Nora Brackbill
Christopher Francis
Timothy Griffiths
Eunice Roh

SUBCOMMITTEE No. 5

CORRECTIONS, PUBLIC SAFETY, JUDICIARY, LABOR, AND TRANSPORTATION

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THE JUDICIARY

0250 JUDICIAL BRANCH

The budget includes \$5 billion (\$3.1 billion General Fund and \$1.9 billion other funds) in 2023-24 for the Judicial Branch, of which \$2.9 billion is provided to support trial court operations.

- **Trial Court Funding.** The budget includes additional support for trial courts, including:
 - \$74.1 million ongoing General Fund to support trial court operations.
 - \$105.1 million ongoing General Fund to continue backfilling the Trial Court Trust Fund.
- **Courts of Appeal.** The budget includes the following support for the Courts of Appeal:
 - \$2.7 million in 2023-24 and \$2.3 million in 2024-25 and 2025-26 Appellate Court Trust Fund for appellate workload and operations.
 - \$1.4 million Appellate Court Trust Fund in 2023-24 through 2025-26 for a three-year Appellate Court Security Pilot program, and trailer bill language allowing Judicial Council to spend out of the Appellate Court Trust Fund to manage the program.
 - \$2.8 million General Fund for the Performance Criteria phase of the New Sixth Appellate District Courthouse.
- **Capital Outlay.** The budget includes the following investments in new courthouses:
 - *Monterey County - New Fort Ord Courthouse and Reversion.* \$153 million Lease Revenue Bond authority for the design-build phase of the New Fort Ord Courthouse in Monterey County, and reversion of \$25 million General Fund from the existing acquisition phase authority provided in the 2021 Budget Act due to savings from donated land.
 - *Nevada County - New Nevada City Courthouse.* \$8.1 million General Fund for the acquisition phase of the New Nevada City Courthouse in Nevada County.
 - *San Bernardino County – Juvenile Dependency Courthouse Addition and Renovation.* \$8.3 million General Fund for the construction phase for the San Bernardino Juvenile Dependency Courthouse.
 - *Charles James Ogletree, Jr. Courthouse (AB 2268).* \$440,000 one-time General Fund for new signage to rename the Superior Court of Merced County’s main courthouse as the Charles James Ogletree, Jr. Courthouse, pursuant to AB 2268 (Gray), Chapter 410, Statutes of 2022.

- **Facilities.** The budget includes the following support for courthouse facilities:
 - *Support for Judicial Branch Facilities Operations and Maintenance.* \$5.97 million ongoing General Fund to support operations and maintenance.
 - *State Court Facilities Construction Fund Solvency.* \$55.5 million General Fund in 2023-24 to backfill a projected shortfall in the State Court Facilities Construction Fund and to maintain existing service levels.
 - *Extended Liquidation for Facility Services.* Extension of the liquidation period of the funding provided to the Judicial Branch by Control Section 6.10 of the 2018 Budget Act for deferred maintenance projects, from June 30, 2023 to June 30, 2024.
- **Community Assistance, Recovery, and Empowerment (CARE) Act.** The budget includes \$55.5 million in 2023-24 General Fund, \$106.9 million General Fund in 2024-25, and \$133.0 million General Fund in 2025-26 and ongoing for the Judicial Branch to implement the CARE Act (SB 1338 [Umberg], Chapter 319, Statutes of 2022). Of this amount, \$32.7 million in 2023-24, \$55.3 million in 2024-25, and \$68.5 million ongoing is for the judicial branch to administer of the program. The remaining \$22.8 million in 2023-24, \$51.7 million in 2024-25, and \$64.5 million ongoing will support public defender and legal service organizations that will provide legal counsel to CARE participants.

The budget also includes the following adjustments related to the CARE Act:

- Reappropriates up to \$1.75 million provided in the 2022 Budget Act for information technology enhancements related to the implementation of the CARE Act.
 - Expands the entities that may receive grants from funding provided in the 2022 Budget Act to provide legal training and technical assistance related to the implementation of the CARE Act.
 - Requires the Department of Health Care Services, in consultation with the Judicial Council, to provide a preliminary report on the implementation of the CARE Act by December 1, 2024.
- **Court Appointed Special Advocates.** The budget maintains \$20 million General Fund per year in 2023-24 and 2024-25 to support the Court Appointed Special Advocates program across the state.
 - **Criminal Fee Relief.** The budget includes \$1.2 million ongoing General Fund and trailer bill language to eliminate criminal fees related to post-conviction remedies and record sealing and to backfill lost revenues.
 - **Community Mental Health Services.** The 2023 Budget Act includes \$3.56 million General Fund and two positions in 2023-24, \$3.54 million and two positions in 2024-25, and \$1.97 million and two positions ongoing to comply with data collection requirements specified in SB 929 (Eggman), Chapter 539, Statutes of 2022 relating to community mental health services.

- **Jury Duty.** The budget includes \$19 million General Fund in 2023-24, \$17.5 million in 2024-25, and \$4.2 million ongoing to implement AB 1981 (Lee), Chapter 326, Statutes of 2022.
- **Language Access Efforts in the California Courts.** The 2023 Budget Act includes \$200,000 from the Court Interpreters' Fund in 2023-24 through 2027-28 to address the shortage of qualified interpreters by providing trainings for near passers of the bilingual interpreting examination and provisional budget bill language to authorize yearly adjustments to the expenditure authority.
- **Court Interpreters Workforce Pilot Program.** The budget reappropriates up to \$6.8 million General Fund originally provided in the 2021 Budget Act and includes provisional budget bill language for the implementation of the Workforce Pilot Program to expand the pool of court interpreters.
- **Legal Support for Court Rules and User-Friendly Forms.** The 2023 Budget Act includes \$838,000 General Fund and three positions in 2023-24, and \$1.6 million and six positions ongoing to implement new laws through rules of court and forms.
- **Federal Byrne State Crisis Intervention Program Funding.** The budget includes reimbursement authority of \$5.9 million in 2023-24 and \$5.7 million in 2024-25 and 2025-26 to implement federal funds from the Byrne State Crisis Intervention Program. The funds will pass through the Board of State and Community Corrections to the Judicial Council, and will be used to improve the execution of firearm relinquishment orders and expand collaborative courts.
- **Delayed Implementation of Court Lactation Rooms.** The budget includes trailer bill language to delay implementation of AB 1576 (Committee on Judiciary), Chapter 200, Statutes of 2022 related to public access to court lactation rooms from 2024 to 2026.
- **Elimination of Sunset Dates for Expiring Civil Fees.** The budget includes trailer bill language that removes the sunset dates for specified civil fee increases which would have otherwise expired in the 2023-24 fiscal year. These fees include motion fees, complex case fees, and first paper fees.
- **Legal Aid Loan Repayment Assistance Program.** The budget provides \$250,000 ongoing General Fund and trailer bill language the enable the Access to Justice Commission to administer a loan repayment program to help recruit and retain legal aid lawyers. The trailer bill language establishes the Access to Justice Commission as a nonprofit public benefit corporation and allows the support of loan repayment assistance programs as a permissible use of the Equal Access Fund.
- **Remote Court Proceedings.** The budget includes various statutory changes related to remote court proceedings, including:
 - Extends the sunset on specified civil and juvenile remote court proceedings from July 1, 2023 to January 1, 2026, and requires the development and adoption of minimum standards for courtroom technology and reporting on the impact of remote proceedings, among other statutory changes.

- Extends the sunset on specified criminal remote court proceedings from January 1, 2024 to January 1, 2025, consistent with the provisions of AB 199 (Committee on Budget), Chapter 57, Statutes of 2022.
- **Reversions.** The 2023 Budget Act includes the following reversions:
 - Reverts a total of \$47.1 million General Fund from the remaining balances of proposals in previous Budget Acts including savings from trial court employee benefits, and proposals from previous Budget Acts for court reporters in family law and civil cases, increased transcript rate costs, Pretrial Pilot Projects, and implementation of AB 1793 (Bonta), Chapter 993, Statutes of 2018.
 - Reverts \$49.5 million General Fund for deferred maintenance projects in the Judicial Branch provided by the 2021 Budget Act. The original allocation was \$188 million, and \$138.5 million remains for the original purpose.
- The budget also includes the following reappropriations, adjustments, and technical changes:
 - Provides \$26.4 million in 2023-24 and \$28.4 million ongoing General Fund to backfill revenue losses due to the implementation of the Ability-to-Pay program, established by AB 143 (Committee on Budget), Chapter 79, Statutes of 2021. This is a reduction of \$20.7 million in 2023-24 and \$30 million ongoing as compared to previous estimates.
 - Reduces the backfill for the revenue loss related to the expansion of filing fee waivers in the 2022 Budget Act by \$16.4 million General Fund.
 - Reappropriates up to \$1.25 million General Fund from the 2022 Budget Act and extends the encumbrance period for the implementation of AB 1194 (Low), Chapter 417, Statutes of 2021.
 - Provides \$22,000 ongoing General Fund compensation adjustment to reflect recently approved salary increases for Staff Attorneys.
 - Includes provisional budget bill language to authorize trial courts to carryover funding for pretrial services appropriated in the 2021 and 2022 Budget Acts until June 30, 2024.
 - Makes technical adjustments to provisional budget bill language for funding provided in the 2022 Budget Act related to firearm relinquishment and the judicial training program on water, environment, and climate change.
 - Includes trailer bill language clarifying that the provisions of SB 652 (Umberg), Chapter 75, Statutes of 2023 only apply in general civil cases. This provision takes effect January 1, 2024.

0280 COMMISSION ON JUDICIAL PERFORMANCE

- **Support for Complaint Processing.** The budget includes \$189,000 General Fund and one position in 2023-24 and \$178,000 and one position ongoing to process judicial complaints.

8140 OFFICE OF THE STATE PUBLIC DEFENDER

- **Recruitment Support.** The budget includes \$280,000 General Fund and two positions ongoing to support efforts in recruitment and retention to improve staff diversity.

0250/0820/8140 VARIOUS DEPARTMENTS

- **Racial Justice Act.** The budget includes the following changes to implement the Racial Justice Act:
 - Statutory changes establishing appointed attorney requirements in cases with claims pursuant to subdivision (f) of Section 1473 of the Penal Code.
 - \$5.1 million one-time General Fund for the Office of the State Public Defender for legal resources on Racial Justice Act claims related to both capital and non-capital cases.
 - \$2.9 million one-time General Fund for the Judicial Council for legal representation on Racial Justice Act claims related to capital cases.
 - \$2.3 million General Fund in 2023-24 to the Department of Justice to address increased workload associated with appeals for cases related to the Racial Justice Act.

Courts Budget Trailer Bills

1. *Courts – Senate Bill 133 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2023.*
2. *Public Safety – Assembly Bill 134 (Committee on Budget), Chapter 47, Statutes of 2023.*
3. *Public Safety – Senate Bill 135 (Committee on Budget and Fiscal Review), Chapter 190, Statutes of 2023.*
4. *State Government – Senate Bill 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023.*
5. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
6. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
7. *Budget Acts of 2021 and 2022 – Assembly Bill 103 (Ting), Chapter 33, Statutes of 2023.*
8. *Budget Acts of 2022 and 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*

CORRECTIONS AND REHABILITATION

0552 OFFICE OF THE INSPECTOR GENERAL

The budget includes total funding of \$51.4 million for the Office of the Inspector General and was approved as budgeted. Significant adjustments include:

- **Additional California Rehabilitation Oversight Board Resources (SB 903).** \$117,000 in fiscal year 2023-2024 and ongoing and one position to support implementation of SB 903 (Hertzberg), Chapter 821, Statutes of 2022.
- **Staff Complaint Monitoring Staffing Adjustment.** Adjustment to previously allocated resources for monitoring the staff complaint process.

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION (CDCR)

The budget includes total funding of \$14.4 billion (\$14 billion General Fund and \$365.5 million other funds) for CDCR in 2023-24. The budget assumes an estimated prison population of 92,882 and parolee population of 37,222 in 2023-24.

- **Prison Population and Closures.** The budget includes the following adjustments related to continued declines in the prison population and accompanying facility closures:
 - *Closure of California City Correctional Facility.* Reduction of \$25.1 million and 110.6 positions General Fund and \$85,000 and 0.8 positions Inmate Welfare Fund in 2023-24 and \$126.4 million and 565.9 positions General Fund and \$321,000 and three positions Inmate Welfare Fund in 2024-25 and ongoing to reflect the closure of the California City Correctional Facility.
 - *Closure of California Correctional Center.* Reduction of \$43.9 million and 257.1 positions General Fund and \$111,000 and 1.2 positions Inmate Welfare Fund in 2022-23; \$132.7 million and 779.1 positions General Fund and \$334,000 and three positions Inmate Welfare Fund in 2023-24; and \$133.1 million and 781.6 positions General Fund and \$334,000 and three positions Inmate Welfare Fund in 2024-25 and ongoing to reflect the closure of California Correctional Center.
 - *Facility Deactivations.* Reduction of \$23.7 million and one position General Fund in 2023-24; \$3.2 million and one position General Fund in 2024-25 and 2025-26; \$4.8 million and one position General Fund in 2026-27; and \$4.9 million and one position General Fund in 2027-28 and ongoing associated with the facility deactivations at six institutions.
 - *Prison Capacity Report.* Trailer bill language including Legislative intent to close additional state prisons, and requiring CDCR to provide an assessment to the Legislature

on the overall housing needs of the department and the operational capacity of each state owned and operated prison.

- **Family Visitation.** The budget includes \$522,000 ongoing General Fund and statutory changes to support implementation of the Family Dignity Act and facilitate visitation. The statutory changes include allowing visitors to bring items such as baby food and snacks, breast milk and pumping supplies, personal linens, toys, and homework, and requires CDCR to scan certain documents at the request of the visitor in order to streamline future visits.
- **Free Voice Communication (SB 1008).** The budget includes \$5.6 million General Fund in 2022-23 and \$28.5 million General Fund and two positions in 2023-24 and ongoing to provide free voice calling to all incarcerated persons and their families pursuant to SB 1008 (Becker), Chapter 827, Statutes of 2022.
- **Expanded County of Release Eligibility (SB 990).** The budget includes 10.4 positions and \$2.3 million General Fund in 2023-24 and ongoing for the Division of Adult Parole Operations to process increased transfer investigation requests resulting from SB 990 (Hueso), Chapter 826, Statutes of 2022, which allows parolees to select a different county or city of residence where they may have educational or vocational training opportunities, employment, housing, specified treatment, and/or family.
- **Rehabilitation and Reentry Programs.** The budget provides the following additional resources for programs that support rehabilitation and successful reentry, including:
 - *Community Reentry Centers.* Net-zero budget bill language to adjust the funding provided in the 2022 Budget Act to expand community reentry centers, including redirecting existing funding on a one-time basis to current providers and intent to provide cost-of-living adjustments in future contracts. The budget also includes trailer bill language to provide CDCR with contracting authority and guidance to facilitate the expansion of the program.
 - *Rehabilitative Investment Grants for Healing and Transformation.* \$21 million one-time General Fund for the Rehabilitative Investment Grants for Healing and Transformation (RIGHT) 2.0 Grant Program, which supports the delivery of trauma-informed, rehabilitative, and/or restorative justice programming in-prison by community-based nonprofit organizations.
- **Staff Misconduct Investigation Expansion.** The budget includes \$9.6 million General Fund and 16 positions in 2023-24, \$9.3 million and 16 positions in 2024-25, and \$2.9 million General Fund and 16 positions in 2025-26 and ongoing to adjust the resources previously provided for the department's process for handling allegations of staff misconduct, and budget bill language requiring reporting on any recommendations implemented that were identified in the Office of the Inspector General's 2022 Staff Misconduct Review Process Monitoring Report.
- **Statewide Correctional Video Surveillance Continuation.** The budget includes \$87.7 million General Fund and 19 positions in 2023-24, and \$7.5 million in 2024-25 and 2025-26, to implement audio video surveillance systems at ten state-owned institutions, and \$14.7 million ongoing General Fund beginning in 2026-27 for associated licensing and software costs.

- **Sexual Assault Response and Prevention Working Group.** The budget includes \$250,000 for CDCR and \$750,000 for the Sister Warriors Freedom Coalition to establish a workgroup to address sexual assault in carceral settings, and to provide trauma informed care and support to survivors.
- **Litigation Compliance.** The budget includes the following resources for CDCR to comply with litigation requirements:
 - *Clark Litigation Compliance.* \$2.8 million General Fund and 17 positions in 2023-2024 and ongoing to support the remedial measures associated with the *Clark* class action lawsuit at institutions with the highest populations of individuals with developmental disabilities.
 - *Court Compliance Initiative.* \$500,000 General Fund and two positions in 2023-2024 and ongoing to support court-mandated remedial measures associated with the *Clark* and *Armstrong* class action lawsuits at institutions with the highest populations of incarcerated persons with disabilities.
 - *Legal Service Fees.* \$3.7 million General Fund in 2023-24 and ongoing for Department of Justice Legal Services fees, bringing the total allocation for this purpose to \$73 million.
- **Health Care Resources.** The budget includes \$3.9 billion in 2023-24 for health care services at CDCR, including the following new resources:
 - *California Advancing and Innovating Medi-Cal (CalAIM) Justice-Involved Initiative – Technical Adjustments and Medi-Cal Billing System.* 12 permanent positions and \$3.3 million (\$207,000 General Fund and \$3.1 million Providing Access and Transforming Health reimbursement authority) in 2023-24 to create a new billing system to allow federal reimbursement, and shifting all other resources requested for CalAIM to 2025-26, consistent with revised implementation timelines.
 - *Comprehensive Employee Health Program.* 78 positions and \$15 million ongoing General Fund to create a permanent comprehensive Employee Health Program and comply with federal and state regulations.
 - *COVID-19 Direct Response Expenditures.* \$96.9 million one-time General Fund for continued costs related to the COVID-19 Pandemic.
 - *Statewide Mental Health Program Regional Staffing Augmentation.* 13 positions and \$3.9 million General Fund in 2023-24 and ongoing for suicide prevention programs.
 - *The Integrated Gender Affirming Healthcare Program.* \$2.2 million General Fund and 7.5 positions in 2023-2024 and ongoing to support implementation of the Integrated Gender Affirming Health Care Program.
 - *The Joint Commission Accreditation.* 15 positions and \$3.2 million General Fund in 2023-24, 19 positions and \$3.8 million General Fund in 2024-25, 26 positions and \$4.3

million General Fund in 2025-26, 31 positions and \$5.1 million General Fund in 2026-27, and 38 positions and \$6.1 million General Fund in 2027-28 and ongoing to pursue The Joint Commission accreditation for all prisons over a five-year implementation period.

- *Expansion of Tele-Mental Health Services.* 85 positions and \$11 million General Fund in 2023-24, 144 positions and \$17.3 million General Fund in 2024-25, and 144 positions and \$16.8 million General Fund in 2025-26 and ongoing to expand the use of Tele-Mental Health services to include psychology and social work in addition to psychiatry.
- *Contract Medical Unallocated Adjustments.* \$39.7 million General Fund ongoing to address a structural deficit within CDCR's Contract Medical subprogram, and budget bill language requiring the department to report on contract medical costs and federal reimbursements.
- **San Quentin Rehabilitation Center.** The budget includes the following resources for rehabilitation projects at San Quentin:
 - *Improvement Projects.* \$20 million one-time General Fund to provide funding for the preliminary plans, working drawings, and construction phases for various facility improvements at the San Quentin Rehabilitation Center.
 - *Demolition of Building 38 and Construction of New Educational and Vocational Center.* \$360.6 million one-time Public Buildings Construction Fund to provide funding for a new facility focused on rehabilitation, education, and workforce development.
 - *Statutory Changes.* Statutory changes to enable project completion by 2025, including renaming California State Prison at San Quentin to San Quentin Rehabilitation Center, allowing CDCR to use the Progressive Design-Build project delivery method, and exempting this project from State Historic Preservation requirements and the California Environmental Quality Act.
- **Capital Outlay and Facilities.** The budget provides funding for capital outlay investments, facility modifications, and other facility services, including:
 - *California State Prison, Corcoran: Correctional Treatment Center Individual Exercise Yards.* \$1.5 million one-time General Fund in 2023-24 to continue construction of two individual exercise yards adjacent to the Correctional Treatment Center at the California State Prison, Corcoran.
 - *California State Prison, Corcoran: Radio Tower and Equipment Vault.* \$925,000 General Fund in 2023-24 to continue with a project to build a new radio communications system at California State Prison, Corcoran.
 - *Health Care Facility Improvement Program Supplemental Appropriation.* \$10 million General Fund to complete construction of the remaining Health Care Facility Improvement Program projects at ten prisons, and provisional budget bill language to allow for funding to be transferred between projects.

- *Pelican Bay State Prison, Crescent City: Fire Suppression Upgrade.* \$35 million General Fund in 2023-24 to correct fire suppression system deficiencies at Pelican Bay State Prison identified by the State Fire Marshal, and an extension of the liquidation period for working drawings funding.
- *Valley State Prison, Chowchilla: Arsenic and Manganese Removal Water Treatment Plant.* \$34.2 million General Fund in 2023-24 for the construction phase and reappropriation of \$849,000 for the working drawings phase of an arsenic and manganese removal water treatment plant at Valley State Prison and at the adjacent Central California Women's Facility.
- *Roof Replacement Design and Construction.* \$1.5 million one-time General Fund in 2023-24 for design and \$62 million in 2024-25 for construction of roof replacements at the Richard J. Donovan Correctional Facility, and \$627,000 General Fund in 2023-24 and \$621,000 ongoing for three positions to manage the growing roof replacement workload.
- *Deferred Maintenance Funding Reduction.* Reversion of \$30 million General Fund for deferred maintenance projects provided by the 2021 Budget Act.
- **Information Technology.** The budget includes significant resources to update data systems and facilitate compliance with public records requests, court orders, and ongoing litigation, including:
 - *BIS Migration to S4 Hana.* \$8.1 million General Fund in 2023-24, \$9.3 million in 2024-25, and \$7.8 million in 2025-26 to migrate CDCR's System Applications and Products (SAP) software to SAP's new system offering, S/4 HANA, and provisional budget bill language requiring the department to report on various aspects related to FI\$Cal.
 - *eDiscovery Ongoing Needs.* 11 positions and \$10.4 million General Fund in 2023-24 and 11 positions and \$7.2 million ongoing to continue to develop and implement CDCR's comprehensive eDiscovery platform.
- **Increased Inmate Welfare Fund Authority.** The 2023 Budget Act includes \$26.8 million Inmate Welfare Fund in 2023-24 and ongoing to support increasing annual purchases for the incarcerated population and budget bill language to allow CDCR to adjust the spending authority up to five percent and requiring CDCR to report on its analysis of the markup on goods sold in prison canteens.
- **Board of Parole Hearings Budget Augmentation to Support Core Functions.** The 2023 Budget Act includes \$4.2 million one-time General Fund in 2023-24 and one position ongoing and \$2.6 million in 2024-25 and ongoing to support several Board of Parole Hearing functions, including to increase the flat rate for state-appointed attorney fees, provide an additional Supervising Administrative Law Judge position, continue an attorney training and monitoring contract, and support the Board's Information Technology System.
- The budget also includes the following:

- Reduction of \$30.9 million in 2023-24 and 2024-25 to the amount provided for COVID-19 Workers' Compensation due to staff vacancies.
- \$1.9 million General Fund in 2023-24 and 2024-25 to comply with AB 1041 (Wicks), Chapter 748, Statutes of 2022 related to employment leave expansion.
- 11.5 positions and \$1.1 million General Fund in 2023-24 and ongoing for implementation of SB 1139 (Kamlager), Chapter 837, Statutes of 2022 to address expanded health information requests.
- Reappropriations of \$1 million General Fund from the 2020 Budget Act and \$268,000 General Fund from the 2021 Budget Act for the purchase of fleet assets.
- Various net-zero realignments, including transferring \$8 million General Fund in 2023-24 and ongoing from CDCR to the California Arts Council to support the Arts in Corrections program.
- Delays the required report on the Veterans Healing Veterans program, which was funded in the 2022 Budget Act, from December 1, 2025 to December 1, 2027.

JUVENILE JUSTICE

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION (CDCR) 5227 BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)

- **Division of Juvenile Justice Closure.** The budget includes a net reduction of \$91.8 million (\$89.4 million General Fund and \$2.4 million other funds) and 590.2 positions in 2023-24, and a net reduction of \$98.9 million (\$96.1 million General Fund and \$2.8 million other funds) and 631.4 positions in 2024-25, and \$95.8 million (\$93 million General Fund and \$2.8 million other funds) in 2025-26 and ongoing associated with the closure of the Division of Juvenile Justice, and net-zero technical adjustments associated with temporary staffing for the Division of Juvenile Justice post-closure.
- **Juvenile Justice Realignment Block Grant.** The budget reflects an estimated \$194 million General Fund in 2023-24, consistent with SB 823 (Committee on Budget and Fiscal Review), Chapter 337, Statutes of 2020, and inclusive of the required county floor, for the Juvenile Justice Realignment Block Grant to provide funding to counties to deliver appropriate rehabilitative housing and supervision services for realigned youth.
- **Transitional Housing Services for Additional Youth.** The budget includes provisional language to allow funds provided in the Budget Act of 2022 to be used for transitional housing services for youth returned to local custody following the closure of the Division of Juvenile Justice who are subsequently released by the juvenile court.
- **Statutory Changes.** The budget includes various statutory changes related to juvenile justice and to provide for the closure of the Division of Juvenile Justice on June 30, 2023, including:

- Extends the authority of the Board of State and Community Corrections to inspect for the suitability of jails, juvenile halls, and special purpose juvenile halls that are used for the confinement of minors to camps, ranches, and secure youth treatment facilities, and replaces the term minor with juvenile.
- Clarifies the baseline term of confinement and the calculation of credits earned for youth who are transferred from the Division of Juvenile Justice to county supervision.
- Makes clarifying changes regarding progress review hearings for youth, including specifying that decisions related to modifying terms and placements are judicial decisions.
- Makes technical changes related to sight and sound separation of youth and adults in detention facilities.
- Clarifies jurisdiction for juvenile courts in cases where a person committed a serious crime as a minor, but is now over 25 years of age.

Corrections and Rehabilitation Budget Trailer Bills

1. *Public Safety – Assembly Bill 134 (Committee on Budget), Chapter 47, Statutes of 2023.*
2. *Public Safety – Senate Bill 135 (Committee on Budget and Fiscal Review), Chapter 190, Statutes of 2023.*
3. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
4. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
5. *Budget Acts of 2021 and 2022 – Assembly Bill 103 (Ting), Chapter 33, Statutes of 2023.*
6. *Budget Acts of 2022 and 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*

PUBLIC SAFETY

LOCAL PUBLIC SAFETY

- **Community Corrections Performance Incentive Grant (SB 678).** The budget provides \$123.8 million General Fund to county probation departments for the California Community Corrections Performance Incentive Act of 2009 (SB 678 [Leno], Chapter 608, Statutes of 2009) grant program.
- **Proposition 47 Savings.** Proposition 47 requires misdemeanor rather than felony sentencing for certain property and drug crimes and permits incarcerated persons previously sentenced for these reclassified crimes to petition for resentencing. Proposition 47 established a fund to invest savings from reduced prison utilization in prevention and support community programs. The Department of Finance estimates net General Fund savings of \$112.9 million in 2023-24. These funds are allocated according to the formula specified in the initiative, which requires 65 percent be allocated for grants to public agencies to support various recidivism reduction programs (such as mental health and substance use treatment services), 25 percent for grants to support truancy and dropout prevention programs, and 10 percent for grants for victims' services.
- **Post Release Community Supervision.** The budget includes \$9.3 million one-time General Fund for county probation departments to supervise the temporary increase in the average daily population of individuals on Post Release Community Supervision because of the implementation of Proposition 57.

0690 CALIFORNIA GOVERNOR'S OFFICE OF EMERGENCY SERVICES (CalOES)

The 2023-24 budget includes \$3.3 billion and 1,896.8 positions for CalOES. The budget includes the following programs:

- **988 Suicide and Crisis Lifeline.** The budget includes four positions and \$23.8 million 988 State Suicide and Behavioral Health Crisis Services Fund in fiscal year 2023-24 and ongoing (\$3.6 million state operations and \$20.3 million local assistance) to support activities required to implement AB 988 (Bauer-Kahan), Chapter 747, Statutes of 2022. The budget also shifts \$6 million current year funding from General Fund to 988 State Suicide and Behavioral Health Crisis Services Fund.
- **Next Generation 9-1-1 and the California Public Safety Microwave Network.** The budget includes \$137.6 million (\$19.5 million state operations and \$118.1 million local assistance) in 2023-24, \$132.8 million (\$12.1 million state operations and \$120.7 million local assistance) in 2024-25, and \$91.4 million (\$6.2 million state operations and \$85.2 million local assistance) ongoing State Emergency Telephone Number Account to support the completion of the California Public Safety Microwave Network buildout, completion of the Next Generation 9-1-1 system, and the ongoing maintenance and support of these systems.

- **Gun Violence.** The 2023 Budget Act includes \$21 million one-time General Fund for local gun buyback programs and \$4 million one-time General Fund for education and outreach in multiple languages around Gun Violence Restraining Orders and Domestic Violence Restraining Orders.
- **Capital Outlay.** The budget provides additional funding for CalOES capital outlay, including:
 - *Southern Region: Emergency Operations Center.* \$174.7 million one-time Public Buildings Construction Fund for the design-build phase of the Southern Region: Emergency Operations Center project, which includes construction of a new office building, warehouse, communications tower, and helipad in Costa Mesa, Orange County.
 - *Mather: Security Checkpoint Enhancements.* \$1.8 million General Fund for the construction phase and reappropriation of \$351,000 General Fund for the working drawings phase of the Mather: Security Checkpoint Enhancements project.
 - *Headquarters Modernization Reappropriation.* Reappropriation of \$3 million General Fund with an encumbrance extension to June 30, 2024, for support costs identified in the State Operations Center modernization project.
- **Grant Programs.** The budget includes the follow resources for grants and services:
 - *Nonprofit Security Grant.* \$20 million one-time General Fund for the Nonprofit Security Grant to provide security assistance to nonprofit organizations at risk of hate-motivated violence.
 - *Sexual and Domestic Violence Prevention Grant Extension.* \$2.3 million one-time General Fund to extend the Sexual and Domestic Violence Prevention Grant.
 - *Multifamily Seismic Retrofit Matching Grant Program.* \$15 million one-time General Fund to fund the Seismic Retrofitting Program for Soft Story Multifamily Housing established in SB 189 (Committee on Budget and Fiscal Review), Chapter 48, Statutes of 2022.
 - *Family Justice Centers.* \$10 million one-time General Fund for family justice centers, which assist victims of crime in accessing services.
 - *Emergency Services for Human Trafficking.* \$7 million one-time General Fund for aid to victims of human trafficking.
- **Cybersecurity.** The budget includes additional support for cybersecurity efforts at CalOES, including:
 - *California Cybersecurity Integration Center.* \$28.7 million General Fund ongoing and 17 positions for the California Cybersecurity Integration Center, a multi-department partnership that coordinates cybersecurity preparation and response across the state, shared between CalOES, the California Military Department, the California Department

of Technology, and the California Highway Patrol. The budget also includes provisional language requiring CalOES to report on the activities of the new center.

- *Food and Agriculture Sector and Water and Wastewater Sector Cybersecurity.* \$531,000 General Fund in 2023-24 and \$280,000 in 2024-25 to implement SB 892 (Hurtado), Chapter 820, Statutes of 2022.
- *School Cybersecurity.* \$227,000 for CalOES and \$724,000 and three positions for the California Department of Technology from 2023-24 through 2026-27 to implement AB 2355 (Salas), Chapter 498, Statutes of 2022.
- *State and Local Cybersecurity Grant Program.* \$400,000 in state operations and \$7.6 million in local assistance Federal Trust Fund authority to implement the new State and Local Cybersecurity Grant Program, and provisional reporting language.
- **Federal Funding and Grant Management.** The budget includes the following resources to manage state and federal grants and other federal funding:
 - *Disaster-Related Federal Funding Realignment.* \$1 billion federal trust fund authority and the creation of a new local assistance item to realign federal emergency and grant funding.
 - *Grants Management Position Authority.* 55 permanent positions, funded within existing appropriation authority, to administer state and federal grants.
 - *Hazard Mitigation Staffing.* 37 positions, \$9.5 million (\$7 million Federal Trust Fund and \$2.5 million General Fund) in 2023-24, and \$9.1 million (\$6.7 million Federal Trust Fund and \$2.4 million General Fund) ongoing to support hazard mitigation and implement new federal programs.
 - *Validate As You Go Process.* Eight positions, \$1.3 million Federal Trust Fund, and \$416,000 General Fund to implement the new Federal Emergency Management Agency Validate As You Go payment process.
 - *Provisional Language to Authorize Augmentations for the State Cost-Share of Direct Federal Assistance.* Provisional language to authorize augmentations to pay the state cost-share of direct federal assistance provided during disaster incidents.
- **SMARTER Plan Expenditures.** The budget includes \$4.5 million one-time General Fund to continue COVID-19 testing protocols.
- **Statewide Disaster Warehousing Operation.** The budget includes \$43.3 million General Fund and 15 positions for five years to support statewide warehousing operations, and provisional budget bill language requiring CalOES to evaluate alternative storage options.
- **Flood Contingency Funding.** The budget provides \$135 million for flood contingency funding, including \$20 million each for the communities of Pajaro and Planada to recover from flooding,

and \$95 million for general flood response statewide. The Resources section contains additional information about flood response.

- **California Public Television Early Earthquake Warning System Pilot - Receiver Boxes.** The budget includes \$500,000 in funding for receiver boxes that utilize the signals from the California Public Television network to provide early warnings and information during earthquakes and other emergencies.
- **Operational Observer.** The 2023 Budget Act provides \$5.4 million in reimbursement authority to extend the operational observer from February 1, 2024, to January 31, 2025 to monitor the wildfire mitigation efforts of covered utilities, and includes reporting requirements.
- The budget also:
 - Reverts the unexpended balance of \$37 million from appropriations made in the 2022 Budget Act for warehousing operations.
 - Includes statutory changes allowing unencumbered funds to be transferred from the California Emergency Relief Fund to the General Fund.
 - Includes budget bill language requiring CalOES to update the upcoming emergency response capacity report to reflect the additional resources provided in the 2023-24 budget.
 - Reappropriates up to \$2.9 million General Fund for the purchase of a specialized vehicle to provide a backup, mobile warning center and up to \$1 million for emergency vehicles provided in the Budget Act of 2022.
 - Provides 12 positions ongoing for various support activities, funded with distributed administrative funding.

0820 DEPARTMENT OF JUSTICE (DOJ)

The 2023-24 budget includes total funding of \$1.3 billion, including \$487.4 million General Fund, and 5,860.1 positions to support the DOJ. The budget includes the following programs:

- **Housing Enforcement.** The budget includes the following resources for the DOJ to enforce housing laws statewide:
 - *Tenant Protection.* \$3 million Unfair Competition Law Fund and eight positions ongoing to expand the work of the Civil Law section related to the enforcement of tenant protections.
 - *Housing Strike Force.* \$1.4 million (\$973,000 General Fund and \$402,000 Legal Services Revolving Fund) and four positions in 2023-24 and \$1.3 million in 2024-25 and ongoing to address litigation workload related to housing production and planning.

- **Special Operations Unit.** The 2023 Budget Act includes \$7.2 million General Fund and a reduction of \$5.8 million of Reimbursement Authority in 2023-24 and ongoing to maintain the Special Operations Unit Program which combats organized crime, including fentanyl and opioid production and distribution, and illegal firearm and ammunition trafficking.
- **Wage Theft Criminal Prosecutions.** The 2023 Budget Act includes \$1.1 million Unfair Competition Law Fund and four ongoing to address current workloads in the Worker Rights and Fair Labor Section and facilitate associated investigatory work.
- **DNA ID Fund Backfill.** The budget provides \$53.4 million General Fund in 2023-24 through 2025-26 to backfill the continued revenue declines in the DNA Identification Fund and provisional language allowing for adjustments to the General Fund backfill, if needed.
- **Establishment of the Office of General Counsel.** The budget includes a net-zero realignment of \$13.8 million General Fund and 75 positions to establish the Office of General Counsel, including \$6.2 million General Fund and 19 positions from the Civil Law Division and \$7.6 million General Fund and 56 positions from the California Justice Information Services Division.
- **Missing Persons DNA Program.** The budget includes \$1.5 million General Fund and one position in 2023-24, \$1.4 million in 2024-25, and \$1.6 million in 2025-26 and ongoing to maintain operations of the Missing Persons DNA Program.
- **Litigation Deposit Fund Loan.** The budget provides a \$400 million loan from the Litigation Deposit Fund to the General Fund to assist in closing the projected budget shortfall, provisional budget bill language that the loan is not subject to interest at the time of repayment, and statutory authorization for the loan.
- **Litigation Deposit Fund Transfer and Reporting Language.** The budget includes statutory changes requiring the Department of Justice to make various adjustments related to the deposits of litigation proceeds and provide quarterly reports to the Legislature concerning the Litigation Deposit Fund, including the number and amount of deposits received as of the prior report, the case associate with each deposit, the litigation costs associated with each case, and the specific legal section or sections of the department pursuing the case.
- **Advisory Council on Improving Interactions Between Law Enforcement and the Intellectual and Developmental Disabilities Community.** The budget includes \$531,000 per year for three years to implement SB 882 (Eggman), Chapter 899, Statutes of 2022 and establish an Advisory Council on Improving Interactions Between Law Enforcement and the Intellectual and Developmental Disabilities Community.
- **Antitrust Gasoline Pricing, Agriculture, and Technology Enforcement.** The budget includes \$7.96 million (\$3.98 million Attorney General Antitrust Account and \$3.98 million Unfair Competition Law Fund) and 20 positions in 2023-24 and \$7.79 million (\$3.89 million Attorney General Antitrust Account and \$3.89 million Unfair Competition Law Fund) and 20 positions ongoing to prosecute antitrust violations within the gas and oil, technology, and agricultural sectors.

- **Subsequent Background Check Information.** The budget includes various statutory changes to comply with federal requirements related to subsequent background check information and the necessary authority to implement previously appropriated funding for latent print scans.
- **Firearms.** The DOJ includes the Bureau of Firearms, which regulates the manufacture, sale, ownership, safety training, and transfer of firearms. The budget provides \$16.4 million Dealer Record of Sale (DROS) Special Account, \$2 million Fingerprint Fees Account, and \$1 million General Fund for firearm-related workload, including the following investments:
 - *Firearm Compliance Support Section.* \$342,000 Dealers Record of Sale (DROS) Special Account and three positions in 2023-24 and \$307,000 and three positions in fiscal year 2024-25 and ongoing for firearm workloads within the Compliance Support Section.
 - *Firearms IT System Modernization Project.* \$7.5 million DROS Special Account in 2023-24 and \$2.6 million ongoing to continue the Firearms Information Technology System Modernization Project.
 - *Implementation of Various Firearm-Related Legislation.* \$5.7 million (\$660,000 General Fund and \$5.0 million Special Fund) and 17 positions in 2023-24, \$4.4 million in 2024-25, and \$2.7 million in 2025-26 and ongoing to address the workload required to implement legislation enacted in 2022, including SB 1384 (Min), Chapter 995, Statutes of 2022, AB 2552 (McCarty), Chapter 696, Statutes of 2022, AB 1621 (Gipson), Chapter 76, Statutes of 202, AB 1594 (Ting), Chapter 98, Statutes of 2022, AB 2156 (Wicks), Chapter 142, Statutes of 2022, and AB 228 (Rodriguez), Chapter 138, Statutes of 2022.
 - *Microstamping and Law Enforcement Transfer.* \$1.5 million (\$923,000 General Fund and \$538,000 DROS Special Account) five positions in 2023-24, \$1.4 million in 2024-25 and 2025-26 and \$1.1 million ongoing for tracking and reporting individual Firearm Identification Numbers.
 - *New York State Rifle & Pistol Association v. Bruen: Carry Concealed Weapon Licenses.* \$5 million (\$2.9 million DROS Special Account and \$2 million Fingerprint Fees Account) in 2023-24 and \$3.2 million (\$2.7 million DROS Special Account and \$519,000 Fingerprint Fees Account) in 2024-25 to process an anticipated increase in carry concealed weapon permit applications.
 - *Ammunition Authorization Program.* A loan of \$4.3 million in 2023-24 and 2024-25 from the General Fund to the Ammunition Authorization Program Fund, and trailer bill language to authorize the DOJ to set the Ammunition Authorization Program fee via the regulatory process.
 - *Armed Prohibited Persons Report Date Change.* Trailer bill language to move the due date of the annual Armed and Prohibited Persons Report from April 1 to March 15 to align with the budget subcommittee timeline.
- **Implementation of Legislation.** The budget includes the following resources to implement recently enacted legislation:

- *California Law Enforcement Accountability Reform Act (AB 655)*. \$325,000 General Fund and one position in 2023-24 and \$317,000 and one position in 2024-25 and ongoing to support the workload requirements of AB 655 (Kalra), Chapter 854, Statutes of 2022.
- *Crimes: Race-Blind Charging (AB 2778)*. \$817,000 General Fund and four positions in 2023-24, \$2,442,000 and 12 positions in 2024-25, and \$2,373,000 and 12 positions in 2025-26 and ongoing to implement the mandates of AB 2778 (McCarty), Chapter 806, Statutes of 2022.
- *Criminal Procedure: Discrimination (AB 256)*. \$2.2 million General Fund in 2023-24, \$2.1 million in 2024-25, and \$848,000 in 2025-26 and 2026-27 to support the workload requirements of AB 256, (Kalra), Chapter 739, Statutes of 2022.
- *Criminal Records: Relief (SB 731)*. \$1.8 million Fingerprint Fees Account in Fiscal Year 2023-24 and \$1.5 million in 2024-25 to meet the mandates outlined in SB 731 (Durazo), Chapter 814, Statutes of 2022, and statutory changes to delay the implementation until July 1, 2024.
- *Domestic Violence: Death Review Teams (SB 863)*. \$1.5 million General Fund and five positions in 2023-24 and \$1.1 million and five positions in 2024-25 and ongoing to support the workload requirements of SB 863 (Min), Chapter 986, Statutes of 2022.
- *Gender Identity: Female, Male or Nonbinary (SB 179)*. \$1.8 million General Fund in 2023-24 to implement the necessary system modifications to meet the mandates of SB 179 (Atkins), Chapter 853, Statutes of 2017.
- *Gender Neutral Retail Departments (AB 1084)*. \$272,000 General Fund and two positions in 2023-24 and \$478,000 and two positions in 2024-25 and ongoing to support the implementation of AB 1084 (Low), Chapter 750, Statutes of 2021.
- *Government-to-Government Consultation Act: State-Tribal Consultation: Training (AB 923)*. \$609,000 General Fund and three positions in 2023-24 and \$585,000 and three positions in 2024-25 and ongoing to support the workload requirements of AB 923 (Ramos), Chapter 475, Statutes of 2022.
- *Information Security (AB 2135)*. \$241,000 General Fund and one position in 2023-24 and \$231,000 and one position in 2024-25 and ongoing to meet the mandates outlined in AB 2135 (Irwin), Chapter 773, Statutes of 2022.
- *Juveniles: Electronic Monitoring (AB 2658)*. \$253,000 General Fund and one position in 2023-24 and \$213,000 in 2024-25 and ongoing to make necessary information technology upgrades pursuant to AB 2658 (Bauer-Kahan), Chapter 796, Statutes of 2022.
- *Marketplaces: Online Marketplaces (SB 301)*. \$779,000 General Fund and three positions in 2023-24 and \$755,000 in 2024-25 and ongoing to support the workload requirements of SB 301 (Skinner), Chapter 857, Statutes of 2022.

- *Online Content: Cyberbullying (AB 2879)*. \$340,000 General Fund and two positions in 2023-24 and \$389,000 in 2024-25 and ongoing to support the workload requirements of AB 2879 (Low), Chapter 700, Statutes of 2022.
- *Police Practices Division and Police Use of Force (AB 1506)*. \$1.8 million General Fund and six positions ongoing to implement a Police Practices Divisions pursuant to the requirements of AB 1506 (McCarty), Chapter 326, Statutes of 2020.
- *Price Discrimination: Gender (AB 1287)*. \$325,000 General Fund and one position in 2023-24 and \$317,000 and one position in 2024-25 and ongoing to support the implementation of AB 1287 (Bauer-Kahan), Chapter 555, Statutes of 2022.
- *Residential Real Property: Foreclosure (AB 1837)*. \$163,000 General Fund and one position in 2023-24 and \$154,000 in 2024-25 and ongoing to support the workload requirements pursuant to AB 1837 (Bonta), Chapter 642, Statutes of 2022.
- *Sex Offender: Registration (SB 384)*. \$1,744,000 ongoing to continue processing sex offender tiering and termination workload and provide system support and maintenance pursuant to SB 384 (Wiener), Chapter 541, Statutes of 2017.
- *Social Media Companies: Terms of Service (AB 587)*. \$673,000 General Fund and three positions in 2023-24, and \$646,000 and three positions in 2024-25 and ongoing to support the workload requirements of AB 587 (Gabriel), Chapter 269, Statutes of 2022.
- *The California Age-Appropriate Design Code Act (AB 2273)*. \$888,000 General Fund and four positions in 2023-24, \$1.2 million in 2024-25 and \$1.1 million in fiscal year 2025-26 and ongoing to support the workload requirements of AB 2273 (Wicks), Chapter 320, Statutes of 2022, and \$750,000 one-time General Fund and trailer bill language establishing the Children's Data Protection Working Group within the Office of the Attorney General.
- The budget also includes the following resources for the DOJ:
 - \$1.3 million Gambling Control Fund ongoing to permanently support the workload in the Cardroom and Third Party Providers of Proposition Player Services sections.
 - \$821,000 General Fund one-time in 2023-24 to refund the Indian Gaming Special Distribution Fund and Gambling Control Fund for illegal gambling enforcement activities that were improperly expensed in 2019-20.
 - \$3.2 million (\$1.7 million Gambling Control Fines and Penalties Fund and \$1.5 million Indian Gaming Special Distribution Fund) in 2023-24 to continue the License 2000 System Replacement Project.
 - \$3 million General Fund in 2023-24 through 2026-27 to acquire external legal services to assist with ongoing litigation related to the state's pandemic tenant protections.

- \$2.3 million one-time General Fund in 2023-24 for the payment of outstanding loans and unpaid interest related to the repealed Remote Caller Bingo Program.
- \$1.9 million (\$702,000 General Fund and \$1.2 million Special Fund) in 2023-24, \$2 million (\$742,000 General Fund and \$1.2 million Special Fund) in 2024-25, \$2.9 million (\$1.1 million General Fund and \$1.8 million Special Fund) in 2025-26 and \$4 million (\$1.5 million General Fund and \$2.5 million Special Fund) in 2026-27 and ongoing to provide the resources necessary to collect, store, and process electronic discovery information pertaining to litigation.
- Statutory changes to the initial reporting date and reporting frequency required by AB 1356 (Bauer-Kahan), Chapter 191, Statutes of 2021.
- Reduction in funding provided in the 2017 Budget Act to defend against federal actions by \$6.5 million ongoing.
- \$557,000 one-time General Fund for claim payments related to two firearms settlements.
- \$3.5 million Federal Trust Fund Expenditure Authority ongoing to allow the Department to fully expend anticipated federal grant awards within the Criminal Justice and Information Services Division.

5227 BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)

- **Public Defender Pilot Program.** The budget provides \$40 million General Fund in 2023-24 for the Public Defender Pilot Program, and includes budget bill language to extend the encumbrance period and allow all funds to be used.
- **Missing and Murdered Indigenous Persons Grant.** The budget includes \$12 million additional one-time General Fund in 2023-24 and provisional language to fund a competitive grant program to assist tribes in locating, identifying, and preventing missing Indigenous persons. The funding is consistent with the funding provided in the 2022 Budget Act for this purpose and brings the total amount available to \$16 million. The provisional language also clarifies that tribes may use the funding to contract with law enforcement agencies.
- **Southern California Reentry Hub.** The budget includes \$5 million one-time General Fund for the Anti-Recidivism Coalition to establish a Southern California Reentry Hub in Los Angeles.
- **Mobile Assistance Community Responders.** The budget includes \$5 million to purchase a site to co-locate a fire station and the Mobile Assistance Community Responders of Oakland.
- **Home After Harm.** The budget includes \$1 million one-time for the Home After Harm program, which provides in-prison parole readiness programming.
- **Funding Adjustments.** The budget also includes the following adjustments:

- *County Resentencing Pilot.* Provides \$370,000 for a recidivism report and extends the encumbrance period of the pilot funding to July 1, 2025.
- *Byrne State Crisis Intervention Program Funding.* Increases federal spending authority to pass federal funds through BSCC to the Judicial Council from a new grant program established through the Federal Bipartisan Safer Communities Act.
- *Local Gun Buyback Program Realignment.* Reverts \$25 million provided in the Budget Act of 2022 for grants to local law enforcement agencies for gun buyback programs, and shifts the program to CalOES.
- *Reappropriations.* Includes the following reappropriations:
 - \$9.8 million in Indigent Defense Grant funds originally authorized in the 2020 Budget Act through June 30, 2024.
 - \$5 million General Fund for the Adult Reentry Grant originally authorized in the 2018 Budget Act through June 30, 2026.
 - \$300,000 General Fund for the Use of Force and De-escalation pilot program grant originally authorized in the 2022 Budget Act through June 30, 2026.
 - \$500,000 General Fund provided for the Medication-Assisted Treatment Grant Program in the 2022 Budget Act through June 30, 2027.
 - Extends the date for recipients of Youth Reinvestment Grants to spend funds through June 30, 2024.

7870 VICTIM COMPENSATION BOARD (VCB)

VCB provides financial compensation to victims of crime through the Restitution Fund. The budget includes the following changes to the budget for VCB:

- **Forced or Involuntary Sterilization Compensation Program.** The budget includes provisional language and statutory changes that set the final payments for the Forced or Involuntary Sterilization Compensation Program defined in Chapter 1.6 of the Health and Safety Code (beginning with Section 24210) at \$20,000, extends the program end by six months to allow for all pending appeals to be processed, and reappropriates remaining funding for a future use to be developed with consideration given to information in the report to be provided pursuant to provision (28) of paragraph (f) of Control Section 19.57 of the 2021 Budget Act.
- **Information Technology Staff.** The budget includes \$877,000 Restitution Fund and four positions in 2023-24 and \$789,000 and four positions in 2024-25 and ongoing to implement and maintain increased cybersecurity capabilities.

8120 COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING (POST)

The Commission on Peace Officer Standards and Training (POST) is responsible for establishing selection and training standards, improving management practices, and providing financial assistance to local agencies relating to the training of law enforcement officers. The 2023-24 Budget Act includes \$115.2 million and 263 positions for POST.

- **SB 2 (Bradford and Atkins), Chapter 409, Statutes of 2021 Implementation.** The budget includes the following resources and language to implement Senate Bill 2 (Bradford and Atkins), Chapter 409, Statutes of 2021, related to peace officer certification:
 - \$4.5 million from the General Fund in 2023-24 and \$3.9 million ongoing to fund Office of Administrative Hearings costs and provisional reporting language.
 - \$6.1 million one-time in fiscal year 2023-24 and \$5.3 million in 2024-25 and 2025-26 to fund Department of Justice legal costs incurred by POST for hearings related to the implementation of SB 2.
 - Statutory changes clarifying Public Records Act duties related to documents provided to POST by other agencies in connection with the commission's SB 2 duties.

Public Safety Budget Trailer Bills

1. *State Government – Assembly Bill 127 (Committee on Budget), Chapter 45, Statutes of 2023.*
2. *Public Safety – Assembly Bill 134 (Committee on Budget), Chapter 47, Statutes of 2023.*
3. *Public Safety – Senate Bill 135 (Committee on Budget and Fiscal Review), Chapter 190, Statutes of 2023.*
4. *State Government – Senate Bill 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023.*
5. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
6. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
7. *Budget Acts of 2021 and 2022 – Assembly Bill 103 (Ting), Chapter 33, Statutes of 2023.*
8. *Budget Acts of 2022 and 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*

LABOR

0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY (LWDA)

- **Association of Cooperative Labor Contractors Study.** The budget includes \$800,000 General Fund one-time to establish a panel that will commission a study pursuant to Assembly Bill 2849 (Mia Bonta), Chapter 808, Statutes of 2022 and engage with organized labor, worker cooperatives, and business stakeholder groups to assess the opportunities and challenges associated with the development and growth of high-road cooperative labor contractors.
- **Information Technology Preparedness for the New Labor Agency Building Move.** The budget includes \$5.78 million (Various Funds) and \$378,000 (Reimbursements) in 2023-24 and \$1.2 million (Various Funds) in 2024-25 to secure the goods and services required in the new LWDA building. The amounts include one-time equipment, maintenance, and contract services costs. In December 2025, LWDA will begin to move into the former Resources Building, along with the following departments and state entities: Agricultural Labor Relations Board (ALRB), California Workforce Development Board (CWDB), Department of Industrial Relations (DIR), Employment Development Department (EDD), and Employment Training Panel (ETP). The new LWDA building will consolidate multiple LWDA entities into a singular physical location while supporting a telework staffing plan. The building will first undergo an extensive retrofit and when completed, will incorporate the latest features in physical infrastructure and space planning in order to provide a modern workspace environment.

7100 EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD)

- **Unemployment Insurance (UI) Small Business Relief Withdrawal.** The budget removes the \$500 million one-time General Fund commitment in 2024-25, made as part of the Budget Act of 2022, to offset the anticipated rising federal unemployment insurance tax rates resulting from the UI Trust Fund insolvency.
- **UI Interest Payment and Unemployment Compensation Disability Fund Loan.** The budget includes a one-time loan of \$306 million from the Unemployment Compensation Disability Fund to the General Fund to support the state's payment of the UI loan interest payment. Because of lower revenue projections and a resulting increase in the budget problem, the budget includes this loan to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan. The loan provision will include language to prevent the State Disability Insurance contribution rate from increasing because of the loan.
- **UI Debt Payment Withdrawal.** The Budget Act of 2022 included \$1 billion (\$250 million federal funds in 2022-23 and \$750 million General Fund in 2023-24) to pay down a portion

of the state's approximately \$18 billion UI Trust Fund debt. The budget withdraws the \$750 million one-time General Fund payment in 2023-24.

- **EDDNext.** The budget includes \$198 million one-time in 2023-24 (\$99 million General Fund) to continue the planning and development of EDDNext, for the second year of a five-year plan to modernize EDD. The effort includes enhancements to EDD's benefits system, improving call centers, simplifying forms and notices, including user testing and engagement, developing data analysis tools to continue curbing fraudulent benefit claims, and training.

The expenditure or encumbrance date for the 2023 EDDNext appropriation will be June 30, 2025. As well, the budget extends the encumbrance period for the 2022 Budget Act appropriation for EDDNext to June 30, 2024.

- **State Disability Insurance: Contribution Rates, Senate Bill 951 (Durazo), Chapter 878, Statutes of 2022.** The budget includes \$4.2 million in 2023-24 and \$4.2 million in 2024-25 from the Unemployment Compensation Disability Fund to implement the changes required by SB 951. The amounts include one-time costs for contract services and staffing.
- **UI: reporting requirements: status of funds trailer bill language.** The budget includes trailer bill language in AB 130 that requires the Employment Development Department to submit to the Legislature in January and May, instead of May and October, of each year a report on the status of the Unemployment Fund and the Unemployment Compensation Disability Fund, containing actual and forecasted information on each fund.
- **Emergency Medical Technician Training.** The Budget Act of 2022 committed \$60 million General Fund over three years (\$20 million in each 2022-23, 2023-24, and 2024-25) to EDD to provide targeted emergency medical technician training. The budget withdraws \$20 million total (\$10 million in each 2023-24 and 2024-25), reducing the total three-year investment to \$40 million. If there is sufficient General Fund in January 2024, then this reduction will be restored.
- **Accounting and Business Services Resources.** The budget includes \$3 million ongoing, split equally between the Unemployment Compensation Disability Fund and the EDD Contingent Fund, to convert 20 existing limited-term positions provided in the 2020 Budget Act to permanent beginning in 2023-24.
- **Cybersecurity Licensing.** The budget includes an increase of \$1.67 million ongoing to support the continued licensing of cybersecurity tools to identify vulnerabilities and respond to cybersecurity incidents. These tools were previously supported by one-time funding in the 2022 Budget Act.
- **Direct Deposit Implementation.** The budget includes \$15.4 million (\$6.34 million General Fund) in 2023-24, \$14.4 million (\$1.68 million General Fund) in 2024-25, and \$8.6 million in 2025-26 and ongoing to fund the implementation of direct deposit option for benefits. Funding will support vendor costs associated with direct deposit and

departmental costs associated with system modifications, form changes, training, policy/procedure updates, and communications to all external customers.

- **Community Economic Resilience Fund Clean-up Trailer Bill Language.** This language addresses a chaptering out issue during the 2022 legislative session. Trailer bill language in AB 130 restores changes approved in legislation signed into law, Assembly Bill 2342 (Cervantes), Chapter 568, Statutes of 2022 that was subsequently chaptered out by Assembly Bill 156 (Committee on Budget), Chapter 569, Statutes of 2022.

7120 CALIFORNIA WORKFORCE DEVELOPMENT BOARD (CWDB)

- **California Youth Leadership Program.** The budget rejected the Governor's proposal to withdraw \$20 million (\$10 million in each 2023-24 and 2024-25). Previously, the Budget Act of 2022 included \$60 million General Fund over three years (\$20 million in each 2022-23, 2023-24, and 2024-25) to CWDB to invest in career pathway programs at community colleges.
- **Training Related Reporting.** The budget includes \$374,000 General Fund in 2023-24 to develop a plan to measure training outcomes and implement Senate Bill 755 (Roth), Chapter 815, Statutes of 2022.
- **Federal First Step Act Grant.** The budget includes \$5.33 million one-time federal funds to allow the California Workforce Development Board to implement a federal grant that expands the Prison 2 Employment program into federal prisons and provisional language to provide an extended encumbrance period for this funding to March 30, 2026.
- **Breaking Barriers to Employment.** The budget includes \$5 million General Fund in 2023-24 for the Breaking Barriers to Employment grant program at the California Workforce Development Board.
- **Healthy Economies Adapting to Last.** The budget includes \$5 million General Fund in 2023-24 to provide workforce development support to cities and counties that end conditional use permits for immigration detention centers.

7300 AGRICULTURAL LABOR RELATIONS BOARD (ALRB)

- **Agricultural Labor Relations Early Action.** The budget included an early action trailer bill, passed in May 2023, that contains supplemental changes to Assembly Bill 2183 (Stone), Chapter 673, Statutes of 2022. Assembly Bill 113 (Committee on Budget), Chapter 7, Statutes of 2023 does the following:
 - Eliminates the option for agricultural employees to conduct union elections using mail-in ballots.

- Retains the option for agricultural employees to conduct union elections via the “card-check” system, now called the “Majority Support Petition.” Similar to the original provisions of AB 2183, a Majority Support Petition is submitted by a union wishing to represent employees to the ALRB, accompanied by proof of majority support through petition cards, petitions, or other appropriate proof.
- Limits the number of card-check / majority support petition elections that result in the certification of a labor organization to 75 certifications.
- Sunsets on January 1, 2028. On that date, Majority Support Petitions would no longer be an available option for union elections. Of note, the original provisions of AB 2183 are also scheduled to sunset on January 1, 2028.
- **Farmworker Outreach.** The budget makes permanent the Labor and Workforce Development funding (\$658,000) and position authority for four positions (one Staff Services Manager I, three Associate Governmental Program Analysts) to continue the Farmworker Outreach program that supports broader adoption, compliance and enforcement of the State’s labor laws in the agricultural industry including those adopted in response to COVID-19.
- **Miscellaneous Workload: Assembly Bill 2183 (Stone), Chapter 673, Statutes of 2022.** The budget includes \$1.1 million in General Fund and six positions to address the increased workload and new demands that will be generated by the passage of AB 2183. The law initially provided two additional pathways for agricultural workers to select a union representative but was recently amended by early action trailer bill legislation Assembly Bill 113 (Committee on Budget), Chapter 7, Statutes of 2023 to retain one of these pathways.
- **Information Technology (IT) Security and Staffing.** The budget includes one permanent position and associated funding (\$154,000 General Fund) along with \$300,000 General Fund in ongoing contract funds for additional IT Security Services and Support to meet Cal-Secure requirements. The combination of additional state IT staff and vendor supported software services would position ALRB to have the necessary resources needed to ensure ALRB can meet IT infrastructure and security measures needed to comply with California Department of Technology standards.

7320 PUBLIC EMPLOYMENT RELATIONS BOARD (PERB)

- **IT Security and IT Contracting.** The budget includes \$164,000 General Fund 2023-24 and ongoing to comply with the California Department of Technology IT security requirements and for contracted IT support.
- **Legal Classification Realignment.** The budget includes \$22,000 General Fund in fiscal year 2023-24 and ongoing to refine and improve the organizational structure of the Division of Administrative Law. The Division of Administrative Law is responsible for

holding formal hearings if a charge is not dismissed or resolved at the Office of the General Counsel. The formal hearing is conducted by an Administrative Law Judge (ALJ) who has not previously participated in the case.

The current PERB structure provides two Administrative Law Judges and one Sr. Administrative Law Judge at each of the three PERB Regional Offices (the Los Angeles Regional Office has a third Administrative Law Judge due to historically maintaining a higher case count). The only supervisor in the division is the Chief Administrative Law Judge located in Sacramento. PERB requests to upgrade one of the Administrative Law Judge positions in the Los Angeles Regional Office to the newly created Supervising Administrative Law Judge classification. This will allow for better mentorship for newer ALJs and reduced travel of the Chief ALJ to Southern California.

7350 DEPARTMENT OF INDUSTRIAL RELATIONS (DIR)

- **Goat Herders Extension.** Trailer bill language in Senate Bill 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023 extends the sunset date, from January 1, 2024 to July 1, 2026, for labor provisions that are applicable to both sheepherders and goat herders. States that the Labor Commissioner shall now issue a report on employment of sheepherders and goat herders in California, including minimum wage and overtime on or before January 1, 2026 instead of on or before January 1, 2024.
- **Wage Claim Adjudication.** The budget includes \$31.7 million special funds and 42 positions in 2023-24 and \$8.5 million special funds ongoing for DIR to help address wage claim processing times by improving the efficiency of the claims intake and processing as well as automate portions of the claims processing activities within the Wage Claim Adjudication unit. Of these amounts, \$2 million Labor Enforcement and Compliance Fund in 2023-24 and ongoing is for recruitment and hiring at the Labor Commissioner's Office, and one-time \$18 million Labor and Workforce Development Fund is for a Workers Rights Enforcement Grant Program that would be administered by DIR. This grant program will provide reimbursements to local city attorneys and district attorneys for funds expended on workers' rights enforcement.
- **Electronic Adjudication Management System Modernization.** The budget includes \$21.1 million special funds in 2023-24 for DIR to support the replacement of the Division of Workers' Compensation's electronic case management and document storage system.
- **Domestic Worker and Employer Education and Outreach Program (DWEOP).** The budget includes \$35 million Labor and Workforce Development Fund to fund health and safety outreach and education for domestic work employees and employers through an expansion of DWEOP. Trailer bill language eliminates the July 1, 2024 inoperative and January 1, 2025 repeal dates on the provision, making this program permanent.
- **Apprenticeship Innovation Fund.** The Budget Act of 2022 included \$175 million General Fund over three years (\$55 million in 2022-23 and \$60 million in each 2023-24

and 2024-25) at DIR to invest in and expand non-traditional apprenticeships. The budget withdraws \$40 million (\$20 million in each 2023-24 and 2024-25), reducing the total three-year investment to \$135 million. If there is sufficient General Fund in January 2024, then this reduction will be restored.

- **Women in Construction Unit.** The budget approves the May Revision proposal to restore \$15 million in 2023-24 and \$15 million in 2024-25 for the Department of Industrial Relation's Women in Construction Priority Unit. The Governor's budget previously proposed to pause this funding for two years as part of the proposed budget solutions. Trailer bill language in SB 143 clarifies that preapprenticeship programs are eligible for resources provided by this unit.
- **California Workplace Outreach Program.** The budget rejects the Governor's budget proposal to eliminate \$25 million in 2023-24. Instead, the budget shifts the fund source to Labor and Workforce Development Fund for 2023-24. Additionally, the budget renames the California COVID-19 Workplace Outreach Program to the California Workplace Outreach Program.
- **CalOSHA Data Modernization Project.** The budget includes \$12.6 million in 2023-24 from the Occupational Safety and Health Fund to provide first year funding to develop a system that will meet federal and state-mandated requirements, consolidate information into a central database/repository, interface to other DIR systems, and automate manual processes across its units.
- **Workers' Compensation Information System Upgrade.** The budget includes \$750,000 in 2023-24 Workers' Compensation Administration Revolving Fund authority to upgrade the Workers' Compensation Information System.
- **Prevailing Wage and Public Works Trailer Bill Language.** The budget includes trailer bill language to clarify contractor registration requirements, establish penalties for violations of Assembly Bill 2011 (Wicks, Chapter 647, Statutes of 2022) and Senate Bill 6 (Caballero), Chapter 659, Statutes of 2022, and provide DIR with the authority to establish and adjust annual registration and renewal fees.
- **AB 2011 and SB 6 Implementation Budget Change Proposal.** In addition to the above trailer bill language, the budget includes 30 positions and \$5.8 million in 2023-24 and \$5.4 million in 2024-25 and ongoing from the State Public Works Enforcement Fund to implement and enforce both AB 2011 and SB 6.
- **Assembly Bill 2143 (Carrillo), Chapter 774, Statutes of 2022 Implementation – Construction of Renewable Generation Facilities: Prevailing Wage.** The budget includes \$2.43 million in 2023-24, \$4.5 million in 2024-25, and \$4.4 million in 2025-26 and ongoing from the State Public Works Enforcement Fund and 24 positions to implement AB 2143. AB 2143 created a new category of construction projects that will be subject to DIR's enforcement of prevailing wage requirements. The bill designates certain types of

“net energy metering” electrical generation facility construction projects as “public works” after December 31, 2023, thereby requiring the payment of prevailing wages among other obligations.

- **Assembly Bill 1601 (Akilah Weber), Chapter 752, Statutes of 2022 Implementation: Employment Protections: Mass Layoffs, Relocation or Termination: Call Centers.** The budget includes \$230,000 in 2023-24 and \$218,000 in 2024-25 and 2025-26 from the Labor Enforcement and Compliance Fund to implement AB 1601. AB 1601 requires call center employers who intend to relocate their operations to a foreign country to notify specified entities, including the Employment Development Department, and affected call center employees 60 days prior to relocation, imposing various restrictions regarding eligibility for state grants, loans, and tax credits to those employers. The Labor Commissioner’s Office currently enforces the provisions requiring similar notice requirements for relocations, terminations, and mass layoffs that generally apply to industrial or commercial facilities, as defined in the California Worker Adjustment and Retraining Act. Funding will be used for additional staffing resources to conduct an anticipated three additional investigations per year.
- **Assembly Bill 1643 (Robert Rivas), Chapter 263, Statutes of 2022 Implementation: Heat Advisory Committee Study.** The budget includes \$1 million one-time in 2023-24 from the Occupational Safety and Health Fund to implement AB 1643. AB 1643 requires the LWDA to convene an advisory committee on or before July 1, 2023 to study the impact of heat on workers and businesses in the state. The advisory committee is tasked with meeting and determining the scope of studies on the impact of heat. LWDA is delegating this legislative mandate to DIR. The department will convene and coordinate the work of this advisory committee, which includes the following tasks: selection of committee members; secure meeting space; notice to the public regarding meetings; contract with external entities as needed in order to do the studies; and respond to inquiries from the public, Legislature, and Governor’s Office.
- **Assembly Bill 2068 (Haney), Chapter 485, Statutes of 2022 Implementation: Occupational Safety and Health Postings in Spoken Languages.** The budget includes \$254,000 in 2023-24 and \$238,000 in 2024-25 ongoing from the Occupational Safety and Health Fund to implement AB 2068. AB 2068 requires employers to post at worksites employee notices of citations and special orders issued and prepared by CalOSHA, translated into the top seven non-English languages used by limited-English-proficient adults in California, as determined by the most recent American Community Survey by the United States Census Bureau, as well as Punjabi if that language is not otherwise included among the top seven. Additionally, the Division may add to the languages using data sources from local and state government or feedback from community-based and/or labor organizations.
- **Senate Bill 1295 (Limon), Chapter 844, Statutes of 2022 Implementation – Hazardous or Deserted Wells and Facilities: Labor Standards.** The budget includes \$376,000 in 2023-24 and \$348,000 in 2024-25 and ongoing from the State Public Works Enforcement Fund for two positions to implement SB 1295. SB 1295 expands the universe of public

works projects by deeming all work done and funded by the Oil, Gas, and Geothermal Administrative Fund and performed by outside contractors to be public work for which prevailing wages are required to be paid. The bill also requires the use of a skilled and trained workforce (apprentices) on such projects for work performed after January 1, 2028. The Labor Commissioner is responsible for enforcement of these requirements.

- **Assembly Bill 1751 (Daly), Chapter 758, Statutes of 2022 Implementation – Workers’ Compensation: COVID-19 Critical Workers.** The budget includes \$5 million in 2027-28 from the Workers Compensation Administration Revolving Fund to implement AB 1751.
- **Assembly Bill 2243 (Garcia), Chapter 778, Statutes of 2022 Implementation: Occupational Safety and Health Standards – Heath Illness and Wildfire Smoke.** The budget includes \$1.2 million special fund in 2022-23 and \$361,000 ongoing to implement Occupational Safety and Health Fund to implement AB 2243.
- **Withdrawal of FAST Recovery Act: Food Facilities and Employment, Assembly Bill 257 (Holden) Chapter 246, Statutes of 2022.** The budget withdraws resources proposed in the Governor’s budget to implement AB 257 given that, on January 24, 2023, the Secretary of State certified that a referendum qualified for the 2024 General Election challenging AB 257. AB 257 cannot be enforced or implemented unless it is approved by voters in the 2024 General Election.
- **Resources to Implement Chapter 1, Statutes of 2023 First Extraordinary Session (SB 2 1X).** The budget includes, as part of a larger implementation package, one position and \$286,000 in 2023-24 and \$272,000 in 2024-25 and ongoing from the Occupational Safety and Health Fund to implement SB 2 1X (Skinner), Chapter 1, Statutes of 2023, First Extraordinary Session. The resources enable DIR to consult with the California Energy Commission to consider ways to manage oil refinery turnaround and maintenance schedules in a manner that considers workers’ health and safety.

At a special session of the Legislature on December 5, 2022, the Governor introduced SB 2 1X, a bill focused on fundamental change to prevent future extreme price spikes and price gouging by oil companies. The bill was renumbered to SB 2 and signed by the Governor on March 28, 2023 with its provisions going into effect three months after signing. The legislation aims to set regulations for a maximum margin that refiners can make and to create greater transparency to ensure an adequate, affordable, and reliable supply of fuels, as the state transitions away from petroleum fuels.

7501 DEPARTMENT OF HUMAN RESOURCES (CalHR)

- **Tribal Consultation Training, Assembly Bill 923 (Ramos), Chapter 475, Statues of 2022.** AB 923 requires CalHR to develop training by June 1, 2024, regarding the required elements of government-to-government consultations with California Native American Tribes. It also requires designated state officials to complete the training by January 1,

2025, and for officials appointed after that date to do so within six months of their appointment. All designated officials are required to retake the training annually. The budget includes \$100,000 General Fund in 2023-24 for consulting services for the design, development and delivery of the required training, and \$10,000 General Fund for fiscal year 2024-25 and ongoing for all related annual update activities and ongoing administrative and maintenance functions.

- **CalHR Privacy Officer.** The budget includes one permanent position and \$172,000 (\$65,000 General Fund) for fiscal year 2023-2024, and \$165,000 (\$63,000 General Fund) ongoing to allow CalHR to have a dedicated Privacy Officer to develop and manage the department's policies, procedures, and compliance with California requirements on privacy laws and standards.
- **Psychological Screening Program Administrative Support Adjustment.** The budget includes reimbursement authority of \$116,000 and permanent position authority to transition one limited-term position within the Medical and Psychological Screening Division.
- **Communications Office and Content Management System Replacement.** The budget includes two positions and \$1.35 million (\$994,000 General Fund) in fiscal year 2023-2024 and \$563,000 (\$214,000 General Fund) in fiscal year 2024-2025 and ongoing to 1) research and plan for the replacement of the CalHR Web Content Management System (CMS); and, 2) research, plan and develop an improved communication service to the public, state, and employees.
- **Retirement Rate Adjustment for Excluded Employees.** The budget includes trailer bill language that would provide CalHR with flexibility to adjust retirement rates for excluded employees.
- **Personnel Management Division Strategic Workload Support.** The budget includes two positions and \$428,000 (\$256,000 General Fund) in fiscal year 2023-2024, and \$412,000 (\$246,000 General Fund) in 2024-2025 and ongoing to provide the Personnel Management Division strategic workload support to enable CalHR capacity to provide better customer service in alignment with CalHR's Strategic Plan.
- **Reimbursement Authority for Childcare Bargaining Division.** The budget adds \$25 million of permanent reimbursement authority for CalHR to serve as a pass-through entity to receive automatically authorized deductions from state vendors that administer subsidized family child care programs to the child care providers exclusive representative/union as required by, and defined in, Welfare and Institutions Code section 10420 et seq.
- **Legal Accounting and Work Management System (LAWS) Project Reappropriation.** The budget includes reappropriation language to extend the encumbrance or expenditure availability of \$1.7 million General Fund in 2023-24. This reappropriation allows CalHR

to complete the Legal Accounting and Work Management System project approved in the 2022 Budget Act.

- **Compensation Study Schedule Trailer Bill Language.** The budget includes trailer bill language in AB 130 to amend the timeline for CalHR’s statutory requirement to create and submit total compensation reports six months prior to the expiration of a Memorandum of Understanding (MOU) to instead occur biennially. The purpose of the change is to provide consistent and improved data that decision makers can depend on. The first set of biennial reports will be published on February 1, 2025.
- **California State Payroll System (CSPS) Project.** The budget includes an increase by nine positions and \$2.9 million General Fund in fiscal year 2023-24, \$1.8 million General Fund in 2024-25, and \$2.0 million General Fund in 2025-26 and ongoing, to support the California State Payroll System project as it transitions from planning to implementation, maintenance, and operation.
- **Uniform Payroll Cycle Trailer Bill Language.** The budget includes trailer bill language to amend Government Code section 19824 to change the state’s current unique “monthly” payroll cycle to “uniform” payroll cycle. This will allow implementation of a customary biweekly payroll cycle with the implementation of the CSPS Project. Additionally, in order to maximize operational efficiencies in payroll processing for over 285,000 state employees, the trailer bill changes remove section 19824 (b) allowing supersession by collective bargaining. This will prevent unintended conflicts with existing memoranda of understanding and allow the state to continue payroll processing cycles through the transition to the CSPS solution.

7900 CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS)

- **CalPERS Supplemental Pension Payment and Annual Contribution.** The budget includes the following:
 - *CalPERS State Contributions.* State contributions to the CalPERS have decreased by a net total of \$1.7 million in 2023-24 relative to the Governor’s January budget. The Governor’s budget previously proposed \$8.5 billion (\$4.7 billion General Fund) for the statutorily required annual state contribution to CalPERS for state pension costs based on the CalPERS actuarial valuation projected contribution rates as of June 30, 2021. The decrease is a result of CalPERS’ adjustment to the state’s contribution rates, which is largely driven by the normal progression of the existing amortization and smoothing policy and the application of 2021-22 and 2022-23 supplemental pension payments.
 - *CalPERS Unfunded Liability.* The budget includes \$1.7 billion one-time Proposition 2 debt repayment funding as a supplemental payment toward the state plans’ unfunded liabilities. Any supplemental payment made toward the state’s CalPERS unfunded liability is estimated to result in a minimum long-term gross savings ratio of two to one.

7920 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CalSTRS)

- **State Contribution.** State contributions to the California State Teachers' Retirement System (CalSTRS) increased by \$8.8 million General Fund in 2023-24, relative to the Governor's January budget, due to a revision in reported compensation for K-12 and community college teachers. The Governor's 2023-24 budget proposal included \$3.9 billion General Fund in required contributions to CalSTRS. No supplemental payment to CalSTRS is proposed in 2023-24, in contrast to past few years.
- **Pension Solution Project.** In support of the CalSTRS 2022-25 Strategic Plan, the budget includes \$87.1 million one-time budget authority to fund internal and external resources to continue fiscal year 2023–24 system implementation activities for the Pension Solution Project. The Pension Solution Project is an ongoing effort by CalSTRS to modernize the legacy pension administration system. The new system, BenefitConnect, will enhance the ability to respond to customer and business needs, gain long-term operational efficiencies, improve internal controls, and enhance services to more than one million members and their beneficiaries, as well as the school employer community. The current Pension Solution Project budget is \$334.8 million. This funding will bring the interim project budget to \$422.0 million.
- **Enterprisewide Strategic Support.** The budget includes \$17.3 million in permanent funding for enterprisewide strategic support resources to advance the CalSTRS 2022–25 Strategic Plan goals and initiatives and to support enterprisewide growth. This includes \$8.6 million to establish 56 permanently authorized positions and \$8.7 million for various technology service contracts.

9800 AUGMENTATION FOR EMPLOYEE COMPENSATION

The budget includes a total of \$1.6 billion (\$1 billion General Fund) for increases in compensation, benefits and health care costs for active state employees.

- **Memoranda of Understanding.** SB 148 provides the legislative ratification of the memoranda of understanding (MOUs) for Bargaining Units (BU) 1, 3, 4, 11, 14, 15, 17, 20, and 21 (Service Employees International Union Local 1000), BU 7 (California Statewide Law Enforcement Association), BU 12 (International Union of Operating Engineers), BU 16 (Union of American Physicians and Dentists), and BU 19 (American Federation of State, County and Municipal Employees). These agreements impact approximately 134,598 full-time equivalent employees represented by the thirteen BUs. It contains general salary increases, special salary adjustments for specified classifications, various pay differentials and other compensation benefits. In addition, the measure includes the ratification of revised pay increases for Judges, updated costs related to the salary survey estimates for the California Highway Patrol (Bargaining Unit 5) and approval

of four MOU side-letters that provide retention bonuses to specified employees that provided essential services during the pandemic. SB 151 provides the legislative ratification of the MOU for BU 6 (California Correctional Peace Officer Association). This agreement affects approximately 25,938 full-time equivalent employees. It contains a two-year agreement with BU 6 and provides salary increases of 3% for each of the two years. In addition, it includes incentive payments to current employees and new cadets who work at, or relocate to, specified hard-to-staff institutions, an employer-paid Saving Plus benefit program, a mental health and wellness differential payment and other various compensation increases.

VARIOUS DEPARTMENTS

- **Retiree Benefits- Health and Dental Benefits for Annuitants (Item 9650) and Health Benefits for California State University Annuitants (Item 6645).** The budget includes \$412.2 million in one-time Proposition 2 debt repayment funding for the employer's share of contributions to pay for future retiree health benefits.

Labor Budget and Trailer Bills

1. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
2. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
3. *Budget Act of 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*
4. *Agricultural Labor Relations – Assembly Bill 113 (Committee on Budget), Chapter 7, Statutes of 2023.*
5. *Employment – Assembly Bill 130 (Committee on Budget), Chapter 39, Statutes of 2023.*
6. *General Government – Senate Bill 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023.*
7. *State employment: State Bargaining Units – Senate Bill 148 (Committee on Budget and Fiscal Review), Chapter 197, Statutes of 2023.*
8. *State employment: State Bargaining Unit 6 agreement – Senate Bill 151 (Committee on Budget and Fiscal Review), Chapter 211, Statutes of 2023.*

TRANSPORTATION

TRANSIT

- **Funding.** The budget includes \$5.1 billion total for transit across four years. These funds may be used for both capital and operations expenses. Specifically, the funds are to be allocated through two programs:
 - **Transit and Intercity Rail Capital Program.** \$2 billion General Fund allocated by population-based formula per year for 2023-24 and 2024-25.
 - Allocates a minimum of \$300,000 to each eligible entity and the remaining funds distributed by population to each eligible entity.
 - **Zero Emission Transit Capital Program.** \$1.1 billion Greenhouse Gas Reduction Fund and Public Transportation Account funds allocated by the State Transit Assistance formula across four years (\$410 million in 2023-24, \$230 million in 2024-25, 2025-26, and 2026-27).
- **Statutory Relief.** SB 125 includes the following measures to provide statutory relief to transit operators:
 - Extend provisions that temporarily hold harmless transit operators that receive state funding and whose ridership levels have been negatively impacted by COVID-19.
 - Extend the provisions that temporarily eliminate financial penalties for noncompliance with transit funding efficiency measures in the Transportation Development Act and the State Transit Assistance Program.
 - Extend provisions that allow for increased flexibility in the use of funds transit operators receive from the State Transit Assistance - State of Good Repair program.
 - Create a Task Force to examine ways to improve transit and increase ridership in the long-term, including reforming the Transportation Development Act.
- **Accountability.** SB 125 includes the following measures for accountability for transit operators to improve ridership and long-term sustainability:
 - Require California State Transportation Agency (CalSTA) to develop and administer an accountability program for the distribution of funds from the Zero-Emission Transit Capital Program and Transit and Intercity Rail Capital Program (General Fund).
 - Require a regional transportation planning agency to submit a regional short-term financial plan to CalSTA, in order to receive funds.

- Require a regional transportation planning agency to submit a long-term financial plan by June 26, 2026. A regional transportation planning agency is ineligible to receive future grants under the Transit and Intercity Rail Capital Program in the 2026-27 fiscal year, or any subsequent fiscal years, unless CalSTA approves their long-term financial plan.

TRANSPORTATION INFRASTRUCTURE PACKAGE

- **Active Transportation Program.** The budget does not include any reductions to the Active Transportation Program, as proposed by the Governor.
- **Grade Separations.** The budget delays \$350 million General Fund for the Grade Separations program to 2025-26.
- **Ports and Freight Infrastructure.** The budget includes a delay of the \$600 million General Fund for the Port and Freight Infrastructure Program scheduled for 2023-24. This would be done by maintaining \$200 million in 2023-24 and providing additional allotments of \$200 million in both 2024-25 and 2025-26. In addition, the budget includes a reduction of a portion of the General Fund scheduled to be provided to the Port and Freight Infrastructure Program in 2023-24 by \$150 million and backfills the decrease with an equal amount from the State Highway Account.
- **Climate Adaptation.** The budget shifts \$200 million for the Climate Adaptation program from the General Fund to the State Highway Account.

0521 CALIFORNIA STATE TRANSPORTATION AGENCY (CALSTA)

- **Information Security and Privacy.** The budget provides \$1.3 million from various transportation funds (\$780,000 from the State Highway Account, \$260,000 from the Motor Vehicle Account, and \$260,000 from the Public Transportation Account) ongoing to establish an information security team, procure cybersecurity software, and provide ongoing training. The information security team will be made up of a Privacy Officer, a Risk Officer, and a Security Compliance Officer. This team will be responsible for agency-wide cybersecurity oversight, and ensure compliance with all applicable federal and state security and privacy laws, regulations, standards, and policies.

2600 CALIFORNIA TRANSPORTATION COMMISSION (CTC)

- **Advisory Committee Compensation.** The budget includes \$200,000 from various transportation funds (\$75,000 from the State Highway Account and \$125,000 from the Public Transportation Account) and associated statutory changes in SB 125 to authorize a \$100 per diem for serving on an advisory committee of the Commission.

- **Implementation of SB 1121 (Gonzalez), Chapter 508, Statutes of 2022.** The budget provides \$524,000 from various transportation accounts to develop the state and local transportation system needs assessment, as required by SB 1121 (Gonzalez), Chapter 508, Statutes of 2022. Of the total amount, \$224,000 funds one limited-term position for three years and \$300,000 for a one-time consultant contract.
- **Legal Services.** The budget includes the Governor's proposal of \$200,000 (\$94,000 from the State Highway Account and \$106,000 from the Public Transportation Account) to secure a contract for legal services, including but not limited to the Commission's role as a Responsible Agency pursuant to the California Environmental Quality Act.

2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)

- **Administration Program Support.** The budget includes \$4.4 million from the State Highway Account and 23.5 positions for administration support to address increased workload requirements commensurate with departmental program growth. This includes \$2.9 million in personal services, \$1.4 million in operating expenses, and a one-time increase of \$15,000 in additional operating expenses in 2023-24.
- **Central Valley Legal Office.** The budget includes \$3.4 million from the State Highway Account and 17 positions on an ongoing basis to support increased legal workload and establish a legal office in the Central Valley. This includes \$3.2 million in personal services and \$155,000 in complementary operating expenses. The 17 permanent positions requested will be implemented over two years—eight positions in 2023-24 and nine additional positions in 2024-25.
- **Enterprise Data Technology Solution Stage 4.** The budget includes \$422,000 from the State Highway Account to complete Project Approval Lifecycle (PAL) Stage 4 for the Enterprise Data Governance Technology Solution project. This funds the fourth and final stage of the PAL process. This stage provides a basis for Caltrans to evaluate and reconfirm that the business objectives will be achieved, ensure the alternative solution selected continues to yield the highest probability of success, and baseline the project's timeframes, projected schedule, and costs, and start project implementation.
- **Project Initiation Documents.** The budget includes a biennial zero-based-budget (ZBB) for Project Initiation Documents (PIDs) that requests a total of 420 positions and \$81 million (\$77.3 million in personal services and \$3.8 million in operating expenses) for each fiscal year to develop, review, and approve PIDs. This represents a net increase of 50 positions, equating to a total increase of \$8.9 million, compared to the funding provided in the 2021-22 Budget.
- **Public Affairs and Legislative Affairs Support.** The budget provides \$1.3 million and nine permanent positions (three for Public Affairs and six for Legislative Affairs) to process and respond to state-mandated California Public Record Act (CPRA) requests and legislative bill analysis workload. These positions and resources are intended for Caltrans to more quickly respond to CPRA requests as well as provide bill analyses, respond to legislative inquiries, and conduct legislative outreach in a more timely manner.

- **Transportation System Network Replacement.** The budget includes \$5.8 million from the State Highway Account and 11 positions to continue developing and implementing the California Transportation System Network (TSN) safety data system. This will fund the third year of system development, and Caltrans plans to return with another budget request in future budget years to complete the project and for ongoing maintenance and operation costs.
- **Wildlife Connectivity AB 2344.** The budget includes \$1.3 million for eight permanent full-time positions to implement the new Transportation Wildlife Connectivity Remediation Program pursuant to AB 2344 (Friedman), Chapter 964, Statutes of 2022. This funds the department's ability to meet the various implementation deadlines established in AB 2344, including publishing the inventory by July 1, 2024, assessing all projects entering Project Initiation Phase on or after July 1, 2025 for potential wildlife connectivity barriers, and reporting to the Legislature by July 1, 2028.
- **Encampment Homeless Services Liaisons.** The budget includes \$5.8 million in 2023-24, \$5.8 million in 2024-25, and \$4.5 million in 2025-26 from the General Fund for 37 limited-term positions to support statewide efforts to address homelessness within the highway system right of way. In addition, SB 125 requires Caltrans to report on an evaluation of the outcomes of the Encampment Coordinator Team. The report will be due to the Joint Legislative Budget Committee and the Legislative Analyst's Office by January 1, 2026.
- **Hazardous Material Removal at Encampments.** The budget includes \$20.6 million from the State Highway Account on a two-year limited-term basis for the removal of statewide hazardous material from encampments statewide. This will fund contract resources for hazardous material removal at encampments within the state right-of-way throughout California, with a focus on densely populated urbanized areas.
- **Highway Maintenance Safety Program.** The budget includes 38 positions and \$48.4 million on a four-year, limited-term basis from the State Highway Account to continue and expand the HM-4 Safety Pilot Program. In particular, Caltrans will focus on the following: wrong-way driver prevention, pedestrian and bicyclist safety enhancements, horizontal curve warning sign packages, run off road collision prevention, cross over collision prevention, as well as safety enhancements as part of pavement and bridge maintenance. Caltrans estimates to deliver 25 projects annually for the next four years of funding.
- **Pedestrian Crossing Signals (AB 2264).** The budget includes nine limited-term positions, \$1.9 million in Personal Services, and \$700,000 in Operating Expenses (OE) for a total of \$2.6 million in FY 2023-24 and \$2.6 million in FY 2024-25 for Traffic Operations to implement LPI traffic signal timing pursuant to AB 2264 (Bloom), Chapter 496, Statutes of 2022. In addition, the budget includes one permanent position starting in 2023-24 at a cost of \$198,000 combined PS and OE annually and \$610,000 in OE after limited-term positions expire in FY 2025-26.).
- **Indirect Cost Recovery.** SB 125 limits Caltrans from charging self-help counties with countywide sales tax measures dedicated to transportation improvements more than ten percent for administration indirect cost recovery.
- **Project Delivery Workload – Capital Outlay Support.** The budget includes \$39.1 million and 143 Full Time Equivalents (FTEs) for the Capital Outlay Support (COS) Program for

2023-24. These resources are intended to meet budget year needs within the context of a five year workload projection. The COS Program budget is growing to meet the needs and deliver projects required to achieve program commitments of SB 1 (Beall), Chapter 5, Statutes of 2017, Asset Management, Infrastructure Investment and Jobs Act (IIJA), and the Middle-Mile Broadband Network Program.

- **FI\$Cal Onboarding.** The budget includes the Governor's request for \$6.6 million, which includes \$3.8 million in personnel services (PS) for twenty-seven (27) positions, and operating expenses of \$2.9 million of which \$2.7 is for professional consulting services. These resources will support the increased workload for Caltrans on-boarding to the FI\$Cal system.

2670 BOARD OF PILOT COMMISSIONERS (BPC)

- **Board of Pilot Commissioners' Business Modernization.** The budget includes \$1.1 million in 2023-24 and \$316,000 in 2024-25 from the Board of Pilot Commissioners Special Fund to begin planning efforts for an information technology project to digitize existing business processes and records. This includes one new permanent position and \$139,000 in FY 2023-24 and ongoing to support business modernization efforts, address new workloads created by recent legislation, and to perform ongoing administrative workloads.

2720 CALIFORNIA HIGHWAY PATROL (CHP)

- **Permanent Funding for Privacy and Risk Management Program Positions.** The budget includes \$402,000 ongoing from the Motor Vehicle Account to make permanent two existing positions to support the Privacy and Risk Management Program, which is tasked with protecting personally identifiable information stored within the CHP IT infrastructure. These positions will be tasked with proactive IT security as well as recurring security audits and assessments.
- **Staff Augmentation – Office of Legal Affairs.** The budget includes \$1.1 million in 2023-24 and \$1 million in 2024-25 and ongoing from the Motor Vehicle Account for five positions in the Office of Legal Affairs to address increased workload. These positions are intended to limit the financial liability of the department, provide greater availability to other state partners on civil litigation matters, and improve availability to attend court ordered mediations and settlement conferences.
- **Fleet Telematics System – Ongoing Support.** The budget includes one position and \$1.1 million ongoing from the Motor Vehicle Account for the ongoing operation costs of the Fleet Telematics System. The Fleet Telematics System allows the sending, receiving, and storing of telemetry data, which can include vehicle location, speed, fuel consumption, and other vehicle information. This includes the authority for one Associate Governmental Program Analyst position and budget augmentation to cover ongoing costs.
- **Wireless Mobile Video/Audio Recording System and Body-Worn Camera Statewide Implementation.** The budget includes 11 positions and \$9.8 million in 2023-24, \$9.9 million

in 2024-25, and \$4.9 million in 2025-26 and ongoing from the Motor Vehicle Account to extend the Wireless Mobile Video/Audio Recording System (WMVARS) project and implement the Body-Worn Camera (BWC) statewide.

- **Capital Outlay Projects.** The budget includes a number of capital outlay projects for the California Highway Patrol, including:
 - \$500,000 from the General Fund for Statewide Planning and Site Identification.
 - \$10.9 million from the General Fund for the performance criteria phase of the Redding, Los Banos, Porterville, Antelope Valley, and Barstow Area Office Replacement projects.
 - \$85.6 million from the Public Buildings Construction Fund for the design-build phase of the Gold Run and Humboldt Area Office Replacement projects.
 - \$201.4 million from the Public Buildings Construction Fund (to replace existing current year authority of \$184.3 million from the General Fund) for the design-build phase of the Quincy, Baldwin Park, and Santa Fe Area Office Replacement projects.
 - \$7.4 million from the Public Buildings Construction Fund for the design-build phase of the San Bernardino Area Office Replacement project.

2740 DEPARTMENT OF MOTOR VEHICLES (DMV)

- **Banning Field Office Relocation.** The budget includes \$50,000 in 2023-24, \$2.3 million in 2024-25, \$515,000 in 2025-26, \$540,000 in 2026-27, and \$566,000 in 2027-28 and ongoing for a new leased Banning Field Office. This will relocate the Banning Field Office into a new leased facility that meets program standards by May 2025.
- **Bay Area DSO/OL/INV Consolidation.** The budget includes \$4.4 million in 2023-24, \$1.1 million in 2024-25, \$1.1 million in 2025-26, \$1.2 million in 2026-27, and \$1.2 million in 2027-28 and ongoing to relocate the DMV San Francisco Driver Safety/Occupational Licensing (DS/OL) Office and consolidate with the Brisbane Investigations Office. This will relocate both offices into a new leased facility that meets program standards by November 2023.
- **DMV San Francisco Swing Space.** The budget includes \$6.9 million in 2023-24, \$2.3 million in 2024-25, \$2.4 million in 2025-26, and \$837,443 in 2026-27 for a temporary field office swing space facility near San Francisco. DMV expects to occupy the lease facility by November 2023.
- **Enterprise Content Management (ECM) Project.** The budget approved the Governor's budget request for \$3.4 million from the Motor Vehicle Account in 2023-24 and a reappropriation of \$395,000 to continue establishing a department-wide ECM System. DMV expects the Project Approval Lifecycle (PAL) Stage 4 approval by June 2023.

- **Headquarters: Elevator Modernization – Reappropriation.** The budget includes a reappropriation of \$513,000 from the General Fund (originally appropriated in the 2022 Budget Act) for the working drawing phase of the Elevator Modernization project for the DMV Headquarters Campus in Sacramento.
- **Motor Voter.** The budget includes \$4.5 million and three temporary positions in 2023- 24 for personnel and contracted resources from the General Fund to continue DMV’s planning and implementation activities to comply with AB 796 (Berman), Chapter 314, Statutes of 2021.
- **Digital Experience Platform (DXP) Reappropriation.** The budget provides a reappropriation of \$30 million from the Motor Vehicle Account for DMV to continue the DXP project, the comprehensive modernization of DMV’s IT systems. DMV required potential vendors to conduct extensive testing before awarding the contract, causing a delay in the encumbrance of funding.
- **Commercial Driver Licensing Information System Reappropriation.** The budget includes a reappropriation of \$6.6 million from the Motor Vehicle Account for DMV to continue planning and project activities for the federally mandated Commercial Driver Licensing Information System.
- **Reversion of REAL ID.** The budget includes a reversion of \$93 million from DMV’s multi-year General Fund appropriation for REAL ID workload and other operational improvements, given the shift of the federal REAL ID enforcement date from May 2023 to May 2025.
- **Mobile Driver License.** SB 125 increases the mobile driver license pilot program testing population cap from 0.5 percent of licensed drivers to five percent. The pilot program creates a mobile application for California driver licenses so that a customer can use it in place of a physical card. The proposed increase to five percent of licensed drivers, equivalent to 1.37 million users, is expected to generate sufficient data for meaningful analysis of the application.
- **Settlement.** The budget includes \$803,000 General Fund for a settlement involving the DMV.
- **Capital Outlay Projects.** The budget includes four capital outlay proposals for the Department of Motor Vehicles (DMV), including:
 - \$2.5 million from the General Fund for the performance criteria phase of the El Centro Field Office Replacement project.
 - \$17.3 million from the Public Buildings Construction Fund (to replace existing current year authority of \$11.4 million from the General Fund) for the construction phase of the Delano Field Office Replacement project.
 - \$21.9 million from the Public Buildings Construction Fund (to replace 2022-23 authority of \$20.9 million from the General Fund) for the construction phase of the Inglewood: Field Office Replacement project.

- \$41.7 million from the Public Buildings Construction Fund for the design-build phase of the San Francisco: Field Office Replacement project.

Transportation Budget and Trailer Bills

1. *Budget Act of 2023 – Assembly Bill 102 (Ting), Chapter 38, Statutes of 2023.*
2. *Budget Act of 2023 – Senate Bill 101 (Skinner), Chapter 12, Statutes of 2023.*
3. *Budget Acts of 2022 and 2023 – Senate Bill 104 (Skinner), Chapter 189, Statutes of 2023.*
4. *Transportation – Senate Bill 125 (Committee on Budget and Fiscal Review), Chapter 54, Statutes of 2023.*

APPENDIX

Budget and Trailer Bill List	i
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BUDGET and TRAILER BILLS

Bill Number	Chapter Number	Topic	Date Chaptered
AB 100	3	Budget Acts of 2021 and 2022	5/15
AB 102	38	Budget Act of 2023	7/10
AB 103	33	Budget Act of 2021 and 2022	6/30
SB 101	12	Budget Act of 2023	6/15
SB 104	189	Budget Act of 2022 and 2023	9/13
SB 105	862	Budget Act of 2022 and 2023	10/13
AB 110	4	Early Child Care and Education	5/15
AB 111	5	Personal Income Tax Law: Exclusion: Student Loan Debt	5/15
AB 112	6	Distressed Hospital Loan Program	5/15
AB 113	7	Agricultural Labor Relations	5/15
AB 116	41	Early Child Care and Education	7/10
AB 118	42	Health	7/10
AB 119	13	Medi-Cal: Managed Care Organization Provider Tax	6/29
AB 120	43	Human Services	7/10
AB 121	44	Developmental Services	7/10
AB 127	45	State Government	7/10
AB 128	46	Cannabis	7/10
AB 129	40	Housing	7/10
AB 130	39	Employment	7/10
AB 134	47	Public Safety	7/10
SB 114	48	Education	7/10
SB 115	49	Arts and Music in Schools	7/10
SB 117	50	Higher Education	7/10
SB 122	51	Resources	7/10
SB 123	52	Energy	7/10
SB 124	53	Energy	7/10
SB 125	54	Transportation	7/10
SB 131	55	Revenue and Taxation	7/10
SB 132	56	Film and Television Tax Credit	7/10
SB 133	34	Courts	7/10
SB 135	190	Public Safety	9/13
SB 137	191	Health	9/13

SB 138	192	Human Services	9/13
SB 140	193	Early Care and Education	9/13
SB 141	194	K-12 Education	9/13
SB 142	195	Higher Education	9/13
SB 143	196	State Government	9/13
SB 148	197	State Employment: State Bargaining Units	9/13
SB 151	211	State Employment: State Bargaining Unit 6	9/22
SB 152	198	Background Checks and Fingerprinting	9/13

General Fund Multiyear Forecast
2023 Budget Act
(Dollars in Millions)

	2022-23	2023-24	2024-25	2025-26	2026-27
RESOURCES:					
Prior Year Balance	\$55,810	\$26,352	\$9,112	-\$9,069	-\$25,542
Revenues/Transfers	\$205,678	\$208,688	\$207,280	\$206,180	\$212,205
Transfer to Budget Stabilization Account	-\$544	\$0	-\$180	-\$244	-\$546
Total Resources	\$260,944	\$235,040	\$216,212	\$196,867	\$186,117
EXPENDITURES:					
Proposition 98	\$78,117	\$77,457	\$79,739	\$81,675	\$83,849
Proposition 28 Arts and Music Education	\$0	\$938	\$0	\$0	\$0
Non-Proposition 98	\$154,306	\$145,196	\$143,935	\$139,431	\$141,977
Prop 2 Infrastructure/Deferred Maintenance	\$2,169	\$2,337	\$1,607	\$1,303	\$1,129
Total Expenditures	\$234,592	\$225,928	\$225,281	\$222,409	\$226,955
FUND BALANCES:					
	\$26,352	\$9,112	-\$9,069	-\$25,542	-\$40,838
Reserve for Encumbrances	\$5,272	\$5,272	\$5,272	\$5,272	\$5,272
SFEU	\$21,080	\$3,840	-\$14,341	-\$30,814	-\$46,110
Safety Net Reserve	\$900	\$900	\$900	\$900	\$900
Budget Stabilization Account (Mandatory Deposits)	\$20,453	\$20,132	\$20,312	\$20,556	\$21,102
Budget Stabilization Account (Total Deposits)	\$22,252	\$22,252	\$22,432	\$22,676	\$23,222
Public School System Stabilization Account	\$9,929	\$10,831	\$10,831	\$10,831	\$10,831
Total Reserves	\$54,161	\$37,823	\$19,822	\$3,594	-\$11,156
BSA mandatory balance as a percentage of General Fund Tax Proceeds	10.0%	10.0%	10.0%	10.0%	10.0%
SFEU/Safety Net/PSSSA/Total BSA as a percentage of Total Resources	20.8%	16.1%	9.2%	1.8%	-6.0%
Operating Surplus/Deficit with BSA Transfer	-\$29,458	-\$17,240	-\$18,181	-\$16,472	-\$15,296
One-time Investments (Prior years)	\$32,414	\$27,785	\$13,873	\$8,242	\$0
One-time Investments (One-time/Solutions)	-\$6,361	-\$11,952	-\$2,109	-\$2,688	\$972
Operating Surplus/Deficit--Excluding One-Time	-\$3,404	-\$1,407	-\$6,417	-\$10,918	-\$14,324

Note: Totals may not add due to rounding

General Fund Revenues

2023 Budget Act

(Dollars in Millions)

	2022-23	2023-24	2024-25	2025-26	2026-27
1 Major Revenues					
2 Alcoholic Beverage Taxes and Fees	433	438	446	453	461
3 Cigarette Tax	47	43	42	40	39
4 Corporation Tax	42,091	42,081	43,369	36,376	26,636
5 Insurance Gross Premiums Tax	3,673	3,881	3,998	4,141	4,283
6 Personal Income Tax	122,769	118,161	118,903	127,508	141,827
7 Retail Sales and Use Tax	33,072	33,366	34,383	35,514	36,309
8 Total Major Revenues	\$202,085	\$197,970	\$201,141	\$204,033	\$209,556
9 Minor Revenues	4,214	8,307	7,227	2,655	2,601
10 Local Agencies - Miscellaneous Revenue	(151)	(144)	(144)	(144)	(144)
11 Royalties - State Lands	(147)	(112)	(107)	(105)	(101)
12 Investment Income - Pooled Money Investments	(2,133)	(2,928)	(1,644)	(1,189)	(1,120)
13 Abandoned Property Revenue	(777)	(798)	(815)	(833)	(851)
14 Cost Recoveries/FEMA Reimbursement	(194)	(3,975)	(4,167)	(74)	(75)
15 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	(94)	(94)	(94)	(94)	(94)
16 Penalty Assessments - Other	(200)	(43)	(43)	(43)	(43)
17 Individual Shared Responsibility Penalty Assessments	(336)	(0)	(0)	(0)	(0)
18 Other Miscellaneous Minor Revenues	(181)	(212)	(213)	(173)	(173)
19 Revenue Transfers	-94	469	139	74	-220
20 Transfer to Safety Net Reserve	(0)	(0)	(0)	(0)	(0)
21 Transfers to BSA	(-544)	(0)	(-180)	(-244)	(-546)
22 All Other Transfers	(450)	(469)	(319)	(318)	(326)
23 Loans	-1,071	1,942	-1,408	-824	-279
24 Loan Repayments from Loan Repayment Drill	(-608)	(-66)	(-679)	(0)	(0)
25 All Other Loans	(-463)	(2,008)	(-729)	(-824)	(-279)
26 Total Minor Revenues/Transfers/Loans	\$3,049	\$10,717	\$5,959	\$1,904	\$2,102
27 Total Revenues/Transfers/Loans	\$205,134	\$208,688	\$207,100	\$205,936	\$211,659

Note: Dollars may not add due to rounding.

Proposition 98 Multi-Year

2023 Budget Act

(Dollars in Millions)

	2021-22 PY	2022-23 CY	2023-24 BY	2024-25 BY1	2025-26 BY2	2026-27 BY3
General Fund	65,989	73,543	63,401	69,576	71,394	73,302
Education Protection Account GF (Less health care share)	17,764	4,574	14,056	10,163	10,281	10,546
Total Prop 98 General Fund	83,754	78,117	77,457	79,739	81,675	83,849
Arts and Music Education (Proposition 28)	0	0	938			
Total Prop 98 General Fund w/ Arts and Music Education	83,754	78,117	78,395	79,739	81,675	83,849
Local Property Tax	26,800	29,241	30,854	31,881	33,245	34,823
Total Prop 98 (including supplemental arts payment)	110,554	107,359	109,250	111,620	114,920	118,671
<i>Prop 98 Change to Prior-year</i>	<i>14,481</i>	<i>-3,195</i>	<i>1,891</i>	<i>2,371</i>	<i>3,300</i>	<i>3,751</i>
<i>Percent Change to Prior-year</i>	<i>15.07%</i>	<i>-2.89%</i>	<i>1.76%</i>	<i>2.17%</i>	<i>2.96%</i>	<i>3.26%</i>
<i>Prop 98 Operative Test</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Maintenance Factor Balance</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Other Prop 98						
Settle-Up						
Amounts Applied from Over Appropriations	0	0	0	0	0	0
General Fund Payments for Prior Fiscal Years	0	0	0	0	0	0
Settle-Up Balance	0	0	0	0	0	0
Mandate Balance	872	872	872	872	872	872
Public School Stabilization Account Transfer	4,840	1,787	903	0	0	0
Public School Stabilization Account Balance	8,142	9,929	10,831	10,831	10,831	10,831

General Fund Multiyear N98 Expenditures by Agency

2023 Budget Act

(Dollars in Millions)

N98 excludes Capital Outlay, Debt Service	2022-23	2023-24	2024-25	2025-26	2026-27
Legislative, Executive	\$14,150	\$6,089	\$4,980	\$2,962	\$2,507
Courts	3,535	3,404	3,578	3,600	3,626
Business, Consumer Services, and Housing	3,881	2,564	510	255	213
Transportation	1,543	866	61	289	24
Natural Resources	13,720	5,733	4,276	4,482	3,515
Environmental Protection	3,887	585	362	125	125
Health and Human Services	61,398	73,654	78,051	77,363	80,856
Corrections and Rehabilitation	14,762	14,173	13,646	13,323	13,396
Education	20,098	21,057	20,727	20,020	20,881
Labor and Workforce Development	1,274	864	711	415	381
Government Operations	5,472	4,010	2,454	2,180	2,301
General Government	2,171	5,938	8,275	8,210	7,703
Non-Agency Departments	(2,296)	(1,790)	(1,740)	(1,784)	(1,218)
Tax Relief/Local Government	(668)	(595)	(558)	(548)	(548)
Statewide Expenditures	-(793)	(3,554)	(5,976)	(5,878)	(5,937)
Capital Outlay	3,260	502	363	64	112
Debt Service	5,156	5,757	5,944	6,145	6,340
Total N98 Expenditures	\$154,306	\$145,196	\$143,935	\$139,434	\$141,980

Note: Totals may not add due to rounding.

Debts and Liabilities Eligible for Payments Under Proposition 2

2023 Budget Act

(Dollars in Millions)

	Outstanding Amount at Start of 2023-24 ^{2/}	Use of 2023-24 Pay Down	Proposed Use of 2024-25 Pay Down	Proposed Use of 2025-26 Pay Down	Proposed Use of 2026-27 Pay Down
State Retirement Liabilities					
1 State Retiree Health	95,510	390	400	410	420
2a State Employee Pensions—SB 84 Loan from SMIF		290	836	590	556
2b State Employee Pensions	70,818	1,657	551	547	699
3 Teachers' Pensions ^{1/}	85,803	0	0	0	0
4 Judges' Pensions	2,771	0	0	0	0
Total	\$254,902	\$2,337	\$1,787	\$1,547	\$1,675

^{1/} The state portion of the unfunded liability for teachers' pensions is \$10.256 billion.

^{2/} For retiree health and pensions, the amounts reflect latest actuarial report available.

Prop 2 Rainy Day Fund - 2023-24 and Out Years at 2023 Budget Act

(Dollars in Millions)

		2023-24	2024-25	2025-26	2026-27
<u>1.5% of General Fund Revenues & Transfers</u>					
1	General Fund Revenues and Transfers (before BSA transfer)	\$204,776 ^{1/}	\$203,186 ^{1/}	\$206,180	\$212,205
2	1.5% of General Fund Revenues & Transfers	\$3,072	\$3,048	\$3,093	\$3,183
<u>Capital Gain Revenues (Sec 20(b))</u>					
3	General Fund Tax Proceeds	\$201,320	\$203,116	\$205,556	\$211,020
4	Personal Income Taxes from Capital Gains	\$18,716	\$17,096	\$16,243	\$17,252
5	% of General Fund Tax Proceeds	9.3%	8.4%	7.9%	8.2%
6	8% of General Funds Tax Proceeds	\$16,106	\$16,249	\$16,444	\$16,882
7	Personal Income Taxes from Capital Gains in Excess of 8% General Fund Tax Proceeds	\$2,610	\$847	\$0	\$370
8	Prop 98 Share of Capital Gains Tax Revenue above 8%	\$1,008	\$322	\$0	\$203
9	Non 98 Share of Capital Gain Tax Revenue above 8%	\$1,602	\$525	\$0	\$167
10	Total Available (Line 2 + Line 9)	\$4,674	\$3,573	\$3,093	\$3,350
11	Debt Repayment (50%)	\$2,337	\$1,787	\$1,547	\$1,675
12	Deposit to Rainy Day Fund (50%)	\$2,337	\$1,787	\$1,547	\$1,675
<u>Fund Balances</u>					
13	Mandatory Balance from Previous Fiscal Year (Does <u>not</u> include discretionary amount)	\$20,453	\$20,132	\$20,312	\$20,556
14	10 percent of GF Tax Proceeds	\$20,132	\$20,312	\$20,556	\$21,102
14.1	Overage in Mandatory Balance (Occurs when a reduction in revenue results in the previous estimated mandatory balance exceeding 10 percent of GF Tax Proceeds)	\$321	\$0	\$0	\$0
15	Infrastructure/Deferred Maintenance (Mandatory balance in excess of 10 percent GF Tax Proceeds)	\$2,337	\$1,607	\$1,303	\$1,129
16	Adjusted Deposit to Rainy Day Fund (Line 12 - Line 15)	\$0	\$180	\$244	\$546
17	Mandatory Balance (Line 13 + Line 16 + Line 17)	\$20,132	\$20,312	\$20,556	\$21,102
17.1	Mandatory Percentage	10.0%	10.0%	10.0%	10.0%
17.2	Overage Balance (amount from Line 15)	\$321	\$321	\$321	\$321
17.3	Overage Percentage	0.2%	0.2%	0.2%	0.2%
18	Discretionary Balance	\$1,799	\$1,799	\$1,799	\$1,799
19	Total Rainy Day Fund Balance (Line 18+ Line 20)	\$22,252	\$22,432	\$22,676	\$23,222
19.1	Total Balance (Line 21) as a Percentage of General Fund Tax Proceeds (Line 3)	11.1%	11.0%	11.0%	11.0%

^{1/} Excludes \$3.9 billion in 2023-24 and \$4.1 billion 2024-25 for estimated FEMA cost recoveries for COVID-19 and wildfires