



# **Final Action Report**

## **A Summary of the 2024 Budget Act**

**October 10, 2024**

**Chapters 35, and 22, 994, 995 Statutes of 2024**

**Senate Committee on Budget and Fiscal Review**  
**Senator Scott Wiener, Chair**

# FINAL ACTION REPORT

October 10, 2024

Senate Bills 108 and Assembly Bill 107, 157, 180  
2024-25 Budget Bills

Senate Committee on Budget and Fiscal Review

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October 10, 2024

The Senate Committee on Budget and Fiscal Review has completed its Final Action Report, which is a detailed summary of the 2024-25 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 cursive script that reads "Scott Wiener".

**SCOTT WIENER**

Chair, Senate Budget and Fiscal Review

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# INTRODUCTION

## 2024-25 Budget Act

### Summary

This Final Action Report from the Senate Committee on Budget and Fiscal Review provides a summary of the 2024 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 \$211.5 billion and assumes \$225.6 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 \$22.2 billion. This reserve total includes approximately \$17.6 billion in the BSA.

On April 11, 2024, the Legislature passed AB 106 (Gabriel), Chapter 9, Statutes of 2024, which represented an Early Action Budget Package agreed to by the Governor and Legislature to begin addressing a significant budget shortfall. On June 13, 2024, the Legislature passed AB 107 (Gabriel), Chapter 22, Statutes of 2024, which represented the Legislature's budget agreement. On June 26, 2024, the Legislature passed SB 108 (Wiener), Chapter 35, Statutes of 2024, which was a Budget Bill Junior that made changes to the Budget Act adopted in SB 107 and represented the final budget agreement between the Legislature and the Administration. The Legislature also passed two additional Budget Bill Juniors, SB 109 (Wiener), Chapter 36, Statutes of 2023 and AB 180 (Gabriel), Chapter 995, Statutes of 2024 that made additional changes to the Budget Act. The Legislature also approved numerous budget trailer bills prior to adjourning on August 31, 2024. Budget trailer bills are designed to implement certain provisions of the 2024 Budget Act as noted elsewhere in this report. The 2024 Budget Act was signed by the Governor on June 26, 2024, representing the state's fourteenth consecutive on-time budget. Subsequently, the Governor signed the remainder of the budget and trailer bills that were passed by the Legislature.

In building the 2024 budget, the state was faced with significant fiscal challenges. When the Administration released the Governor's Budget on January 10, 2024, the projected budget gap was \$37.9 billion in the 2024 fiscal year, after proposed adjustments to the Proposition 98 Guarantee. The Administration noted that the shortfall was due to two main factors: 1) a significant decline in the stock market in 2022 that impacted revenues, and 2) the substantial delay in receiving critical income tax collections, when many high earners were impacted by stock market trends. Both of these factors contributed to the state not having necessary information to correct for changes in revenue estimates in a timely manner. Despite both of these factors, when taken into historical context, revised 2022 revenues still reflect growth compared to pre-pandemic levels, albeit on a trajectory that more closely reflects pre-pandemic trends.

As a response to this significant shortfall, the Legislature passed early action package, as described earlier, to immediately address a portion of the shortfall. Using a combination of tools, the early action package reduced the shortfall by \$17.3 billion.

At the May Revision, the Governor’s Budget estimates included an additional budget shortfall of \$7 billion. Together with the January estimate, and partially addressed by the Early Action Package, the remaining 2024 shortfall to be addressed at the May Revision was estimated at \$27.6 billion.

The final budget addresses the remaining 2024 shortfall (for a total of roughly \$46.8 billion in solutions) and also closes a 2025 shortfall of approximately \$30 billion. The proposed budget uses a variety of tools to balance the budget. Among these tools is the use of a portion of the state’s reserves, which reached record highs in 2023. The use of reserves is prudent at this time to maintain the state’s fiscal stability while, at the same time, allowing the state to address priorities, such as addressing homelessness, combatting climate change, and maintaining programs that support the well-being of Californians. In addition, the use of the public school rainy day fund allows for the stability of funding for K-14 education.

As described by the Department of Finance’s Final Budget Summary document, the \$46.8 billion in solutions for 2024 can be categorized as follows:

- Fund Shifts—\$6.0 billion from shifting expenditures from the General Fund to other funds.
- Reductions—\$16.0 billion in General Fund spending reductions.
- Delays and Pauses—\$3.1 billion in delayed spending – extending expenditure periods across multiple years.
- Revenue and Internal Borrowing—\$13.6 billion in revenue, primarily from an increased Managed Care Organization (MCO) tax and the suspension of Net Operating Loss and limitations on business tax credits.
- Reserves - \$6.0 billion in withdrawals from the BSA.
- Deferrals—\$2.1 billion in payments deferred to future years.

## 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:

<b>General Fund Budget Summary Prior Year and Adopted Budget (Dollars in Millions)</b>		
	<u>2023-24</u>	<u>2024-25</u>
<b>Prior Year Balance</b>	<b>\$47,119</b>	<b>\$13,443</b>
Revenues and Transfers	<u>189,399</u>	<u>212,139</u>
<b>Total Resources Available</b>	<b>\$236,518</b>	<b>\$225,582</b>
Non-Proposition 98 Expenditures	155,042	128,892
Proposition 98 Expenditures	<u>68,033</u>	<u>82,612</u>
<b>Total Expenditures</b>	<b>\$223,075</b>	<b>\$211,504</b>
<b>Fund Balance</b>	<b>\$13,443</b>	<b>\$14,078</b>
Reserve for Liquidation of Encumbrances	10,569	10,569
Special Fund for Economic Uncertainties	2,874	3,509
<b>Safety Net Reserve</b>	<b>\$900</b>	<b>\$0</b>
<b>Public School System Stabilization Account (PSSSA)</b>	<b>\$0</b>	<b>\$1,054</b>
<b>Budget Stabilization Account</b>	<b>\$22,559</b>	<b>\$17,633</b>

The Budget Act of 2024 includes total expenditures of \$211.5 billion General Fund, \$84 billion special funds, and \$153 billion in federal funds. The adopted budget contains total General Fund reserves of \$22.2 billion, including \$17.6 billion in the Budget Stabilization Account, the state's constitutionally required Rainy Day Fund, \$1.1 billion in the PSSSA, and \$3.5 billion in the SFEU.

The budget includes General Fund revenue assumptions for 2024 of \$212.1 billion, representing an increase of about 11.2 percent from the prior year. This change includes expected growth year over year, particularly in personal income tax, and reflects some recovery from 2022 and 2023 where the state experienced significant revenue shortfalls compared to projections.

Personal income tax, the largest source of General Fund revenue, is projected to increase by 4.8 percent in 2024 and sales and use tax is projected to increase by 2.2 percent. The corporation tax is projected to increase by almost 28 percent, however this is due to the limitations in the claiming of Net Operating Loss and the limitations in use of business tax credits over the 2024, 2025, and 2026 taxable years. 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>2023-24</u>	<u>2024-25</u>	<u>Percent Change</u>	<u>Percent Total<sup>1</sup></u>
Personal Income Tax	\$111,203	\$116,556	4.8	56.2
Sales and Use Tax	33,320	34,045	2.2	16.4
Corporation Tax	33,282	42,557	27.9	20.5
Insurance Tax	3,905	4,016	2.9	1.9
Other Sources <sup>2</sup>	8,540	10,039	17.6	4.8
<b>Total</b>	<b>\$190,250</b>	<b>\$207,213</b>		

<sup>1</sup>Based on 2024-25, <sup>2</sup>Excludes transfers and loan repayments. Dollars may not add due to rounding.

### Budget Expenditure Highlights

The budget package represents a continuation of the Legislature's commitment to responsible budgeting, including a prudent use of reserves for future use, protecting key programs and investments, and adopting strategic solutions to close a budget gap for both the 2024-25 and 2025-26 fiscal years. Major spending categories are shown in the table below:

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

	<u>2023-24</u>	<u>2024-25</u>	<u>Percent Change</u>	<u>Percent Total<sup>1</sup></u>
Legislative, Judicial, Executive	\$12,886	\$6,071	-52.9	2.8
Business, Consumer, Housing	3,703	1,562	-57.8	.7
Transportation	1,043	1,919	84	.9
Natural Resources	12,143	5,406	-55.5	2.5
Environmental Protection	2,275	223	-90.2	.1
Health and Human Services	73,621	71,656	-2.7	33.9
Corrections and Rehabilitation	15,430	14,176	-8.1	6.7
Education	90,986	104,985	15.4	49.6
Labor and Workforce	1,356	954	-29.6	.5
Government Operations	4,592	2,786	-39.3	1.3
General Government	5,040	1,766	-65	.8
<b>Total</b>	<b>\$223,075</b>	<b>\$211,504</b>	--	--

<sup>1</sup>Based on 2024-25.

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 2024-25 Budget Act. Some highlights include:



## K-12 EDUCATION

- **Proposition 98.** Proposition 98 is funded at \$97.5 billion, \$98.5 billion, and \$115.3 billion in 2022, 2023, and 2024, respectively, and has an overall increase of \$1.9 billion compared to the May Revision. The budget includes the use of the entire Proposition 98 Reserve in 2023, but includes a deposit of \$1.1 billion into the reserve after 2024.
- **Inclusive Early Education Expansion Program.** Restores \$100 million Proposition 98 General Fund to the Inclusive Early Education Expansion Program.
- **Support for Educators.** The budget supports educators with investments in professional development related to mathematics, literacy, and student behavior.

## HIGHER EDUCATION

- **UC and CSU Compacts.** The budget provides a net increase in state support for the third year of compacts with ongoing compact increases for the UC (\$258.8 million General Fund) and CSU (\$240.2 million General Fund) in 2024. The budget also includes a one-time unallocated base reduction for UC (\$125 million) and CSU (\$75 million) in 2024. Finally the budget includes rolling deferrals of compact increases for two years starting in 2025, which are fully retired in 2027.
- **CCC Higher Education Student Housing Projects Construction.** The budget includes the financing structure for a statewide lease revenue bond program to support the construction of 13 community college affordable student housing facilities selected in the 2022 and 2023 Budget Acts as a part of this Higher Education Student Housing Grant Program and funds three districts for housing projects that are not appropriate for bond funds

## CLIMATE, ENVIRONMENT, AND ENERGY

- **Offshore Wind.** The budget preserves \$45 million for offshore wind port infrastructure at the California Energy Commission (CEC), and provides \$16 million for offshore wind permitting activities at the Ocean Protection Council, Coastal Commission, and State Lands Commission.
- **Energy Reliability.** The budget provides CEC flexibility to allocate \$75 million between the Demand Side Grid Support program and Distributed Electricity Backup Assets program.
- **Loan Loss Reserve.** The budget includes \$50 million for the Loan Loss Reserve program at the California Public Utilities Commission (CPUC).

## HEALTH

- **MCO Health Investments.** The budget provides for targeted new health investments starting January 1, 2025, while others will start one year later on January 1, 2026.
- **Public Health.** The budget maintains most funding increases for Public Health programs, with a modest cut of just under eight percent.
- **Specialty Dental Clinics.** The budget restores infrastructure grants to dental clinics to improve access to dental care for children with special health care needs.
- **Maintains State Commitments in Workforce Programs.** The budget maintains \$108.9 million for workforce programs to ensure the state keeps its promise to those already awarded funding for residencies, nursing training, and other pipeline programs.

## HUMAN SERVICES

- **Developmental Services Rates.** The budget includes a six month delay of Developmental Services rate increases (less than the originally proposed 12-month delay), resulting in the rate increase starting in January 1, 2025.
- **Child Care Slots.** The budget restores funds for all Child Care slots that have been recently offered, maintaining an increase of more than 11,000 funded slots and codifies the plan to create over 200,000 new subsidized child care slots by 2028.
- **Foster Care.** The budget maintains funding for foster care programs, including Family Urgent Response System (FURS) and funding for caregiver approvals and implements the permanent foster care rate structure, to take effect July 1, 2027.
- **CalWORKs.** The budget temporarily reduces program funding to match recent expenditures in CalWORKs Expanded Subsidized Employment, CalWORKs Home Visiting, and CalWORKs Mental Health, avoiding permanent cuts.
- **CalFresh and Food Programs.** The budget adds \$10 million to continue the CalFresh Fruits and Vegetables EBT program and maintains funding for senior nutrition, the CalFresh Minimum Benefit pilot program, and the Work Incentive Nutrition Supplement program.

## TAXATION

- **NOL Suspension / Credit Cap.** The budget suspends the Net Operating Loss Credit and limits business tax credits at \$5 million for tax years 2024, 2025, and 2026. In addition, the budget specifies that business tax credits that are not able to be applied during the limitation period are made refundable for use in future years and includes a trigger to end the

suspension and limitation period early if the Director of Finance determines that revenues are sufficient and if adopted as part of the Budget Act.

## GENERAL GOVERNMENT

- **Reorganization of OPR.** The budget renames and refocuses the Governor’s Office of Planning and Research as the Governor’s Office of Land Use and Climate Innovation. Spins off California Volunteers as a separate department; reassigns ZEV and the California Jobs First programs to GO-Biz; and transfers the Initiative to Advance Precision Medicine to Health and Human Services Agency.
- **Middle Mile Broadband Initiative (MMBI).** The budget maintains the current level of investment in the statewide Middle Mile Broadband network and includes \$250 million in flexible funding and trailer bill language for the MMBI to prioritize construction of network segments in unserved and underserved locations.

## HOUSING & HOMELESSNESS

- **HHAP.** The budget provides \$1 billion to Homeless Housing, Assistance and Prevention (HHAP) Round 6 to provide local governments continued funding to combat the homelessness crisis and strengthens program oversight, transparency, and performance accountability.
- **Low Income Housing Tax Credits.** The budget approves an additional \$500 million for the Low Income Housing Tax Credit program to help finance affordable housing development projects, as proposed by the Governor.
- **Encampment Resolution Funds.** The budget include \$150 million in new resources for dismantling homeless encampments and providing encampment residents with a pathway to stable housing.

## PUBLIC SAFETY, CORRECTIONS, AND JUDICIAL

- **Corrections Reductions.** The budget includes \$750 million in various reductions to the Department of Corrections and Rehabilitation.
- **Services for Survivors of Crime.** The budget provides \$103 million to backfill lost federal funds for the Victims of Crime Act program and restores complete funding (\$50 million) for the Flexible Assistance for Survivors of Crime grant program.
- **Non-Profit Security Grants.** The budget provides \$80 million for grants to help nonprofit organizations that are targets of hate-motivated violence and hate crimes.

**LABOR**

- **SB 525 Implementation.** The budget implements health care minimum wage law subject to two potential triggers. The first trigger is related to the Administration submitting a new federal waiver for an additional Quality Assurance Fee, which will generate billions for hospitals. The second being whether revenues out-perform projections by more than three percent. Under this action, it is expected that SB 525 will be implemented as early as October, but no later than January 1, 2025.

**TRANSPORTATION**

- **Active Transportation.** The budget amends the Active Transportation program to provide \$600 million over six years, subject to appropriation after two years.
- **Grade Separations.** The budget preserves \$150 million for targeted grade separation projects, and prioritizes funding for other grade separations projects in existing programs through trailer bill language.
- **Highways to Boulevards.** The budget provides \$75 million for the Highways to Boulevards program at the California Department of Transportation.

**Subcommittee No. 1 – Education**

	Student Housing Issues		
6100	Department of Education	6610	California State University
6120	California State Library	6870	California Community Colleges
6440	University of California	6980	California Student Aid Commission
6600	Hastings College of the Law		

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

	Climate	3790	Department of Parks and Recreation
0540	Secretary for Natural Resources	3820	San Francisco Bay Conservation and Development Commission
0555	Secretary for Environmental Protection		
3100	California African American Museum	3825	San Gabriel and Lower Los Angeles River and Mountains Conservancy
3100	Museum and Exposition Park		
3100	California Science Center	3830	San Joaquin River Conservancy
3110	Special Resources Program: Tahoe Regional Planning Agency	3855	Sierra Nevada Conservancy
		3860	Department of Water Resources
3125	California Tahoe Conservancy	3875	Sacramento-San Joaquin Delta Conservancy
3340	California Conservation Corps	3900	Air Resources Board
3355	Office of Energy Infrastructure Safety	3930	Department of Pesticide Regulation
3360	California Energy Commission	3940	State Water Resources Control Board
3480	Department of Conservancy	3960	Department of Toxic Substances Control
3540	Department of Forestry and Fire Protection	3970	Department of Resources Recycling and Recovery
3560	State Lands Commission		
3600	Department of Fish and Wildlife	8570	Department of Food and Agriculture
3640	Wildlife Conservation Board	8660	California Public Utilities Commission
3720	California Coastal Commission		
3760	State Coastal Conservancy		

### Subcommittee No. 3 – Health and Human Services

0000	Multiple Departments	4265	Department of Public Health
0530	California Health and Human Services Agency	4300	Department of Developmental Services
0977	California Health Facilities Financing Authority	4440	Department of State Hospitals
4100	State Council on Developmental Disabilities	4560	Mental Health Services Oversight and Accountability Commission
4120	Emergency Medical Services Authority	4700	Department of Community Services and Development
4140	Department of Health Care Access and Information	4800	California Health Benefit Exchange
4150	Department of Managed Health Care	5160	Department of Rehabilitation
4170	California Department of Aging	5175	Department of Child Support Services
4260	Department of Health Care Services	5180	Department of Social Services

## Subcommittee No. 4 – State Administration and General Government

	1703	California Privacy Protection Agency
0110/0120/0130 State Legislature	2100	Department of Alcoholic Beverage Control
0509 Governor’s Office of Business and Development	2240	Department of Housing and Community Development
0511 Secretary for Government Operations Agency	2260	California Housing Finance Agency
0515 Business, Consumer Services, and Housing Agency	2320	Department of Real Estate
0650 Governor’s Office of Planning and Research	7502	Department of Technology
0680 Governor’s Office of Service and Community Engagement	7504	Office of Data and Innovation
0840 State Controller	7600	Department of Tax and Fee Administration
0850 State Lottery Commission	7730	Franchise Tax Board
0890 Secretary of State	7760	Department of General Services
0911 Citizens Redistricting Commission	8260	California Arts Council
0950 State Treasurer	8620	Fair Political Practices Commission
0968 Tax Credit Allocation Committee	8825	California Commission on Asian and Pacific Islander American Affairs
0981 California Achieving A Better Life Experience Act Board	8880	Financial Information System for California
0984 CalSavers Retirement Savings Board	8885	Commission on State Mandates
1111 Department of Consumer Affairs – Boards and Bureaus	8940	Military Department
1115 Department of Cannabis Control	8955	Department of Veterans Affairs
1700 Department of Fair Employment and Housing		Control Section 4.05
1701 Department of Financial Protection and Innovation		Control Section 4.12
		Control Section 15.80
		Control Section 21.00
		Control Section 77.00



## **Subcommittee No. 5 – Corrections, Public Safety, and the Judiciary, Labor and Transportation**

0250	Judicial Branch	7100	Employment Development Department
0390	Judge Retirement System	7120	California Workforce Development Board
0521	California State Transportation Agency	7300	Agricultural Labor Regulations Board
0530	Office of Youth and Community Restoration	7350	Department of Industrial Relations
0552	Office of Inspector General	7501	Department of Human Resources
0559	Labor and Workforce Development Agency	7870	Victim Compensation Board
0690	Office of Emergency Services	8120	Commission on Peace Officer Standards and Training
0820	Department of Justice	9800	Employee Compensation Control Section 3.61
2600	California Transportation Commission		
2660	California Department of Transportation		
2665	High-Speed Rail Authority		
2667	High Speed Rail Authority Office of the Inspector General		
2670	Board of Pilot Commissioners		
2720	California Highway Patrol		
2740	Department of Motor Vehicles		
5225	Department of Corrections & Rehabilitation		
5227	Board of State and Community Corrections		

SUBCOMMITTEE 1  
ON  
EDUCATION

Senate Committee on Budget and Fiscal Review

*Members*

John Laird, Chair  
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# SUBCOMMITTEE NO. 1

## EDUCATION

### **Pre-K-12**

6100	Department of Education.....	1-1
6360	California Commission on Teacher Credentialing.....	1-10

### **Higher Education**

6120	California State Library.....	1-12
6440	University of California.....	1-13
6600	UC College of the Law, San Francisco.....	1-15
6610	California State University.....	1-15
6870	California Community Colleges.....	1-15
6980	California Student Aid Commission.....	1-18

# K-12 EDUCATION

## 6100 CALIFORNIA DEPARTMENT OF EDUCATION (CDE)

### K-14 EDUCATION - PROPOSITION 98 OVERALL

Due to the delay in the tax filing deadlines in 2023 to November 16, actual tax revenues fell significantly short of the revenue projections for prior year 2022 at the time of the budget's enactment in June 2023. As a result, the calculated 2022 Proposition 98 minimum guarantee decreased by roughly \$8.8 billion. The budget reflects a 2022 Proposition 98 funding level of \$103.72 billion, of which \$6.2 billion of the State's General Fund costs are accrued to the 2026 through 2035-36 fiscal years for budgetary and financial reporting purposes. The budget also suspends the Proposition 98 guarantee for the 2023-24 fiscal year, creating \$8.3 billion in constitutionally obligated payments, otherwise known as maintenance factor – of which \$4 billion is paid in the 2024-25 fiscal year, leaving \$4.6 billion in maintenance factor payments remaining. Additionally, the budget includes \$2.3 billion in unallocated categorical deferrals from 2022, \$3.6 billion in deferrals from 2023 to 2024, and \$246 million in deferrals scheduled from 2024 to 2025.

The resulting Proposition 98 funding levels for K-12 schools and community colleges (K-14 education) are illustrated below:

<b>Budget Year</b>	<b>Proposition 98 Minimum Guarantee</b>	<b>Change from 2023-24 Budget Act (June 2024)</b>	<b>Applicable Proposition 98 Test<sup>1</sup></b>	<b>K-12 Per Pupil Expenditures</b>
2022-23	\$103.72 billion	\$3.64 billion decrease over 2023-24 revised.	Test 1	\$17,407
2023-24 (suspended)	\$98.48 billion	\$9.83 billion decrease over 2023-24 revised.	Test 2 (suspended)	\$17,678
2024-25	\$115.28 billion	N/A	Test 1	\$17,481

The 2024 estimate of average daily attendance (ADA) was 5,508,796 reflecting an estimated ADA increase from 2023 of 0.74 percent.

<sup>1</sup> 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.

<b>Proposition 98 Funding by Segment</b>			
<b>(Dollars in Millions)</b>			
	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>K-12 Education*</b>			
<b>General Fund</b>	\$65,372	\$67,335	\$72,711
<b>Local property tax revenue</b>	\$25,890	\$27,295	\$28,410
<b>K-12 subtotal</b>	\$91,261	\$94,630	\$101,121
<b>California Community Colleges*</b>			
<b>General Fund</b>	\$8,302	\$8,173	\$8,847
<b>Local property tax revenue</b>	\$3,884	\$4,094	\$4,260
<b>CCC subtotal</b>	\$12,187	\$12,267	\$13,108
<b>Proposition 98 Reserve Deposit</b>	\$272	-\$8,413	\$1,054
<b>Total Proposition 98</b>	\$103,720	\$98,484	\$115,283
<b>General Fund</b>	\$73,946	\$67,095	\$82,612
<b>Local property tax revenue</b>	\$29,774	\$31,389	\$32,670
*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 for the 2022-23 fiscal year. The budget relies on the total deployment of the Proposition 98 Rainy Day Fund in 2023, and includes a \$1.1 billion deposit after 2024.

## **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 \$133.8 billion in 2024.

**K-12 Major Expenditures and Policy Changes.** The following significant investments in K-12 education were adopted in the 2024 budget:

**Local Control Funding Formula (LCFF).** The budget provides a total of approximately \$76.7 billion Proposition 98 General Fund for the LCFF in 2024. This funding amount provides a cost-of-living adjustment (COLA) of \$804 million (1.07 percent) for school districts, charter schools, and county offices of education (COEs), known as Local Educational Agencies (LEAs), in 2024.

**Cost of Living Adjustments.** The budget includes \$89.2 million ongoing Proposition 98 General Fund to reflect a 1.07 percent cost-of-living adjustment for specified categorical programs.

**Equity Multiplier.** The budget includes \$303 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.

**Proposition 28 Implementation.** The budget appropriates \$907.1 million in 2024 to support the Arts and Music in Schools: Funding Guarantee and Accountability Act.

**Supports Against Discriminatory Curricula and/or Instructional Materials.** The budget includes additional supports for teachers, students and families as it relates to curriculum or instructional materials that may be discriminatory against specified groups. This includes:

- Clarifying that local educational agencies provide resources related to the support of specified protected classes to certificated schoolsite employees.
- Prohibits local educational agencies from adopting or approving the use of instructional materials or curriculum that would subject students to unlawful discrimination, and imposes fiscal penalties on local educational agencies that are found in violation.
- Makes technical changes to the fiscal penalties imposed for insufficient textbooks.

**Transitional Kindergarten.** The budget includes technical changes to adjust transitional kindergarten average daily attendance computation for charter schools and aligns transitional kindergarten curriculum to the California Preschool/Transitional Kindergarten Learning Foundations.

**Cayla J Settlement.** The budget makes the following changes to codify the provisions of the Cayla J Settlement, as it relates to the Learning Recovery Emergency Block Grant and TK-12 Accountability:

- Includes professional development and coaching for the Mathematics Framework and the English Language Arts/English Language Development Framework for California Public Schools: Kindergarten through Grade 12 as an eligible expenditure of the Learning Recovery Emergency Block Grant.
- Specifies that any unencumbered funds from the Learning Recovery Block Grant as of July 1, 2024 are to be used for purposes of the settlement, and a needs assessment on identified student need related to academic performance on English Language Arts and Mathematics, as well as chronic absenteeism, must be done before further spending can occur. The budget allows assessments that are done for other programs or during the differentiated assistance process for identified local educational agencies to be used for purposes of the settlement.
- Requires the Local Control and Accountability Plan (LCAP) to include actions supported by the Learning Recovery Block Grant funds to address student needs as identified by the needs assessment, and the rationale for selecting these actions.

- Adds a provision to the Learning Recovery Block Grant statute to encourage local educational agencies to contract or partner with community-based organizations with a track record of success serving high-need students to deliver services or programs funded by the block grant.
- Clarifies the Uniform Complaint Procedures around LCAP adoption/approval include any member of the public.

**TK-12 Accountability.** The budget makes technical and clarifying changes to the state’s accountability system, including clarifying that the Local Control and Accountability Plan update be presented as part of a non-consent item, the submission deadlines for local indicators on the Dashboard, the geographic lead agency selection process, among others.

**Report Clean-Up.** The budget clarifies reporting deadlines related to the following categorical programs:

- The Arts, Music, Instructional Materials Block Grant
- In-Person Instruction and Expanded Learning Opportunities Grants
- A-G Completion Improvement Grant Program
- Kitchen Infrastructure and Training Grants
- Educator Workforce Investment Grant

**Instructional Materials Adoption.** The budget removes statutory prohibitions on successive-year instructional material adoptions for English Language Arts/English Language Development and Mathematics and other clarifying changes.

**County Office Fiscal Crisis and Management Assistance Team (FCMAT) Operations.** The budget includes FCMAT as part of the consultation during the development of the K-12 Audit Guide, and updates the statute related to the charging authority of FCMAT to reflect teleconferencing and other remote work options as part of its services.

**State Board of Education Staffing.** The budget specifies that the Governor’s appointments of six Deputies to the Executive Director of the State Board of Education are exempt from state civil service.

**Attendance Recovery.** Beginning July 1, 2025, the budget authorizes local educational agencies to earn additional average daily attendance (ADA), up to ten days or the number of absences by the student, through attendance recovery programs, as specified. It is the Legislature’s intent that the attendance recovery programs do not negatively impact expanded learning programs, and that local educational agencies use evidence-based strategies to address absenteeism.

**Instructional Continuity.** The budget replaces and streamlines requirements related to what was formerly known as independent study, now known as instructional continuity:

- The budget requires local educational agencies to include instructional continuity plans as part of their school safety plans, as specified.
- Appropriates \$4 million one-time Proposition 98 General Fund for a county office of education to research high-quality, data-supported models of hybrid and remote learning at public schools, and provide guidance, support and resources to local educational agencies to build their own hybrid and remote learning programs.
- Beginning July 1, 2025, a local educational agency that had school closures or a material decrease in attendance will be required to provide an affidavit that certifies that:
  - It has a local governing board or body-adopted school safety plan that includes instructional continuity plans.
  - Either (1) it has provided pupil engagement and instruction as specified in its school safety plan, or (2) it has not provided pupil engagement and instruction due to extenuating circumstances, and describes the support it provided either during or immediately after the closure or material decrease.
  - If applicable, a copy of the state or local public health or public safety order that required school closure.

**Expanded Learning Opportunities Program.** The budget makes the following changes to the Expanded Learning Opportunities Program:

- Clarifies that any unencumbered funds from allocations provided in the Budget Acts of 2021 and 2022 be returned to the state by September 30, 2024.
- Includes the returned funds from the Budget Acts of 2021 and 2022 in the calculations for the 2024 rates, up to \$2,000 per pupil, for local educational agencies with less than 75 percent unduplicated pupil percentages.
- Allows funds for Expanded Learning Opportunities Programs to be used for attendance recovery programs if the attendance recovery programs are administered in conjunction with expanded learning programs on the schoolsite.
- Allows local educational agencies two years, instead of one, to spend allocated expanded learning opportunities program funds.
- Starting for the 2025-26 fiscal year, requires local educational agencies to declare their intent to operate expanded learning opportunities programs.



- Extends the date for expanded learning providers who previously held child care licenses to continue to hold their licenses until 2025.

**Special Education.** The budget authorizes the Department of Finance to address any shortfall or excess of local redevelopment agency property taxes for special education programs with General Fund, and clarifies the deadline for special education local plan areas to submit claims for extraordinary cost pool funds. The budget also extends the date for the State Board of Education and local educational agencies to adopt the Individuals with Disabilities Education Act (IDEA) addendum.

**WorkAbility Clarifications.** The budget clarifies the eligibility and visitation requirements that are part of the WorkAbility program.

**Literacy Screener Professional Development.** The budget appropriates \$25 million one-time Proposition 98 General Fund for professional development related to the literacy screener for reading difficulties, and makes technical changes to allow ongoing funding to be provided through the K-12 Mandates Block Grant process.

**School Staff Layoff Protections.** The budget suspends the authority of local educational agencies to layoff certificated and classified employees between July 1, 2024, and July 1, 2025.

**California Proficiency Program Fees.** The budget allows the California Department of Education to deposit fees collected from the California Proficiency Program into a Special Deposit Fund Account, to be appropriated without regard to fiscal year, for the department's support of the program.

**Homeless Education Technical Assistance Centers.** The budget authorizes up to \$2.5 million federal funds to support Homeless Education Technical Assistance Centers, as specified.

**Pupil Recess.** The budget clarifies provisions of SB 291 (Newman), Chapter 863, Statutes of 2023, related to pupil recess.

**Broadband Access Funding.** The budget specifies that revenues received by the Corporation for Education Network Initiatives in California (CENIC) for completed projects be used to sustain administrative costs for both the Department of Education and CENIC, in addition to broadband projects, until fully exhausted.

**Youth Behavioral Training.** The budget requires the Department of Education to develop model referral protocols for addressing student behavioral health concerns by January 1, 2025, and requires local educational agencies to certify that their employees received youth behavioral training by July 1, 2029.

**Alternative Diploma Pathways.** The budget allows local educational agencies to offer the alternative diploma pathways to students who were in grade 10 or higher in the 2022-23 school year.

**Inclusive College Technical Assistance Center.** The budget appropriates \$2 million ongoing Proposition 98 General Fund to a county office of education technical assistance center focused on inclusive college opportunities for students with intellectual disabilities.

**Community Schools.** The budget adjusts the set-aside percentages for the California Community Schools Partnership program between the implementation grants and the extension grants, among other technical changes.

**School Meals.** The budget appropriates \$179.4 million ongoing Proposition 98 General Fund and an additional \$120.8 million one-time Proposition 98 General Fund to support universal school meals in 2023 and 2024. The budget includes a total of \$1.85 billion Proposition 98 General Fund to support universal school meals in 2024. The budget also supports the drawdown of federal funds to continue to implement the Universal Meals program by:

- Requiring monthly direct certification matching through CALPADS.
- Requiring the Department of Education to develop an electronic Student Benefit Form that can be used for both Local Control Funding Formula and federal meal eligibility purposes.
- Providing flexibility for local educational agencies to operate their meal programs under specified federal meal service provisions.

**California College Guidance Initiative.** The budget makes several changes related to the California College Guidance Initiative:

- Appropriates \$2.1 million ongoing Proposition 98 General Fund to continue to support the expansion of the California College Guidance Initiative.
- States the legislative intent that high school students have broad support and assistance services to help them successfully complete and submit a Free Application for Federal Student Aid or California Dream Act application.
- Requires community college districts to submit students' courses and grades to eTranscriptCA.
- Requires the California School Information Services, in consultation with the Department of Education, to create and maintain a list of Student Information Services vendors.
- Requires local educational agencies to submit students' grade point average and transcript information to the California College Guidance Initiative.
- Requires local educational agencies to ensure that 11<sup>th</sup> graders complete financial aid lessons on CaliforniaColleges.edu, in a manner developed in partnership with the California Student Aid Commission.

- Requires a representative of the local educational agency to have a district administrator account on the CaliforniaColleges.edu platform.
- Other statutory changes, as specified.

**Facilities Funding.** In anticipation of a school facilities bond on the November 2024 ballot, the budget eliminates \$550 million General Fund planned for 2024 for the Preschool, Transitional Kindergarten, and Full Day Kindergarten Facility Grant program, and eliminates planned funding for the School Facility Program in 2024.

**AB 218 Child Sexual Assaults – Recommendations for Funding and Financing.** The budget requires the County Office Fiscal Crisis and Management Assistance Team, in consultation with subject matter experts, to provide recommendations related to funding and financing mechanisms related to judgments and settlements from child sexual abuse lawsuits.

**Professional Development for Mathematics Framework.** The budget appropriates one-time \$20 million Proposition 98 General Fund for professional development to support the Mathematics Framework.

**Hybrid and Zero-Emission Truck and Voucher Incentive Project.** The budget removes the intent to fund \$500 million Proposition 98 General Fund for the Hybrid and Zero-Emission Truck and Voucher Incentive Project and for related infrastructure in 2024.

**Golden State Teacher Grants.** The budget modifies the Golden State Teacher Grant program, as follows:

- For the 2024-25 fiscal year only, reduces award amounts to \$10,000 and \$5,000 with a reduced service requirement, as specified, and excludes intern credential program participants.
- Limits the California Student Aid Commission to award no more than \$50 million for applicants that submitted applications in 2023.
- Requires the Commission to prioritize awards for applicants based on the federal Student Aid Index, beginning on July 1, 2024.
- Requires the Commission to establish up to three application periods each year.

**Science Safety Handbook Revision.** The budget requires the Department of Education to revise the science safety handbook, as specified.

**William S. Hart Union High School District.** The budget appropriates \$1.3 million General Fund to support William S. Hart Union High School District infrastructure.

**Parks Access.** The budget appropriates \$2.1 million ongoing Proposition 98 General Fund for the Sacramento County Office of Education to contract with the California Department of Parks and Recreation to provide 4<sup>th</sup> graders in public schools access to California State Parks.

**Curriculum-Embedded Performance Tasks for Science.** The budget appropriates \$7 million one-time Proposition 98 General Fund for a county office of education to contract with a nonprofit organization to provide curriculum-embedded performance tasks for science.

**California Teacher Collaborative on the Holocaust and Genocide Education.** The budget provides \$5 million one-time Proposition 98 General Fund to support the California Teachers Collaborative for Holocaust and Genocide Education, and requires the Marin County Office of Education to provide a report to the Joint Legislative Budget Committee and the Department of Finance, as specified.

**Save the Children.** The budget appropriates \$5 million one-time General Fund for Save the Children, for purposes of providing after school programs in rural districts.

**Lesbian, Gay, Bisexual, Transgender and Questioning Plus Online Training and Implementation (AB 5).** The budget includes \$770,000 General Fund to support online training and implementation for LGBTQ+ supports in schools.

**State Special Schools Infrastructure Support.** The budget appropriates \$3.4 million General Fund, of which \$380,000 is ongoing, to support network infrastructure and equipment for students and staff at the State Special Schools and Diagnostic Centers.

**Classified School Employee Summer Assistance Program.** The budget provides a \$9 million one-time Proposition 98 General Fund augmentation for the Classified School Employee Summer Assistance Program.

**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:

- Maintains that the California State Preschool Program continue to require providers to reserve five percent of funded enrollment for children with disabilities. However, the budget suspends provisions to increase this requirement to 7.5 percent in 2025 and ten percent in 2026.
- Provides authority for CDE to develop and implement a streamlined request for application process to award new State Preschool slots to existing providers.
- Includes \$53.7 million General Fund to support reimbursement rate increases previously supported by available one-time federal stimulus funding. The budget also reflects a one-time savings of \$190.7 million General Fund and \$522.3 million Proposition 98 General Fund.
- Authorizes State Preschool providers to enroll 2-year-olds into programs, until 2027, as specified.

**6360 CALIFORNIA COMMISSION ON TEACHER CREDENTIALING (CTC)**

The budget includes the following for the CTC:

- Appropriates \$900,000 one-time General Fund for a public outreach campaign to encourage interest in the teaching profession.
- Abolishes the Test Development and Administrative Account on July 1, 2024.
- Streamlines the transcript review process for subject matter competence related to educator credentialing, and clarifies that the basic skills proficiency requirement is met if the applicant holds a baccalaureate degree.
- Makes technical changes to clarify teacher mis-assignment monitoring, and other technical changes.
- Authorizes candidates who are seeking their PK-3 early childhood education specialist credential to participate in the early completion option.

**K-12 Education and Early Education Budget Trailer Bills**

1. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
2. *Budget Act of 2024 – Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024.*
3. *Budget Act of 2023 – Senate Bill 109 (Wiener), Chapter 36, Statutes of 2024.*
4. *Budget Act of 2024 – Assembly Bill 157 (Gabriel), Chapter 994, Statutes of 2024.*
5. *Budget Acts of 2022-23 and 2023-24 – Assembly Bill 158 (Gabriel), Chapter 996, Statutes of 2024.*
6. *K-12 Education Finance – Senate Bill 153 (Committee on Budget), Chapter 38, Statutes of 2024.*
7. *K-12 Education Finance: Proposition 98 – Assembly Bill 154 (Committee on Budget), Chapter 27, Statutes of 2024.*
8. *Early Childhood Education, K-12 Education Finance, and Higher Education – Assembly Bill 176 (Committee on Budget), Chapter 998, Statutes of 2024.*

# HIGHER EDUCATION

## STUDENT HOUSING ISSUES

**Revolving Loan Fund.** The budget suspends funding for the program. This action will pull \$300 million General Fund in annual support between the 2024-25 and 2028-29 fiscal years and revert \$194 million General Fund in 2023-24.

**Student Housing Grant Program.** The budget includes trailer bill language in SB 155 (Committee on Budget and Fiscal Review), Chapter 71, Statutes of 2024, that does the following:

- Establishes the financing structure for a statewide lease revenue bond program to support the construction of 13 community college affordable student housing facilities selected in the 2022 and 2023 Budget Acts as a part of the Higher Education Student Housing Grant Program.
- Amongst other provisions, requires the Board of Governors of the California Community Colleges, a participating college, and the State Public Works Board to enter into an agreement for each student housing project that includes, among other things, performance expectations of the parties related to the acquisition, design, and construction or renovation of the student housing project.
- Makes additional changes to facilitate the construction of affordable student housing projects selected in prior budget acts.

**California Community College Student Housing Debt Service.** The budget includes funding adjustments needed to cover debt service costs for the California Community College student housing projects.

## 6120 CALIFORNIA STATE LIBRARY

**Reducing Support for Statewide Library Broadband Services.** The budget includes early action to revert \$34 million General Fund of the \$35 million General Fund provided in the 2021 Budget Act for the expansion of broadband access to isolated and under-served communities. This reversion was effective for the 2023-24 fiscal year.

**Reducing Previous Local Library Infrastructure Appropriations.** The budget reverts \$4.4 million one-time General Fund of the \$439 million General Fund provided in the Budget Act of 2021.

**Reducing Future Support for Local Library Infrastructure.** The budget foregoes \$100 million spread across the 2024 to 2026 fiscal years that would have supported local library infrastructure projects.

**Tribal and Rural Libraries Library Programs Consultant.** The budget includes permanent position authority for one Library Programs Consultant in fiscal year 2024-25 and ongoing to provide library

services to Tribal and Rural Libraries. The position will be paid for with federal funds provided annually to the State Library by the Institute of Museum and Library Services.

**Ongoing Reductions to State Library State Operations.** The budget includes an across-the-board reduction to state operations by approximately 7.95 percent beginning in 2024 to nearly all department budgets. This reduction includes personnel, operating costs, and contracting. The Department of Finance indicates that it will work with agencies and departments in the Fall on these reductions.

**Rejection of Dolly Parton Imagination Library Reduction.** The budget does not move forward with the Governor's proposed \$40 million General Fund one-time reduction.

**Reduce Support for Lunch at the Library.** The Governor's May Revision proposed to reduce support by \$5.5 million General Fund in 2024 and ongoing, eliminating state support for this program. The budget instead reduces support by \$2.5 million General Fund in 2024 and ongoing.

**California Library Services Act Support Adjustment.** The budget reduces support by \$1.8 million General Fund ongoing. The 2021 Budget Act previously included \$1.8 million General Fund ongoing for this program.

**LGBTQ Archives Technical Correction.** The budget includes technical changes to correct the year of appropriation for Lesbian, Gay, Bisexual, Transgender and Queer Archives.

**Imagination Library.** The budget reappropriates funding from the 2022 Budget Act from the California State Library to support the California iteration of the Imagination Library for the same purpose.

## **6440 UNIVERSITY OF CALIFORNIA (UC)**

**UC Compact Increases in 2024-25.** The budget rejected the Governor's proposed deferral of UC's 2024 compact increase. Instead, the budget provides a net increase in state support for the third year of the compact agreement as follows:

- Includes a \$228 million General Fund base increase in 2024 and ongoing and adopts the May Revision proposal to make a \$125 million General fund one-time unallocated baseline reduction.
- Includes \$31 million General Fund in 2024 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 2024.

**UC Base Increases in Future Years.** The budget restructures base support funding for UC as follows:

- Defers the 2025-26 base increase of \$240.8 million General Fund from 2025-26 to 2026-27. In 2026-27, it is the intent of the Legislature to provide a one-time back payment of this amount, along with an ongoing base increase of this amount.
- Defers the 2026-27 base increase of \$240.8 million General Fund from 2026-27 to 2027-28. In 2027-28, it is the intent of the Legislature to provide a one-time back payment of this amount, along with an ongoing base increase of this amount.



**UC Non-Resident Reduction Plan in Future Years.** The budget restructures support for UC as follows:

- Defers the 2025-26 nonresident reduction plan funding of \$31 million General Fund from 2025-26 to 2026-27. In 2026-27, it is the intent of the Legislature to provide a one-time back payment of this amount, along with an ongoing increase of this amount.
- Defers the 2026-27 nonresident reduction plan funding of \$31 million General Fund from 2026-27 to 2027-28. In 2027-28, it is the intent of the Legislature to provide a one-time back payment of this amount, along with an ongoing increase of this amount.

**Institute for Immunology and Immunotherapy at the University of California, Los Angeles (UCLA) Delay.** The budget foregoes a \$300 million General Fund investment for a new construction project at UCLA because the project scope shifted to the acquisition and maintenance of an existing facility.

**Medical School Project at UC Merced.** The budget includes an increase of \$14.5 million General Fund in 2024-25 and ongoing to support a Medical School Project at UC Merced, consistent with a Budget Act of 2019 agreement.

**Graduate Medical Education Reduction.** The budget makes a \$13.5 million General Fund ongoing reduction.

**UC Equal Opportunity Practices and Professional Development One-Time Fund Reduction.** The budget includes a one-time \$5 million reduction. The Budget Act of 2021 appropriated \$5 million one-time General Fund to support culturally competent faculty professional development and included language allowing funding also to be used to support equal employment opportunity practices.

**Rejections of Program Cuts.** The budget does not move forward with the Governor's proposed reductions to the UC Labor Centers, UC Latino Policy and Politics Institute, and UC Davis Equine Performance and Rehabilitation Center.

**Enrollment Targets Technical Correction.** The budget includes technical and clarifying corrections to the enrollment targets in 2025-26 and 2026-27 for the University of California.

**UC Agriculture and Natural Resources Technical Fund Shift.** The budget includes a technical fund shift to reflect an operational increase for the UC Agriculture and Natural Resources.

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

**Base Adjustment.** The budget provides an increase of \$2.2 million General Fund in 2024-25 and ongoing to support operating costs. This increase represents a three percent increase base augmentation. Unlike the departments identified for the across-the-board reductions in 2024-25, the reductions for the UC College of the Law, San Francisco begin in 2025-26 with a projected \$2.2 million ongoing reduction.

**6610 CALIFORNIA STATE UNIVERSITY (CSU)**

**CSU Compact Increases in 2024-25.** The budget rejected the Governor's proposed deferral of CSU's 2024-25 ongoing compact increase. Instead, the budget provides a net increase in state support for the third year of the compact agreement as follows:

- Includes a \$240.2 million General Fund base increase in 2024-25 and ongoing and adopts the May Revision proposal to make a \$75 million General Fund one-time unallocated baseline reduction.

**CSU Base Increases in Future Years.** The budget restructures compacts support for CSU as follows:

- Defers the 2025-26 base increase of \$252.2 million General Fund from 2025-26 to 2026-27. In 2026-27, it is the intent of the Legislature to provide a one-time back payment of this amount, along with an ongoing base increase of this amount.
- Defers the 2026-27 base increase of \$252.2 million General Fund from 2026-27 to 2027-28. In 2027-28, it is the intent of the Legislature to provide a one-time back payment of this amount, along with an ongoing base increase of this amount.

**Augmentation to Support Expanded University Fee Waiver Costs.** The budget includes \$5.5 million General Fund on an ongoing basis to support the estimated costs of the recently enacted AB 1745 (Soria) Chapter 695, Statutes of 2023. AB 1745 expanded fee waiver for Medal of Honor recipients, children of Medal of Honor recipients, or dependents of service-injured veterans attending the CSU.

**6870 CALIFORNIA COMMUNITY COLLEGES (CCC)**

**CCC Apportionments Deferrals.** The budget defers \$446.4 million Proposition 98 General Fund from 2023-24 to 2024-25. In addition, the budget defers \$243.7 million Proposition 98 General Fund from 2024-25 to 2025-26.

**CCC Reserves.** The budget includes \$545.9 million Proposition 98 General Fund from the Public School System Stabilization Account (PSSSA) to support apportionments costs in 2023-24.

**CCC Reappropriations.** The budget uses PSSSA to cover 2023-24 costs incurred because of a 2022-23 deferral for certain categorical program funds. Specifically, the budget includes \$241.8 million

Proposition 98 General Fund from the PSSSA to cover a 2022-23 categorical program deferral in 2023-24.

**Nursing Program Support at CCC.** The budget establishes the Rebuilding Nursing Infrastructure Grant Program to expand nursing programs and partnerships, address nursing shortages, and increase, educate, and maintain the next generation of registered nurses through the community college system. The budget supports this program with \$60 million Proposition 98 General Fund per year for five years, starting in 2024-25, with CCC Strong Workforce Program funding.

**Financial Aid Offices.** The budget includes \$20 million one-time to assist community college financial aid offices with unexpected workload and circumstances due to the Free Application for Federal Student Aid (FAFSA) delays and to help support students who are still trying to complete the FAFSA.

**Local Assistance, Hold Harmless for Student-Centered Funding Formula.** The budget includes an adjustment request for Schedule (1) of Item 6870-101-0001 so that it is decreased by \$188.8 million Proposition 98 General Fund. This adjustment reflects a revised estimate of hold harmless funding for districts under the Student-Centered Funding Formula.

**CCC Apportionments Cost-Of-Living Adjustment (COLA).** The budget includes an increase of \$100 million Proposition 98 General Fund in 2024-25 and ongoing to provide a 1.07-percent COLA for Student Centered Funding Formula apportionments.

**Categorical Program COLA.** The budget includes an increase of \$12.8 million Proposition 98 General Fund in 2024-25 and ongoing to provide a 1.07 percent cost-of-living adjustment to the Adult Education Program, apprenticeship programs, CalWORKs student services, campus childcare support, Disabled Students Programs and Services, Extended Opportunity Programs and Services, and the mandates block grant.

**Enrollment.** The budget includes \$28.1 million Proposition 98 General Fund ongoing to support 0.5-percent enrollment. This equates to about 5,400 additional full-time equivalent (FTE) students. The Governor's budget previously included \$29.6 million Proposition 98 General Fund ongoing to support 0.5-percent enrollment.

**Ongoing Reductions to CCC Chancellor's Office State Operations.** The budget includes an across-the-board reduction to state operations by approximately 7.95 percent beginning in 2024-25 to nearly all department budgets. This reduction includes personnel, operating costs, and contracting. The Department of Finance indicates that it will work with agencies and departments in the Fall on these reductions.

**Local Assistance, Reappropriation (Student Centered Funding Formula).** The budget includes a reappropriation of Item 6870-488 to provide \$22.1 one-time Proposition 98 General Fund to support the Student-Centered Funding Formula in 2023-24.

**Local Assistance, Reappropriation (e-Transcript California).** The budget includes a reappropriation of Item 6870-488 to provide \$12 million one-time Proposition 98 General Fund to support the continued development of e-Transcript California.

**Local Assistance, Reappropriation (Education Pathways for Low-Income Workers).** The budget includes \$5 million to support a pathways for low-income workers demonstration project within the 2024-25 Strong Workforce Program appropriation.

**Local Assistance, Reappropriation (Mapping Articulated Pathways).** The budget includes a reappropriation of unspent funds to provide \$6 million to support mapping articulated pathways for credit for prior learning.

**Local Assistance, Reappropriation (Common Cloud Data Platform).** The budget rejects the May Revision proposal for a reappropriation of Item 6870-488 to provide \$12 million one-time Proposition 98 General Fund to support a common cloud data platform demonstration project.

**Local Assistance, Student Financial Aid Administration and Board Financial Assistance Program Funding.** The budget includes an adjustment request for Schedule (5) of Item 6870-101-0001 so that it is increased by \$396,000 Proposition 98 General Fund to reflect an increase of \$197,000 for the Student Financial Aid Administration Program and an increase of \$199,000 for the Board Financial Assistance Program. These adjustments reflect revised estimates of the number of units with fees waived and the dollar amount of fees waived, respectively.

**Local Assistance, Equal Employment Opportunity Program.** The budget includes a budget item related to this program that reflects a \$1.1 million Employment Opportunity Fund increase to promote equal employment opportunities in hiring and promotion at community college districts.

**Part-Time Faculty Office Hours Reimbursement.** The budget includes trailer bill legislation in SB 155 (Committee on Budget and Fiscal Review), Chapter 71, Statutes of 2024, that increases the reimbursement for districts from 50 percent to 90 percent to encourage increased usage of the program by districts, provide office hours, and incentivize spending of funds that are underutilized. The language requires the allocation to any district in a fiscal year to not exceed 90 percent of the total costs of the compensation paid for those office hours.

**Related and Supplemental Instruction Reimbursement (RSI) Program Backfill.** The RSI Hourly Reimbursement program utilizes Proposition 98 funding to reimburse apprenticeship programs for the hours of RSI they provide to apprentices. It is one of multiple options for apprenticeship programs to receive reimbursement for RSI provided. The budget includes \$3.6 million one-time Proposition 98 General Fund to backfill a shortfall in unfunded RSI hours from 2021-22 and 2022-23 for firefighter apprenticeship hours.

**Student Services for CalWORKs Recipients Technical Adjustments.** The budget includes technical adjustments for student services for CalWORKs recipients and opportunity programs and services under the California Community Colleges.

**Rising Scholars Program.** The budget includes trailer bill language in AB 176 (Gabriel), Chapter 998, Statutes of 2024 that increases the number of Rising Scholars programs that can be funded to 65, from the current cap of 50. The budget also allows the Chancellor's Office to prioritize funding for programs that show improvement in achieving the student outcome goals of the program.

**Nursing Partnerships Assessment.** The budget includes trailer bill language in AB 176 (Gabriel), Chapter 998, Statutes of 2024 that extends the due date for the Legislative Analyst to conduct an assessment on nursing partnerships jointly offered between the California Community Colleges, California State University, and the University of California from January 1, 2025, to January 1, 2031.

**Capital Outlay Projects.** The budget includes trailer bill language in AB 176 (Gabriel), Chapter 998, Statutes of 2024 that allows the California Community College Board of Governors to prioritize funding for capital outlay projects in 2025-26 that address campus facility safety concerns regarding the use of concrete “lift slab” construction as identified by the State Architect.

## **6980 CALIFORNIA STUDENT AID COMMISSION**

**Middle Class Scholarship (MCS).** The budget rejects a baseline reduction of \$510 million General Fund in 2024-25 and ongoing to MCS. Instead, the budget maintains baseline funding at \$637 million and includes a one-year baseline augmentation of \$289 million General Fund in 2024-25 to increase total funding for the program to \$926 million General Fund in 2024-25. The budget also includes a \$110 million General Fund ongoing reduction starting in 2025-26 subject to final budget decisions. The budget agreement also establishes a Joint Legislative Budget Committee notification process to assist the Student Aid Commission with planning each budget year’s award amounts.

**MCS Deadline Extension for Returning/Continuing Students.** The budget includes trailer bill legislation in SB 155 (Committee on Budget and Fiscal Review), Chapter 71, Statutes of 2024, that provides returning/continuing students with additional time to submit a Free Application for Federal Student Aid and receive a MCS award for the 2024-25 award year. The deadline would be extended from May 2, 2024, to July 1, 2024, to renew their awards for the 2024-25 award year only.

**Cal Grant Program Caseload Adjustments.** The budget reflects updated Cal Grant expenditures based on the latest 2024-25 estimates of enrollment of Cal Grant-eligible students.

**Learning Aligned Employment Program.** The budget reduces funding for this program by \$485 million General Fund one-time, reflecting the balance of unspent funds.

**Cohort Default Rate Trailer Bill Language.** The budget includes trailer bill legislation in SB 155 (Committee on Budget and Fiscal Review), Chapter 71, Statutes of 2024 that requires the California Student Aid Commission to use the three-year cohort default rate certified in 2020 to determine whether an institution is eligible to participate in the Cal Grant program in the 2023-24 award year. Institutions would be required to have a cohort default rate below 15.5 percent to participate in the Cal Grant program.

**Remove Statute to Establish an Auxiliary Organization and Associated Reporting Language.** The budget includes trailer bill legislation that removes the Student Aid Commission authority to establish an auxiliary organization for the purpose of providing operational and administrative services for the participation by the commission in the Federal Family Education Loan Program, or for other activities approved by the commission and determined by the commission to meet specified requirements. This authority was no longer deemed necessary.

**Golden State Teacher Grant.** The budget rejects the May Revision (See K-12 section for details on trailer bill legislation) proposal to reduce support by \$60.2 million General Fund one-time. The budget instead maintains program support in 2024-25 at \$110.2 million General Fund and includes a one-time \$6 million federal reimbursements reduction to reflect a technical correction in support for the program in 2024-25.

**California College for the Arts.** The budget includes \$2.5 million from redirected General Fund for purposes of the California College for the Arts.

**Golden State Teachers Grant Technical Clarification.** The budget includes trailer bill language in AB 176 (Gabriel), Chapter 998, Statutes of 2024, that clarifies that the California Student Aid Commission prioritizes applicants for purposes of the Golden State Teachers Grant Program based on the federal Student Aid Index.

### **Higher Education Budget and Trailer Bills**

1. *Budget Act of 2024 – Assembly Bill 106 (Gabriel), Chapter 9, Statutes of 2024.*
2. *Budget Act of 2024– Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
3. *Budget Act of 2024– Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024.*
4. *Higher Education Trailer Bill – Senate Bill 155, Chapter 71, Statutes of 2024.*
5. *Education Trailer Bill – Assembly Bill 176 (Gabriel), Chapter 998, Statutes of 2024.*

SUBCOMMITTEE 2  
ON  
NATURAL RESOURCES,  
ENVIRONMENTAL  
PROTECTION, AND ENERGY

Senate Committee on Budget and Fiscal Review

*Members*

Josh Becker, Chair  
Catherine Blakespear  
Brian Dahle

*Consultants*

Diego Emilio J. Lopez  
Eunice Roh  
Joanne Roy

# SUBCOMMITTEE No. 2

## NATURAL RESOURCES, ENVIRONMENTAL PROTECTION and ENERGY

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# NATURAL RESOURCES

## 0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

**CNRA Campus Relocation and Consolidation, Phase 2.** The budget appropriates \$1.1 million from various special funds one-time in 2024-25 to conduct critical activities associated with its move to the Gregory Bateson Building (1600 9<sup>th</sup> Street, Sacramento), currently under major renovation. This is the second phase of CNRA's Sacramento campus consolidation.

**Tahoe Climate Adaptation Environmental Monitoring.** The budget includes \$300,000 Lake Tahoe Science and Lake Improvement Account in 2024-25 and ongoing to support water quality monitoring activities at Lake Tahoe. CNRA will direct the funds to the bi-state Tahoe Science Advisory Council to align monitoring investments with both science and management priorities. The Council was established to provide coordinated, collaborative advice to guide science investment at Tahoe. The requested monies will be directed to the Council to address deferred monitoring activities and other research to gather information necessary to design adaptive climate projects for the future. These resources are intended to also leverage private, federal, and other state funds to support significant monitoring and reporting program needs.

**Tribal Nature-Based Solutions: Temporary Help Position Conversion.** The budget includes one permanent Associate Governmental Program Analyst to be funded from savings within the baseline budget for the Tribal Nature-Based Solutions Grant Program. This position has been carried under the temporary help blanket but is now needed on a permanent basis to meet the ongoing needs of the program. Additional funding is not needed as the position's costs can be absorbed within the baseline tribal affairs budget. This action is intended to provide permanent position authority to reduce turnover and encourage retention among staff that perform the tribal affairs functions of CNRA's work, including the management of the Tribal Nature-Based Solutions grant program.

**Sacramento River Vessel Cleanup.** The budget appropriates \$1 million General Fund to CNRA for a grant to the Sacramento County Sheriff for the exclusive purposes of funding removal of abandoned water vessel and road vehicle removal that cause or contribute to contamination of the Sacramento River.

**Museum of Tolerance.** The budget appropriates \$2 million to CNRA for a grant to the Museum of Tolerance.

**Climate and Biodiversity Projects: California Environmental Quality Act (CEQA).** The budget includes trailer bill language extending the sunset for the CEQA exemption for climate and biodiversity projects by five years.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)  
3125 CALIFORNIA TAHOE CONSERVANCY  
3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY  
3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION  
3480 DEPARTMENT OF CONSERVATION (DOC)  
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)  
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3860 DEPARTMENT OF WATER RESOURCES (DWR)  
3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY

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

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)  
3480 DEPARTMENT OF CONSERVATION (DOC)  
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)  
3560 STATE LANDS COMMISSION (SLC)  
3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)  
3720 CALIFORNIA COASTAL COMMISSION  
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)  
3860 DEPARTMENT OF WATER RESOURCES

**Chaptered Legislation.** The budget includes resources from the General Fund and special funds to implement statutory requirements associated with legislation chaptered in 2023, as follows:

- **CNRA: SB 306 (Caballero), Chapter 387, Statutes of 2023: Extreme Heat Action Plan.** \$250,000 General Fund and one position ongoing. SB 306 requires annual reporting to the Legislature by the California Energy Commission regarding the direct install program, as part of the Equitable Building Decarbonization Program and codifies the Extreme Heat Action Plan with required reporting.
- **DOC: AB 1167 (Wendy Carillo), Chapter 359, Statutes of 2023: Oil and Gas Acquisition and Bond Requirements.** \$751,000 Oil, Gas, and Geothermal Administrative Fund (OGGAF) in 2024-25, \$697,000 in 2025-26 and ongoing; and four positions ongoing. AB 1167 requires a person who acquires the right to operate a well or production facility by purchase, transfer, assignment, conveyance, exchange, or other disposition, to file with the State Oil and Gas Supervisor an individual indemnity bond for the well or production facility or a blanket indemnity bond for multiple wells or facilities in an amount determined by the supervisor to be sufficient to cover, in full, all costs

of plugging and abandonment, decommissioning, and site restoration, with certain exceptions, as provided.

- **CalFire: AB 1403 (Garcia), Chapter 368, Statutes of 2023: Fireworks Public Safety.** \$638,000 General Fund in 2024-25, \$528,000 in 2025-26, and \$512,000 in 2026-27 and ongoing; and two positions ongoing. AB 1403 requires the State Fire Marshal, by January 1, 2025, to collect and analyze data about firework-related fires, damages, and arrests; submit a workload analysis to the relevant committees of the Legislature; and train local authorities on relevant regulations related to fireworks, as specified. This bill authorizes and limits local jurisdictional fees covering costs related to fireworks sale permits, inspection, public education, enforcement, and fire operation efforts.
- **CDFW: SB 544 (Laird), Chapter 216, Statutes of 2023: Bagley-Keene Open Meeting Act: Teleconferencing.** \$262,000 in special funds (Fish and Game Preservation Fund, Oil Spill Prevention and Administration Fund, and the Hatchery and Inland Fisheries Fund) in 2024-25 and 2025-26 and one position ongoing. SB 544 revises and repeals, until January 1, 2026, certain teleconference requirements under the Bagley-Keene Open Meeting Act, which requires all meetings of the state body be open and public.
- **California Coastal Commission: SB 423 (Wiener), Chapter 778, Statutes of 2023: Streamlined Housing Approvals Implementation.** \$200,000 General Fund ongoing and one position ongoing. SB 423 extends the sunset on SB 35 (Wiener), Chapter 366, Statutes of 2017, to January 1, 2036, and makes other specified changes. SB 35 created a streamlined, ministerial approval process for infill development projects in localities that have failed to meet their regional housing needs assessment numbers.
- **Parks: AB 618 (Bauer-Kahan), Chapter 536, Statutes of 2023: State Parks Reservations.** \$200,000 General Fund in 2024-25. AB 618 requires any contract entered into by Parks to manage the department's reservation system to reflect certain rules, authorizations, and requirements, as specified. AB 618 also requires Parks, by January 1, 2025, and through January 1, 2029, to implement a reservation drawing for up to five of the most popular units of the state park system and to report on the outcomes of the reservation drawing to the Legislature.
- **DWR: SB 659 (Ashby), Chapter 624, Statutes of 2023: California Water Supply Solutions Act Implementation.** \$300,000 General Fund ongoing and one position ongoing to implement SB 659, which requires DWR, as part of the 2028 update to the California Water Plan, and each subsequent update thereafter to the plan, to provide actionable recommendations to develop additional groundwater recharge opportunities that increase the recharge of the state's groundwater basins.

**0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)**  
**3600 DEPARTMENT OF FISH AND WILDLIFE (CDFW)**  
**3860 DEPARTMENT OF WATER RESOURCES (DWR)**

**Salton Sea Management Program (SSMP).** The budget includes \$65.2 million Greenhouse Gas Reduction Fund (GGRF) in 2024-25, \$3.3 million GGRF in 2025-26, and \$3.3 million from the Salton Sea Lithium Fund in 2026-27 and ongoing for Salton Sea restoration projects and SSMP staffing, as follows:

- \$60 million General Fund to begin work on six projects, including the Species Conservation Habitat Expansion project. Depending on the project, activities conducted in 2024-25 will include planning, design, and/or permitting. The administration currently estimates the total combined cost for these projects at between \$376 million and \$453 million. Once completed, these projects are intended to provide up to 8,165 acres of wetlands, dust suppression, vegetation enhancement, and aquatic habitat.
- Eighteen new positions at DWR, CDFW, and CNRA, phased in over two years (nine positions beginning in 2024-25 and another nine in 2025-26) along with \$1.6 million General Fund in 2024-25, \$3.3 million General Fund in 2025-26, and \$3.3 million Salton Sea Lithium Fund in 2026-27 and ongoing. (This item assumes lithium development will begin generating tax revenue sufficient to support these positions in the out-years.) These positions will be responsible for a variety of activities, including maintenance and operations of completed projects (including upkeep of both infrastructure and habitat), data collection, real estate support, environmental science, and management and administrative functions.
- \$3 million General Fund in 2024-25 for the state's current required payment to support the United States Army Corps of Engineers (USACE) Imperial Streams Salton Sea and Tributaries Feasibility Study pursuant to an agreement the state made with the federal government regarding this work. In addition, the budget includes \$600,000 General Fund on a one-time basis to contract with a company to provide technical support for project planning, environmental and regulatory compliance, and initial project design.

The May Revision shifted the funding source from the General Fund to GGRF, which was approved.

**0540 OCEAN PROTECTION COUNCIL (OPC)**  
**3560 STATE LANDS COMMISSION (SLC)**  
**3720 CALIFORNIA COASTAL COMMISSION (COASTAL COMMISSION)**

**Support for Offshore Wind Energy.** The budget includes \$16 million one-time General Fund over three years to support state efforts to plan for and implement offshore wind energy development in federal waters off the coast of California based on recommendations from the *Draft AB 525 Offshore Wind Strategic Plan*, and to support compliance with, and implementation of, SB 286 (McGuire), Chapter 386, Statutes of 2023 and AB 1373 (Garcia), Chapter 367, Statutes of 2023. More specifically, the budget includes:

- **Coastal Commission:** \$5.3 million General Fund in 2024-25 and two permanent positions for the

California Coastal Commission to support implementation of SB 286, and \$1.5 million in 2024-25 for offshore wind coastal area planning and management.

- **OPC:** \$600,000 General Fund to support three permanent positions and \$3 million for the Ocean Protection Council to develop an offshore wind environmental monitoring expert panel and begin implementation of a comprehensive offshore wind environmental monitoring and research program.
- **SLC:** \$1.37 million General Fund and two positions to SLC for CEQA lead agency activities. These resources will be used to review offshore wind lease applications and port development projects, conduct tribal and stakeholder engagement, prepare environmental documents and review and comment on other agency permits.
- **SLC:** \$3.1 million General Fund to SLC to support programmatic environmental review, support staff time to work with the Federal Bureau of Ocean Energy Management (BOEM) as a cooperating agency on the federal programmatic Environmental Impact Statement, and conduct associated environmental and engineering review of those documents by staff.
- **SLC:** \$1.1 million General Fund and two positions to SLC for project leasing activities associated with offshore wind development

Among other things, SB 286 requires the Coastal Commission, in coordination with CDFW, to convene the California Offshore Wind Energy Fisheries Working Group (Working Group) on or before January 1, 2025. The Working Group must develop a statewide strategy for ensuring that offshore wind energy projects avoid or minimize impacts to fisheries. SB 286 authorizes the Coastal Commission to adopt a statewide strategy on or before May 1, 2026. SB 286 requires the Coastal Commission to process a consolidated coastal development permit for new development associated with offshore wind energy projects and related transmission facilities. SB 286 designates SLC as the CEQA lead agency for offshore wind projects and requires SLC to consider reasonable compensatory mitigation for unavoidable impacts within a lease.

AB 1373 identifies \$6 million General Fund, upon appropriation by the Legislature, to be available in 2024-25 to support comprehensive, regional baseline environmental monitoring and research into the impacts of prospective offshore wind energy development in and around regions in which offshore wind energy areas have been leased by the federal BOEM. AB 1373 also allows for additional General Fund, upon appropriation by the Legislature, to be made available for 2024-25 and subsequent fiscal years to support the Coastal Commission's coastal development permitting of prospective offshore wind energy development in these same areas.

### **3100 EXPOSITION PARK**

**California African American Museum.** The budget includes \$8 million General Fund for the California African American Museum for permanent facility repairs from the Disaster Response-Emergency Operations Account.

**Exposition Park Capacity Building.** The budget includes \$479,000 ongoing Exposition Park

Improvement Fund and \$84,000 in reimbursement authority for four positions to facilitate increased revenue collection in higher trafficked areas of the park.

**Southeast Underground Parking Structure.** The budget includes \$352 million Public Building Construction Fund for the design-build phase of Exposition Park's Southeast Underground Parking Structure project to construct an underground parking structure with a public park on its top deck with an adjacent headquarters and community center.

**California Science Center: Operational Support for Phase III Facility.** The budget includes \$2.91 million General Fund and seven positions in 2024-25, increasing to \$3.8 million ongoing by 2028-29 to support additional operational costs at the Samuel Oschin Air and Space Center. These resources will provide essential funding for facilities operations, utilities, and staff to maintain the Phase III facility.

**California Science Center: Minimum Wage Increase Impact.** The budget includes \$23,000 ongoing to support the costs of minimum wage increases included in the California Science Center's specialized services contract with the California Science Center Foundation.

### **3110 SPECIAL RESOURCES PROGRAM: TAHOE REGIONAL PLANNING AGENCY (TRPA)**

**Shifting State Operations to Local Assistance.** The budget includes a net zero shift in funding from state operations to local assistance to better align these appropriations to actual expenditures. This shift includes \$375,000 Harbors and Watercraft Revolving Fund (HWRF) and \$200,000 Environmental License Plate Fund.

### **3125 CALIFORNIA TAHOE CONSERVANCY**

**Access Tahoe.** The budget includes an ongoing local assistance appropriation of \$100,000 Lake Tahoe Conservancy Account (LTCA) and a reduction in support funding of \$228,000 LTCA. The local assistance funding will be used to expand access to Lake Tahoe's beaches, surrounding wilderness, recreational destinations, and open space. The Access Tahoe Initiative supports projects that reduce barriers to access Lake Tahoe's outdoor spaces. Existing Conservancy staff will administer these grants.

**Conceptual Feasibility Planning.** The budget appropriates \$300,000 Safe Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84) for conceptual feasibility planning for future watershed, habitat, and recreation improvements. Total costs are estimated at \$300,000. The current schedule estimates study activities will be carried out between July 1, 2024, and June 30, 2025. The conservancy intends to use the funding to hire outside contractors and for existing conservancy staff to carry out the planning work. Conceptual feasibility planning will focus on conservancy ownerships in key watersheds, several potential lakefront access points, and other sites requiring restoration and improvements. It is expected that this planning will lead to future funding proposals for preliminary planning, working drawings, and construction phases for individual projects.

**Minor Capital Outlay.** The budget appropriates \$890,000 from Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Proposition 50) for various minor capital outlay projects, which involve stabilizing and improving previously acquired property, ensuring public safety, and completing upgrades on developed facilities. The conservancy intends to complete small projects involving minor improvements needed to stabilize previously acquired parcels and for management for open space, water quality protection, and public access and safety. The current project schedule estimates construction activities will begin July 1, 2024, and is intended to be completed in June 2025.

**Trout and Cold Creek Watershed Restoration Project.** The budget includes \$500,000 Federal Trust Fund to study restoration opportunities and complete environmental review for the Trout and Cold Creeks Watershed Restoration Project. As part of the project study phase, the conservancy intends to study restoration opportunities and complete environmental review to restore degraded sections of Trout and Cold Creeks and adjacent floodplain. The project is intended to reduce sediment and nutrients that flow from the watershed into Lake Tahoe; enhance aquatic and terrestrial habitat; protect biodiversity; sequester carbon; enhance the outdoor experience for all; and promote climate resilience. As part of the eventual project construction phase, the conservancy intends to restore the creek channels, enhance the floodplain, and remove conifers to improve habitat and reduce community wildfire risk. The conservancy estimates total project costs at \$3.7 million. The Tahoe Regional Planning Agency awarded a Lake Tahoe Restoration Act grant to the conservancy, using federal funding from the US Department of Agriculture (USDA) Forest Service. This grant supports costs for the project's study phase. Staff will apply for, and anticipate receiving, future grants to support the future project phases.

**Withdrawal of Upper Truckee River Sunset Stables Reach 6 Restoration Project.** In January, the Governor's budget proposed \$250,000 Federal Trust Fund authority and uses \$200,000 from an existing General Fund appropriation in the 2022-23 Budget Act to develop working drawings for the multiple-benefit Upper Truckee River Sunset Stables Reach 6 Restoration Project. The project is part of a multi-agency collaboration to restore the entire Upper Truckee River watershed, including Trout Creek and Cold Creek. The USDA Forest Service awarded a \$1.9 million grant to the conservancy to plan and implement the project, which is intended to: reduce sediment and nutrients that flow from the Upper Truckee River into Lake Tahoe; enhance aquatic and terrestrial habitat; protect biodiversity; sequester carbon; improve public access; and restore climate resilience. As part of the eventual construction phase, the conservancy intends to improve 4,500 feet of river channel, enhance 70 acres of floodplain, and remove conifers on 30 acres to improve habitat and reduce fire risk. The conservancy estimates total project costs at \$2.9 million.

In the May Revision, the administration withdrew this proposal noting that while the conservancy continues to believe the use of the 2022-23 General Fund to be appropriate for this project, the conservancy has reevaluated its project schedule resulting in the conclusion that this funding is not needed at this point in the schedule and pulled it from the budget. The conservancy intends to submit a proposal in the future.

**Upper Truckee Marsh Restoration Project.** The budget includes the Governor's budget proposal of \$300,000 in federal reimbursement authority and will use \$400,000 in existing General Fund moneys (appropriation in 2022-23) for the study phase of the second part of the Upper Truckee Marsh Restoration Project. The second part of the project continues restoration work the conservancy recently completed in the Upper Truckee Marsh. As part of this study phase, the conservancy will examine remaining restoration and recreation needs to complete comprehensive restoration of a degraded section of the

Upper Truckee River and adjacent floodplain. Additionally, this study phase will revise and update, as necessary, environmental review for this part of the project. The May Revision added \$400,000 one-time for a total of \$700,000 Federal Trust Fund to study restoration and recreation needs and complete an environmental review for the Upper Truckee Marsh Restoration Project. Both the Governor's January budget and May Revision proposals are included in the budget.

**Van Sickle Bi-State Park Safety and Equitable Access Improvements.** The budget includes \$100,000 in Proposition 50 funds for the Van Sickle Bi-State Park Safety and Equitable Access Improvements Project. The project is a coordinated effort with the State of Nevada to protect the ecological integrity of the park, ensure public safety and accessibility, improve the visitor experience and water quality, and allow for year-round operations. The project will establish a paved trail connecting the day-use areas, create a new state line monument and plaza, pave the California day-use area parking lot, and pave the entrance trail to accommodate Americans with Disabilities Act accessibility, storm water run-off, and snow removal.

**Lake Tahoe Boulevard Demolition and Site Stabilization.** The budget includes \$2 million California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund of 2018 (Proposition 68), \$756,000 Tahoe Conservancy Fund, and \$100,000 of existing Habitat Conservation Fund for the preliminary plans, working drawings, and construction phases of the Lake Tahoe Boulevard Demolition and Site Stabilization Project. The project includes demolition of three existing buildings and stabilization of the remaining soil surface to avoid soil erosion into the nearby river.

**Proposition 68 Program Implementation.** The budget includes \$1 million Proposition 68 to continue implementing projects and provide funding to improve parks and natural areas, restore rivers and wetlands, and improve access for all, and support climate preparedness and resiliency.

### **3340 CALIFORNIA CONSERVATION CORPS (CCC)**

**Withdrawal of Proposition 68 Offset to the Residential Center, Camarillo: Fitness, Fire Readiness, and Health & Safety Capital Outlay Proposal.** In the Governor's budget, the administration proposed to appropriate \$650,000 Proposition 68 for a minor project to build a quarter-mile oval fitness track at the Camarillo Residential Center to meet programmatic needs including providing emergency response, resource conservation, and fuels reduction work. Additionally, the scope of work will include related infrastructure and site work as needed. The project will start July 2024 and completion is estimated by December 2025. In the May Revision, the administration withdrew this proposal. The department is exploring other, more cost-effective options such as using Corpsmember labor to develop the track.

**Withdrawal of Nonresidential Center, Wilderness and Watersheds Restoration District: Acquire Existing Nonresidential Facility Capital Outlay Proposal.** The administration's January budget proposed to reappropriate \$2.5 million in available Proposition 68 funds in 2024-25 to acquire the existing Wilderness and Watersheds Restoration District Nonresidential Facility, which is leased from the Fred Lundblade Trust, located in Eureka, Humboldt County. The administration withdrew this proposal in the May Revision and has identified a more cost-effective alternative.



**Energy Corps Resources.** The budget includes position authority for one Electrician I, one Conservationist II, and one Management Services Technician for fiscal year 2024-25 and ongoing, and One Electrician I for three years (ending June 30, 2027) to address critical staffing needs. This budget action will be funded from within existing resources, resulting in a net zero fiscal impact.

**Residential Center, Auberry.** The budget includes \$5.9 million in lease revenue bonds (to be repaid by the General Fund) for the working drawing phase. Total project costs are estimated at \$123.1 million. The proposal notes that this project would increase ongoing operating costs by \$7 million from the General Fund annually.

**Reversion of Unexpended Balance for Los Padres Facility Repairs and Vehicle Replacements.** The budget reverts: (1) \$321,000 General Fund for repairs and maintenance needs at the Los Padres facility, which was included in the 2021-22 Budget Act; and (2) \$371,000 General Fund for the replacement of fleet vehicles, which was included in the 2022-23 Budget Act.

**Employee Compensation Adjustments.** The budget includes an increase of \$26,000 General Fund ongoing and \$9,000 Collins-Dugan California Conservation Corps Reimbursement Account to reflect revised employee compensation costs.

### **3480 DEPARTMENT OF CONSERVATION (DOC)**

**California Geologic Energy Management (CalGEM) Division: Mission Transformation and Oversight.** The budget includes 24 permanent positions and an appropriation increase of \$5.99 million in 2024-25 and \$5.68 million OGGAF ongoing to strengthen enforcement of existing laws and regulations, limit the state's financial liability, improve public transparency, and implement chaptered legislation. Regulatory advances aim to reduce risks associated with underground injection projects and other oilfield activities. Positions include: 11 positions to expand its field presence and requisite field inspections; five positions to conduct full-time reviews of underground injection control projects; four positions to implement federal and state regulations to improve safety at underground gas storage facilities; and three positions for related District Administrative Support staff. The budget includes an additional \$500,000 to fund temporary help for scanning to fulfill electronic records mandate as required by July 1, 2026; and one position as a Tribal Liaison to consult with Tribal entities to ensure protection of tribal lands.

**Division of Administration Distributed Funding Reconciliation.** The budget includes an increase in administration costs of approximately \$6.2 million, and an equivalent decrease in distributed administrative costs of approximately \$6.2 million for 2024-25 and ongoing, to fully fund positions and workload transferred to administrative functions within DOC. This budget action is a net zero budget change that reflects true administrative costs. DOC sets an administrative overhead charge to the four programmatic divisions and their applicable fund source on an annual basis and this action will not change that.

**Improving California’s Response to the Environmental and Physical Safety Hazards Caused by Abandoned Mines.** The budget includes two permanent positions and an appropriation increase of \$466,000 in 2024-25, \$742,000 in 2025-26, \$742,000 in 2026-27, \$542,000 in 2027-28, and \$342,000 ongoing from the Abandoned Mine Reclamation and Minerals Fund to accelerate abandoned mine inventory and remediation, and to support the California Environmental Protection Agency’s cleanup of the Newton Mine site, which is a state priority source of contamination to state waters.

**Plugging and Well Remediation.** In January, the Governor’s budget requested \$7.5 million OGGAF for 2024-25 and \$7.5 million in 2025-26 to implement the mandates of recent chaptered legislation associated with conducting state abandonments to plug and abandon hazardous and idle-deserted wells, decommissioning of facilities, and site remediation. Also, the proposal included a shift of \$50 million (in 2023-24) from the General Fund to GGRF in 2024-25 for this purpose. (For clarification, the \$7.5 million OGGAF in both 2024-25 and 2025-26 was adopted through trailer bill language as part of last year’s budget package in SB 122 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2023.) The final budget agreement does the following:

- Includes the General Fund reduction.
- Rejects both the fund swap to GGRF and proposed trailer bill language.
- Adopts alternative trailer bill language clarifying that the General Fund provided in the 2022-23 shall qualify as the state match for the \$7.5 million to be provided in the 2025-26 from OGGAF.

**Transfer from the Strong-Motion Instrumentation and Seismic Hazards Mapping Fund to the General Fund.** The budget transfers back \$118,000, the unencumbered amount of a Disaster Response-Emergency Operations Account allocation made in 2022-23, to the General Fund.

**Reappropriation: Statewide Seismic Hazards Reduction Program.** The budget reappropriates \$14.5 million General Fund until June 30, 2025, for the Statewide Seismic Hazards Reduction program to facilitate the purchase of seismic instrumentation equipment and to procure software enhancements and communication upgrades.

**3480 DEPARTMENT OF CONSERVATION (DOC)**

**3900 CALIFORNIA AIR RESOURCES BOARD (CARB)**

**3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)**

**Oil and Gas: Implementation.** The budget appropriates a total of \$14.9 million OGGAF in 2024-25 and ongoing to DOC (\$9.9 million), CARB (\$2.32 million), and SWRCB (\$2.65 million) for purposes of implementing SB 1137 (Gonzalez), Chapter 365, Statutes of 2022, which establishes health protection zones that are 3,200 feet from sensitive receptors; and establishes additional monitoring and leak detection plans for oil and gas operations.

SB 1137 was enacted in 2022, imposing new restrictions on oil and gas wells. An initiative was placed on the November 2024 ballot proposing to repeal SB 1137, but was withdrawn in June 2024. As a result of SB 1137 being in limbo for approximately 18 months, several deadlines in the original bill needed extensions to ensure proper implementation in reasonable and pragmatic timeframes.

The budget includes trailer bill language to do the following: (1) extend several deadlines related to the implementation of SB 1137; (2) authorize DOC to assess and levy a supplemental assessment on oil and gas protection until January 1, 2027; and (3) specify that DOC may continue to pursue the collection of unpaid supplemental assessments, penalties, and interest after the supplemental assessment provisions are repealed.

## **3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)**

**66-Hour Workweek.** The budget includes \$199 million (\$197 million General Fund) and 338 positions in 2024-25 to begin implementing a shift to a 66-hour workweek as contemplated in the 2022 Memorandum of Understanding with Bargaining Unit 8. The costs of this action will increase in the coming years as CalFire phases in the changes, rising to \$770 million (\$756 million from the General Fund) on an ongoing annual basis and 2,457 permanent positions by 2028-29. Costs include:

- Salaries and benefits for adding new firefighter and other wildfire response-related positions;
- Salaries and benefits for adding new support staff, including administrative personnel and maintenance staff;
- Additional overtime (including both scheduled and unplanned) for firefighters and other wildfire response-related classifications;
- 235 new vehicles, as well as costs for vehicle leases, maintenance, radios, and equipment;
- Various augmented aerial support-related contracts, such as for contracted pilots and mechanics at airbases;
- One-time special repair funding to address maintenance needs at CalFire facilities;
- Training center costs; and,
- Proportional funding for contract counties.

The budget includes provisional language to Item 3540-001-0001 providing contracting efficiencies to support implementation of the 66-Hour Workweek.

The budget includes trailer bill language requiring CalFire to report on or before March 1 of each year to certain committees of the Legislature and the Legislative Analyst's Office regarding CalFire's wildfire prevention and resilience work of the previous fiscal year.

**Five Firefighter Hand Crews.** The budget includes: \$46.8 million (\$46.4 million General Fund and \$373,000 other funds) and 226 positions in 2024-25; and \$44.5 million (\$43.8 million General Fund and \$731,000 other funds) and 234 positions in 2028-29 and ongoing, phased in over five years with varying amounts in the intermediate years to provide vegetation management, hazardous fuel reduction projects, and wildland fire suppression. This action provides funding to make permanent five existing temporary CalFire firefighter hand crews. The five crews include a mix of year-round and seasonal staff.

The budget also includes provisional language in Item 3540-001-0001 for \$2.6 million General Fund to support deferred maintenance and special repair projects at existing CalFire facilities to accommodate additional hand crews.

**Allocation for Employee Compensation.** The budget includes an increase of \$4,000 General Fund ongoing to Item 3540-001-0001 and \$1,000 increase in reimbursements ongoing to reflect revised employee compensation costs.

**Boggs Mountain Helitack Base – Relocate Facility (Continuing).** The budget includes \$1.5 million General Fund for the preliminary plans phase. Total project costs are estimated at \$26.3 million.

**Withdrawal of Butte Fire Center: Replace Facility Proposal (Continuing).** In the May Revision, the administration withdrew its January budget proposal, which would have appropriated \$57.6 million in lease revenue bonds (to be repaid by the General Fund) for the construction phase. Total project costs are estimated at \$63 million. Additional information learned during the design phase of the project indicates that this proposal is premature and a new proposal for the project is expected to be included in a future budget.

**Hayfork Fire Station: Relocate Facility (Continuing).** The budget includes \$640,000 General Fund for the preliminary plans phase. Total project costs are estimated at \$15.9 million.

**Hollister Air Attack Base/Bear Valley Helitack Base: Relocate Facility (Continuing).** The budget includes \$2.5 million General Fund for the working drawings phase. Total project costs are estimated at \$80.9 million.

**Humboldt-Del Norte Unit Headquarters: Relocate Facility (Continuing).** The budget includes \$4 million in lease revenue bonds (to be repaid by the General Fund) for the working drawings phase. Total project costs are estimated at \$78.3 million.

**Ishi Conservation Camp: Replace Kitchen (Continuing).** The budget includes \$11 million General Fund to repay the interim financing loan for the construction of the project. This repayment is necessary due to an inability to secure the insurance coverage necessary to finance the project with lease revenue bonds, as originally intended. Total project costs are estimated at \$11.8 million.

**Parkfield Forest Fire Station: Relocate Facility (Continuing).** The budget includes \$18.6 million in lease revenue bonds (to be repaid by the General Fund) for the construction phase. Total project costs are estimated at \$20 million.

**Rohnerville Air Attack Base: Replace Fuel System (Continuing).** The budget includes \$1.9 million General Fund for the construction phase. Total project costs are estimated at \$2 million.

**Assistance By Hire (ABH) Reimbursement Adjustments.** The budget includes an increase of \$124.7 million in reimbursement authority for 2024-25 and ongoing to account for non-state entity reimbursements from government agencies that contract with CalFire to help suppress wildland fires within their responsibility area, for which these reimbursement receipts, known as ABH, offset department General Fund expenditures. This action includes provisional language starting in 2024-25 to account for the year-over-year changes in the reimbursements received to address the increase of ABH reimbursements that are annually anticipated.

This budget action is intended to allow CalFire to reflect the receipt of reimbursements from non-state entities for ABH services without having to go through Control Section 28.00 authority to do so. This is intended to allow CalFire to make the necessary technical budget adjustments timely for closing year-end financial statements related to fire suppression services, ensuring these reimbursement receipts are reflected accurately.

**Ramona Air Attack Base (AAB): Critical Emergency Response Operations Infrastructure Improvements.** The budget includes \$12 million General Fund one-time for a loading pit reconfiguration at the Ramona AAB to repair and improve retardant loading operations, better meet tactical objectives, and increase fire operations.

**Additional CalFire Training Center: New Facility.** The budget includes a total of \$31.6 General Fund (\$18.7 million requested in the Governor's January budget and an additional \$12.91 million in the May Revision) one-time for the acquisition of property on which to construct a new training center for CalFire. The original total cost of this project was \$419 million in the Governor's January budget and the revised total estimated cost is \$631.53. The administration states that this supplemental appropriation in the May Revision is needed due to changes in the estimated parcel size for the project, which has increased from approximately 50 acres to approximately 115 acres, and to cover additional costs related to project execution. The administration states that a future project will be proposed to fully develop the remainder of the property after the initial project is complete.

**Various Capital Outlay Reappropriations.** The budget includes reappropriations for the following projects:

- **Alhambra Valley Fire Station: Relocate Facility.** Acquisition: \$2.5 million.
- **Badger Forest Fire Station.** Construction: \$2.927 million.
- **Boggs Mountain Helitack Base: Relocate Facility.** Acquisition: \$2 million.
- **Butte Fire Center: Replace Facility.** Working Drawings: \$2.745 million.
- **Chico Air Attack Base: Relocate Facility.** Preliminary Plans \$923,000; Working Drawings: \$963,000.
- **Columbia Helitack Base: Replace Facility.** Preliminary Plans: \$1.23 million.
- **Elsinore Fire Station: Relocate Facility.** Acquisition: \$1.8 million.
- **Fresno Air Attack Base: Infrastructure Improvements.** Preliminary Drawings: \$280,000; Working Drawings: \$292,000; and Construction: \$3.22 million.
- **Growlersburg Conservation Camp: Replace Facility.** Working Drawings: \$4.55 million.
- **Hemet-Ryan Air Attack Base: Replace Facility.** Working Drawings: \$1.93 million.
- **Higgins Corner Fire Station: Replace Facility.** Preliminary Plans: \$789,000; Working Drawings: \$789,000.
- **Hollister Air Attack Base/Bear Valley Helitack Base: Relocate Facility.** Preliminary Plans: \$2.13 million.
- **Howard Forest Helitack Base: Replace Facility.** Preliminary Plans: \$1.23 million; Working Drawings: \$1.23 million.
- **Intermountain Conservation Camp: Replace Facility.** Acquisition: \$600,000.
- **Kneeland Helitack Base: Relocate Facility.** Preliminary Plans: \$850,000.
- **Macdoel Fire Station: Relocate Facility.** Preliminary Plans: \$586,000; Working Drawings: \$586,000.

- **Paso Robles Air Attack Base: Infrastructure Improvements.** Preliminary Plans: \$285,000; Working Drawings: \$297,000.
- **Perris Emergency Command Center: Remodel Facility.** Working Drawings: \$300,000.
- **Prado Helitack Base: Replace Facility.** Working Drawings: \$300,000.
- **Ramona Air Attack Base: Infrastructure Improvements.** Preliminary Plans: \$431,000; Working Drawings: \$449,000; Construction: \$4.95 million.
- **Riverside Unit Headquarters: Relocate Facility.** Acquisition: \$3.6 million.
- **Rohnerville Air Attack Base: Replace Fuel System.** Preliminary Plans: \$5,000; Working Drawings: \$55,000.
- **Self-Generating Power Projects in Tehama-Glenn and Fresno-Kings Units.** Preliminary Plans: \$1 million; Working Drawings: \$1 million.
- **Shasta Trinity Unit Headquarters/Northern Operations: Relocate Facilities.** Working Drawings: \$6.29 million.

**ALERTCalifornia Camera Mapping System.** The budget includes \$10.4 million General Fund to provide funding to the University of California, San Diego (Scripps Institute) for purposes of digital imagery to support fire camera mapping system.

#### **3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)**

#### **3640 WILDLIFE CONSERVATION BOARD (WCB)**

**Sonoma Lake Napa Unit Headquarters and St. Helena (Glen Ellen) Fire Station: Relocate Facility.** The budget includes \$7.6 million in lease revenue bonds (to be repaid by the General Fund) for the performance criteria phase of this capital outlay project. Total project costs are estimated at \$152.4 million.

The budget adds budget bill language to appropriate \$200,000 General Fund to WCB to contract with a nonprofit organization to conduct research establishing a baseline for environmental impacts on the Sonoma Valley Wildlife Connectivity Corridor and prepare a study to develop recommendations for the conservation and enhancement of the Sonoma Valley Wildlife Connectivity Corridor, Sonoma Creek and other public trust resources of the former Sonoma Developmental Center. Among other things, the study shall include a baseline of current habitat conditions and wildlife use of the property for the proposed siting of a new CalFire regional headquarters and Glen Ellen fire station.

The budget also includes trailer bill language to help ensure that the project and use of the new headquarters and fire station do not impact the wildlife habitat corridor to the greatest extent feasible and mitigate environmental impacts.

#### **3560 STATE LANDS COMMISSION (SLC)**

**Support for Offshore Wind Energy.** The budget includes \$4.18 million General Fund one-time and two permanent positions to support programmatic environmental impact and engineering review, related to offshore wind energy project development. The budget also includes provisional language specifying the purpose of the funding and extending the encumbrance period to June 30, 2027.

**Methane Emissions Reduction Inflation Reduction Act Grant.** The budget adds \$20.78 million Federal Trust Fund one-time as part of a total one-time investment of \$21.9 million Federal Trust Fund to implement a Methane Emissions Reduction Program using federal funding awarded by the US Department of Energy through the Inflation Reduction Act. The budget also includes provisional language to extend the encumbrance period to June 30, 2029.

### **3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)**

**Coastal Wetlands Fund Abolishment.** The budget includes trailer bill language to abolish the Coastal Wetlands Fund (3104) and transfer the remaining fund balance to the General Fund because revenue no longer comes into this fund.

**Long-Term Funding for Vegetation Management and Fire Resiliency Positions.** The budget appropriates \$2 million Timber Regulation and Forest Restoration Fund (TRFRF) in 2024-25 and ongoing to support CDFW's facilitation of and participation in statewide forest health and fire-resiliency initiatives. In 2019-20, CDFW received \$2 million for five years, and 15 permanent positions, supported by General Fund and TRFRF to implement new workload requirements mandated by SB 901 (Dodd), Chapter 626, Statutes of 2018. The \$2 million appropriated in 2019-20 will expire June 30, 2024. This budget action is necessary to support the permanent staffing provided by the 2019-20 appropriation, so that CDFW may continue to support the prevention of wildfires outlined in the state's Wildfire and Forest Resilience Action Plan and assist partner agencies in post-fire clean-up and recovery. Additionally, the budget moves all TRFRF authority scheduled in Program 2605 to Program 2590 to align funding to better support mission level goals.

**Oiled Wildlife Care Network Resources.** The budget includes \$750,000 Oil Spill Prevention and Administration Fund (OSPAF) in 2024-25 and ongoing for the Oiled Wildlife Care Network to address an increase in operational costs and improve response activities for managing oiled wildlife.

This budget action includes trailer bill language to increase the limit on the appropriation from OSPAFA for oil spill activities (e.g., equipping, operating, and maintaining the network of oiled wildlife and rescue and rehabilitation stations and proactive oiled wildlife search and collection rescue efforts) from \$2.5 million to \$3.25 million.

**Golden Eagle Conservation.** The budget includes one-time funding of \$2.4 million from the Fish and Game Preservation Fund - Habitat Restoration and Enhancement Dedicated Account in 2024-25 with an extended encumbrance period through June 30, 2026, and an extended liquidation period through June 30, 2031, to support golden eagle conservation.

CDFW intends to implement priority projects to promote golden eagle conservation and fill in key data gaps. The department received \$2.4 million of settlement funds due to the take of golden eagles from wind turbine strikes but requires authority to spend the funds. This budget action will allow CDFW to assess and understand the golden eagle populations and develop effective management strategies, partner with key stakeholders and researchers to fill in key data gaps, conduct studies and surveys, evaluate the effectiveness of management practices and deterrents, develop models to assess spatial and temporal collision risk, collect and analyze telemetry data on movement and habitat use, and evaluate ecosystem impacts, and/or acquire habitat.

**Cannabis Environmental Restoration and Protection Support (Allocation 3 Enhancement).** The budget includes 29 positions (permanent position authority only) in 2024-25 and ongoing to increase capacity for cannabis-related environmental restoration and protection by expanding stakeholder engagement, increasing grant opportunities, and increasing law enforcement and scientific capacity. The positions will be funded by CDFW's existing authority provided through the continuous appropriation from the Cannabis Tax Fund — Department of Fish and Wildlife, Environmental Restoration and Protection Account – Allocation 3.

**Dedicated Fish and Game Preservation Fund Realignment.** The budget includes various adjustments to the Fish and Game Preservation Fund's dedicated accounts, California Waterfowl Habitat Preservation Account, Fish and Game Preservation Fund, Upper Newport Bay Ecological Reserve Maintenance and Preservation Fund, and Nesting Bird Habitat Incentive Program Account, Fish and Game Preservation Fund, resulting in an increase of \$3.22 million in 2024-25 and \$2.62 million ongoing. These adjustments align the accounts' expenditure authority with revenues and are intended to help CDFW maintain stability, structural balance, and workload for the funds.

**Environmental Enhancement Fund Settlement Appropriation.** The budget includes \$7.64 million Environmental Enhancement Fund one-time with an extended encumbrance period through June 30, 2026, and an extended liquidation period through June 30, 2031, to allow CDFW to meet the needs of grant applicants completing habitat restoration work and follow necessary administrative and grant award timelines.

**Steelhead Report Card.** The budget includes trailer bill language extending the sunset date for the steelhead trout fishing report-restoration card from January 1, 2025, to January 1, 2027.

**Wolf-Livestock Compensation Program.** The budget appropriates \$600,000 General Fund for the Wolf-Livestock Compensation Program. The budget also includes trailer bill language authorizing CDFW to allocate federal funds and donations to pay for the deterrence of wolf presence near livestock, the impacts of wolf presence on livestock, and for verified loss of livestock for participating ranchers.

**Salton Sea Restoration Fund.** The budget appropriates \$3.1 million Salton Sea Restoration Fund to CDFW to support restoration projects.

**California Winter Rice Habitat Incentive Program.** The budget appropriates \$1 million General Fund to CDFW for purposes of implementing the California Winter Rice Habitat Incentive Program.

### **3640 WILDLIFE CONSERVATION BOARD (WCB)**

**Habitat Conservation Fund (HCF).** The May Revision proposed to reduce General Fund moneys to HCF by reverting \$45 million General Fund from previous year budgets and included trailer bill language to eliminate a dedicated \$20 million General Fund annually, which sunsets in 2030. The final budget agreement adds back an appropriation of \$45 million General Fund to HCF and rejects the administration's proposed trailer bill language to eliminate the dedicated \$20 million annually. *(This action is also noted in figures for General Fund Solutions and GGRF expenditure plan.)*



**Point Reyes Coastal Lands.** The budget includes \$10 million General Fund for purposes of restoring Point Reyes conservation projects that will enhance coastal wetland resilience, restore Tule Elk habitat and native vegetation, and improve public access in Point Reyes National Seashore.

**Great Redwood Trail.** The budget includes \$5 million General Fund for a grant to the Great Redwood Trail Agency for purposes of developing the Great Redwood Trail.

**3640 WILDLIFE CONSERVATION BOARD (WCB)**

**3860 DEPARTMENT OF WATER RESOURCES (DWR)**

**Watershed Climate Resilience.** The budget reverts a total of \$437.3 million General Fund (over three years, from 2023-24 to 2025-26) from DWR and WCB. The budget restores \$37 million General Fund in 2024-25 for purposes of improving watershed protection and climate resiliency, as follows: (a) \$18.5 million for competitive grants through the Cascades and High Sierra Upper Watersheds Program; and (b) \$18.5 million for competitive grants through the Land Acquisition and Habitat Enhancement Program. An additional \$15 million GGRF is committed to these programs (\$7.5 million each) in 2025-26. *(This action is also noted in figures for General Fund Solutions and GGRF expenditure plan.)*

**3720 CALIFORNIA COASTAL COMMISSION**

**Expedite State-Funded Priority Projects in the Coastal Zone.** The budget includes three new permanent positions to expedite state-funded priority projects, including ecological restoration, wildfire resilience and nature-based climate adaptation, in the coastal zone. The positions will be funded through interagency agreements with Parks, State Coastal Conservancy, and CalFire, which are leading or funding the implementation of such projects. Priority projects are intended to reduce impacts (e.g. coastal floods, coastal erosion, wildfires, and cost of emergency response to such events) as well as the related costs by enhancing flood-mitigating ecosystems, protecting shorelines from erosion, increasing wildfire resilience, and reducing fuel loads.

**Essential Accounting, Business Services, and Operational Resources.** The budget includes \$1.13 million Coastal Act Services Fund ongoing to support operational costs and three previously authorized positions in the Accounting Unit and the Fiscal & Business Services Unit.

**California Beach and Coastal Enhancement Account.** The budget reduces the required minimum contribution amount for the Beach and Coastal Enhancement Account, which provides funding for the Whale Tail Grants Program, from \$250,000 to \$200,000.

**3720 CALIFORNIA COASTAL COMMISSION****3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION (SF BCDC)**

**Sea Level Rise (SLR) Planning and Adaptation.** The budget includes the following:

- **California Coastal Commission:** \$2.1 million General Fund and nine permanent positions in 2024-25 and \$3.8 million General Fund and 18 positions in 2025-26 and ongoing to support workload associated with the implementation of SB 272 (Laird), Chapter 384, Statutes of 2023.
- **SF BCDC:** \$804,000 General Fund and three positions in 2024-25, \$3.1 million General Fund and ten positions in 2025-26, and \$3.8 million General Fund and 15 positions in 2026-27 and ongoing to support workload and contracts associated with the implementation of SB 272.

SB 272 requires a local government in the coastal zone or within the San Francisco Bay to develop an SLR plan as part of either a local coastal program or a shoreline resiliency plan that includes certain information, such as SLR adaptation strategies and recommended projects. SB 272 requires local governments to comply by January 1, 2034, as specified, and prioritizes funding for implementation of SLR adaptation strategies in approved plans, among other things.

**3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)****R.H. Meyer Memorial State Beach (SB): Parking Lot Expansion, Facility, and Site Modifications.**

The budget includes a supplemental appropriation of \$152,000 California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection (Proposition 40) bond funds (Public Resources Code Section 5096.610(a)) for the working drawing phase of the continuing capital outlay project, R.H. Meyer Memorial SB: Parking Expansion, Facility and Site Modifications, in Los Angeles County. This project includes increasing available parking to help reduce pedestrian and vehicle accidents, installing permanent vault toilets, repairing the beach trail, and reducing beach trail erosion through parking lot grading and the use of more durable yet permeable surfaces. Total project costs are estimated at \$5.46 million.

**Malakoff Diggins State Historic Park (SHP) Mine Remediation Implementation.** The budget includes \$6 million General Fund in 2024-25 and \$1.5 million General Fund in 2025-26 and 2026-27 to continue implementation of improvements required by the State Water Resources Control Board and to maintain the remedial actions to abate contamination resulting from historic mining activities at Malakoff Diggins SHP for the Mine Remediation Project. Tasks in this item build upon previous appropriations used for design, permitting and initial implementation and construction. Specifically, this item consists of: (1) \$3 million (\$1.5 million in 2025-26 and 2026-27) for sampling and monitoring, maintenance of prior cleanup actions undertaken by the state, and may include limited cleanup activities, and (2) \$6 million to continue implementation of improvements.

**2023 and 2024 Storm Damage — Statewide Repairs and Adaptation Project.** The budget includes \$5 million Natural Resources and Parks Preservation Fund in 2024-25 and \$51 million reimbursement authority spread over the next two years (\$5 million in 2024-25) to address damages and rebuilding efforts related to the 2023 and 2024 winter storms, including Hurricane Hillary. This item builds on immediate need resources previously provided through the administration’s *2023 Winter Storm Damage — Statewide Repairs and Adaptation* proposal. Funding from the 2023 Winter Storm Damage proposal is reappropriated to allow Parks to utilize existing funds to address either 2023 or 2024 storm damage. Federal Emergency Management Agency (FEMA) funding will be the source of the reimbursements for this action.

**California Indian Heritage Center: Design and Construction.** The budget includes a supplemental appropriation of \$3.49 million Proposition 40, set aside specifically for the California Indian Heritage Center project in Yolo County pursuant to Public Resources Code Section 5096.652(a). This supplemental appropriation is for increased costs in Preliminary Plans to cover more extensive outreach activities than previously anticipated.

**Deferred Maintenance and Special Projects.** The budget includes \$14.93 million Proposition 40 to address deferred maintenance projects and other bond eligible projects that are deemed critical to the mission and goals of Parks. This item represents a fund shift of deferred maintenance projects from the General Fund to Proposition 40, which will result in General Fund savings and is intended to allow Parks to make progress on implementing the Next Generation Sales and Reservations Management (NextGen) Solution.

**NextGen Sales and Reservation Management System Solution Project Support.** The budget includes authority for a total of 17 permanent positions (five positions in 2024-25, an additional five positions in 2025-26, and an additional seven positions in 2026-27). The budget reallocates General Fund appropriated in 2021 for deferred maintenance to provide funding to support the requested information technology resources for three years, which will support the implementation of the NextGen project. NextGen is intended to improve Parks’ current reservation and recreation system and revenue collection as well as provide better real-time data analytics to increase utilization and enable park staff and managers to make business decisions based on real-time data.

**El Capitan State Beach (SB): Entrance Improvements.** The budget includes a supplemental appropriation of \$4.1 million Natural Resources and Parks Preservation Fund to replace expired grant funding that is needed to complete the construction phase of the El Capitan SB: Entrance Improvements project in Santa Barbara County. Parks states that grant funding was lost due to delays at the start of construction caused by permitting requirements, associated project modifications, and conditions altered by severe storm damage.

**Fort Ross State Historic Park (SHP): Cultural Trail.** The budget includes \$2.82 million Proposition 40 for supplemental appropriations for the working drawings (\$336,000) and construction (\$2.48 million) phases of the Fort Ross SHP Cultural Trail project.

**Off-Highway Vehicle Trust Fund (OHVTF) Local Assistance Grants.** The budget includes \$29 million OHVTF in 2024-25 for local assistance grants. This fund provides state funds to local and state agencies and other organizations for grants that support off-highway motorized vehicle projects and programs.

**Statewide Capital Outlay Reappropriations.** The budget includes reappropriation of existing Capital Outlay funding to allow for the completion of various projects currently in process.

**Statewide Floating Restrooms.** The budget includes \$300,000 Harbors and Watercraft Revolving Fund (HWRF) in 2024-25 and ongoing to continue constructing and delivering Americans with Disabilities Act (ADA) compliant floating restrooms to California lakes and reservoirs to help protect these waters from contamination by recreational boater sewage. This funding is needed for the matching requirement to leverage up to \$900,000 from the federal Clean Vessel Act Inland grant, which the Division of Boating and Waterways receives annually for floating restroom construction and deployment.

**Winter Recreation Fund Program Support.** The budget includes \$360,000 Winter Recreation Fund and one permanent position in 2024-25 and ongoing to accommodate unmet visitor services workload at SNO-Parks, as well as project backlogs and cost increases for ongoing contracts.

**State Capitol: California Environmental Quality Act (CEQA).** The budget includes trailer bill language exempting the work performed under the State Capitol Building Annex Act of 2016 from CEQA; appropriates a total of \$700 million General Fund spread over three fiscal years to fund the acquisition, design, construction, and equipping of projects authorized by the Annex Act and requires the amount appropriated for each fiscal year to be transferred to the State Project Infrastructure Fund.

**California State Park Adventure Pass Program.** The budget includes trailer bill language to extend indefinitely the provisions related to the California State Park Adventure Pass for any child in grade 4, or grade 4 equivalent, who is a California resident; and conforms this action to the final decision on the Proposition 98 package.

**Library Parks Pass Program.** The budget includes \$6.75 million to support the Library Parks Pass Program.

**Division of Boating and Waterways Federal Alignment.** The budget includes trailer bill language to, among other things, redefine “personal watercraft,” as specified; prohibit a person from operating a personal watercraft with an engine cut-off switch, and prohibit a person from operating a recreational vessel with a child under 13 years of age onboard unless certain conditions are met.

**Angel Island State Park: Ferry Service.** The budget includes trailer bill language authorizing Parks to negotiate a service contract with an entity qualified to do business in the state as a ferry operator, for the transport of passengers via ferry service between the City of Tiburon and Angel Island State Park.

**Will Rogers State Beach: Concession Agreements.** The budget exempts development or renovation of capital improvements from specified permits required by state law or municipal building and zoning codes or from approvals by municipal agencies and to be subject only to approval by the County of Los Angeles and a coastal development permit from the California Coastal Commission, in furtherance of specified concession agreements between the County of Los Angeles and a private entity at Will Rogers State Beach.

**Various Local Projects.** The budget appropriates a total of \$8.6 million General Fund to Parks as follows: \$2 million for improvements to Hudson Park in the City of Long Beach, \$1 million for the South Fullerton Community Recreation Center rehabilitation project in the City of Fullerton, \$4.6 million to the City of Sacramento for a riverfront and pedestrian access restoration project, and \$1 million for renovations and ADA upgrades at the Colorado Ballpark in the City of Los Banos.

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

**Department of Justice (DOJ) Legal Costs.** The budget includes \$434,000 General Fund in 2024-25 and \$170,000 General Fund annually thereafter to cover increased DOJ litigation costs.

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

**Wildfire Resilience Coordinator.** The budget includes the establishment of a permanent position to support RMC's Wildfire Resilience Program. The position is intended to balance workload among staff and increase efficiency, particularly in implementing the RMC's Wildfire Prevention and Resiliency Program and the Regional Forest and Fire Capacity.

### **3855 SIERRA NEVADA CONSERVANCY (SNC)**

**40 Acre Conservation League.** The budget appropriates \$5 million Proposition 68 to the Sierra Nevada Conservancy for a grant to the 40 Acre Conservation League.

### **3860 DEPARTMENT OF WATER RESOURCES (DWR)**

**Central Valley Flood Protection Board (CVFPB) Encroachment Inspections for Middle Mile Broadband Network.** The budget includes \$1.57 million in reimbursement authority for three years to address increased inspection needs for the California Department of Technology's Middle Mile Broadband Network (MMBN) construction activities, initiated through Executive Order N-73-20. Due to the MMBN installation project, the number of encroachment inspections needed throughout the Central Valley will double for 2.5 years starting in 2025.

**Genetic Monitoring Program Support.** The budget includes two permanent positions in the Genetic Monitoring Program (GeM) and \$200,000 ongoing funded by the State Water Project (SWP) funds. The positions are intended to allow DWR to meet its compliance obligations and ensure continued operations of the SWP. Measures to ensure progress towards complying with Biological Opinions (BiOps) and Incidental Take Permit (ITP) include: preparation and implementation of genetic protocols; technical reports and peer-reviewed publications describing accuracy, sensitivity, efficiency, and management implications of the approaches; expedited collection, processing, and downstream analysis of genetic samples; development of innovative genetic approaches that increases the efficiency, accuracy, or

sensitivity of genetic results; routine open access genetic data and results reporting to the public; and, increased engagement and consulting across DWR and with vested communities for the continued development of genetic approaches for the SWP projects.

DWR, along with other agency partners, intend to use this information to support species recovery, conduct adaptive management decision-making, raise community awareness about the status of state and federally listed species, and increase collaborative science opportunities with disadvantaged communities. These positions will participate in a public educational outreach program to locally disadvantaged communities currently underway in the Delta by helping to plan and implement scientific teaching modules for K-12 students that engages students on water education curricula and careers in science. This outreach program supports DWR's Racial Equity Action Plan.

**State Water Project (SWP) Regulatory Compliance Positions.** The budget includes authority for three full-time positions in the North Central Region Office (NCRO) to replace three temporary positions in NCRO and continue work activities under the Surface Water Quality Monitoring and Analysis program mandated by SWP regulatory compliance. These positions will be fully supported by SWP funding and will conduct complex real-time surface water quality monitoring and analysis.

**Urban Flood Risk Reduction Projects.** The budget includes \$33 million General Fund in 2024-25 for urban flood risk reduction projects carried out in collaboration with USACE. Of the total, \$23 million is the required state share of cost and \$10 million is for associated state operations costs.

**Central Valley Systemwide Flood Risk Reduction Multi-Benefit Projects.** The budget includes \$31.3 million General Fund through the Central Valley Systemwide Flood Risk Reduction Program for multi-benefit projects that are part of the State Plan of Flood Control. These projects are state-funded, except one project that may also draw down \$10 million in federal funds from the Bureau of Reclamation.

**CVFPB — Funding for Current Operations and the Flood Risk Management Fund.** The budget includes \$2.09 million General Fund and \$1.6 million Flood Risk Management Fund in 2024-25 to support current operations; and \$3.89 million General Fund and \$300,000 Flood Risk Management Fund annually thereafter. This funding is intended to support existing staff who implement CVFPB's regulatory programs. The budget includes trailer bill language to expand the types of actions that moneys in the Flood Risk Management Fund may be expended by the board to any type of service for which it charges fees pursuant to Water Code Section 8535.

**Flood Control Projects.** The budget includes \$30 million General Fund for the state's share of the non-federal share of state and federally authorized flood control projects that increase the level of flood protection for multiple counties and disadvantaged communities.

**Salton Sea Restoration Federal Authority.** The budget includes a total of \$50 million Federal Trust Fund authority in 2024-25 for funding received from the US Department of Interior fund in the Inflation Reduction Act: Public Law 117-169.

**Little Egbert Multi-Benefit Project and Salton Sea Restoration.** The budget includes budget bill language specifying that local assistance funding using GGRF moneys for the Little Egbert Multi-Benefit Project and the Salton Sea restoration are not subject to Control Section 15.14(b), which prohibits

a department from encumbering or committing more than 75 percent prior to the fourth Cap-and-Trade auction in the 2024-25 fiscal year.

## **8570 DEPARTMENT OF FOOD AND AGRICULTURE**

**Emergency Exotic Pest Responses.** The budget includes \$22.1 million General Fund in 2023-24 to repair the damage to the California Animal Health and Food Safety South Valley Laboratory caused by severe flooding in Tulare County in March 2023. This includes an extended encumbrance and expenditure deadline of June 30, 2026.

**Flood Damage Repair - California Animal Health and Food Safety South Valley Laboratory.** The budget includes \$22.1 million General Fund in 2023-24 to respond to numerous unanticipated emergencies related to infestations of exotic fruit flies. Due to the unprecedented numbers of exotic fruit fly activities statewide, additional resources are required to offset the personnel and operational costs associated with the required regulatory responses associated with each of the exotic fruit fly infestations

**On-Farm Water Use and Agricultural Technical Assistance.** The budget includes a reduction of 6 million to On-Farm Water Use and Agricultural Technical Assistance from the original \$15 million.

**Blythe Border Protection Station Replacement.** The budget includes \$99.2 million Public Buildings Construction Fund to begin the construction phase for the Blythe Border Protection Station Replacement Project.

**Broomrape Program.** The budget includes seven permanent positions in 2024-25 and ongoing to perform the research, outreach, survey, treatment, and assessment activities related to Broomrape, as required by AB 402 (Aguiar-Curry), Chapter 651, Statutes of 2023. AB 402 authorized a continuous appropriation for this program, so additional expenditure authority is not necessary.

**Emergency Invasive Fruit Fly Response.** The budget includes \$25 million General Fund one-time and \$28.8 million Federal Trust Fund authority in 2024-25 to respond to numerous unanticipated emergencies related to the infestation of invasive fruit flies. Due to the unprecedented numbers of invasive fruit fly activities statewide that began in 2023-24, significant resources are required to prevent an irrevocable establishment of invasive fruit flies in California.

**Federal Reimbursement Adjustments.** The budget includes \$63.5 million (\$25.8 million General Fund Reimbursements and \$37.7 million Federal Fund) in 2024-25, and \$32.7 million General Fund Reimbursements in 2025-26 and \$25.7 million in 2026-27 to provide sufficient budgetary authority to complete work related to three multi-year agreements that the department entered into with the federal government in 2023-24.

### **Natural Resources and Environmental Protection Budget Bills and Trailer Bills**

1. *Budget Act of 2022 and 2023 – AB 106 (Gabriel), Chapter 9, Statutes of 2024.*
2. *Budget Act of 2024 – SB 108 (Wiener), Chapter 35, Statutes of 2024*

3. *Budget Act of 2023 — SB 109 (Wiener), Chapter 36, Statutes of 2024*
4. *Budget Act of 2024 — AB 157 (Gabriel), Chapter 994, Statutes of 2024*
5. *Budget Acts of 2022 and 2023 — AB 158 (Gabriel), Chapter 996, Statutes of 2024*
6. *Budget Act of 2024 — AB 180 (Gabriel), Chapter 995, Statutes of 2024*
7. *Public Resources and Environmental Protection: Omnibus Resources budget trailer bill – SB 156 (Committee on Budget and Fiscal Review), Chapter 72, Statutes of 2024*
8. *Public Resources: CEQA: Exemptions: Native Fish and Wildlife, Capitol Annex. — SB 174 (Committee on Budget and Fiscal Review), Chapter 74, Statutes of 2024*
9. *Public Resources and Environmental Protection: Oil and Gas — AB 218 (Committee on Budget), Chapter 1002, Statutes of 2024*



# ENVIRONMENTAL PROTECTION

## 0555 SECRETARY FOR ENVIRONMENTAL PROTECTION (CalEPA)

**CalEPA Environmental Complaint System: Enhancing Transparency and Accountability.** The budget includes an increase of \$676,000 in reimbursement authority and two permanent positions in 2024-25 to stabilize the CalEPA Environmental Complaint System and is intended to ensure that CalEPA is responsive, transparent, and accountable in addressing community complaints about environmental problems. This increase includes one-time funding via reimbursement authority of \$230,000 for contracted services to conduct security analysis, implement enhancements to align systems with current business needs and objectives, and Salesforce training for information technology (IT) staff.

**California Environmental Reporting System Project.** The budget appropriates \$3.17 million Unified Program Account one-time to implement a technology refresh on the California Environmental Reporting System. This action includes continued funding for five permanent positions previously approved in the 2022-23 Budget Act. The project is intended to update the technical platform, improve data quality and the processes supporting data quality, and modernize a critical public-facing system that enables more than 160,000 businesses and 104 local regulators to meet their legal reporting obligations.

- 0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY (CALEPA)
- 3900 CALIFORNIA AIR RESOURCES BOARD (CARB)
- 3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)
- 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 Proposals.** The budget includes various bond appropriations, reappropriations, and reversions; and non-bond technical adjustments to continue implementation of existing authorized programs.

- 3900 CALIFORNIA AIR RESOURCES BOARD (CARB)
- 3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)
- 3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)
- 3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)

**CalEPA Chaptered Legislation.** The budget includes resources from the General Fund and various special funds to implement statutory requirements associated with legislation chaptered in 2023, as follows:

- **CARB: AB 585 (Robert Rivas and Petrie-Norris), Chapter 336, Statutes of 2023: Clean Energy Projects Assessment.** Three positions and \$684,000 Air Pollution Control Fund (APCF) in 2024-25; \$899,000 APCF in 2025-26; \$681,000 APCF in 2026-27 and ongoing. AB 585 allows for the California Council on Science and Technology (CCST) to perform a triennial literature review

to assess the infrastructure projects necessary to achieve the quantities of renewable energy, and the distribution and transmission networks necessary, to achieve the state's energy, climate change, and air quality goals. Also, AB 585 requires the Governor's Office of Business and Economic Development (GO-Biz) to prepare an assessment of barriers limiting the deployment of clean energy projects by January 1, 2026.

- **CARB: AB 1594 (Garcia), Chapter 585, Statutes of 2023: Zero Emission Vehicles for Public Agency Utilities.** One position and \$220,000 Cost of Implementation Account (COIA), APCF in 2024-25; and \$219,000 COIA, APCF in 2025-26 and ongoing. AB 1594 requires any state regulation that seeks to require the procurement of medium- and heavy-duty zero-emission vehicles (ZEVs) to authorize public agency utilities to purchase replacements for traditional utility-specialized vehicles that are at the end of life, as determined by CARB, in consultation with public agency utilities, when needed to maintain reliable service and respond to major foreseeable events, including severe weather, wildfires, natural disasters, and physical attackers, as specified.
- **DPR: AB 1016 (Jones-Sawyer), Chapter 354, Statutes of 2023: Private Unmanned Pest Control Aircraft Certification.** 2.5 positions and \$436,000 DPR Fund in 2024-25 and ongoing. AB 1016 expands DPR's authority to create training programs for drone aerial applicator licensing independent of the existing journeymen/apprenticeship requirements.
- **DPR: AB 652 (Lee), Chapter 662, Statutes of 2023: DPR Environmental Justice Advisory Committee.** Two positions and \$580,000 DPR Fund in 2024-25 and ongoing. AB 652 requires DPR to convene an Environmental Justice Advisory Committee by July 1, 2025, with specified membership and provide recommendations to DPR to integrate environmental justice considerations into DPR's programs, policies, decision making, and activities.
- **SWRCB: AB 664 (Lee), Enforcement Support for At-Risk Domestic Well Compliance.** Three positions and \$450,000 Safe Drinking Water Account (SDWA) in 2024-25 and ongoing. AB 664 requires the owner of any domestic well that serves a rental property and is located within a consolidation or extended service area, if the owner does not provide written consent, to ensure that tenants of rental properties served solely by that domestic well have access to adequate supply of safe drinking water.
- **SWRCB: AB 876 (Robert Rivas), Chapter 816, Statutes of 2023: Pajaro River Flood Risk Management Project.** One position and \$225,000 in 2024-25 and ongoing. AB 876 exempts state and local approvals of the Pajaro River Project from specified waste discharge permit and lake and streambed alteration agreement requirements. Also, AB 876 declares that the environmental assessment previously prepared for the project by the US Army Corps of Engineers (USACE) satisfies the requirements of the California Environmental Quality Act (CEQA).
- **SWRCB: SB 3 (Dodd, et al.), Chapter 855, Statutes of 2023: Water Shut-Off Protection Expansion.** Five positions and \$1.63 million SDWA in 2024-25 and \$1.38 million SDWA in 2025-26 and ongoing. SB 3 eliminates the exemption for water systems that serve less than 200 connections (but at least 15 service connections) from statutes and policies related to water service shutoffs due to nonpayment.

- **SWRCB: SB 745 (Cortese, et al.), Chapter 884, Statutes of 2023: Update to Onsite Treatment and Reuse of Nonpotable Water Regulations.** \$650,000 General Fund in 2024-25 and \$450,000 General Fund in 2025-26 and 2026-27. SB 745 requires the California Building Standards Commission (BSC) and the Department of Housing and Community Development to develop and propose new mandatory building standards related to water efficiency. SWRCB will coordinate with BSC in the development of guidance documents and a model local ordinance to assist local jurisdictions establishing programs for onsite nonpotable water treatment systems.
- **CalRecycle: AB 1526 (Committee on Natural Resources), Chapter 848, Statutes of 2023: Aerosol Spray Paint Inclusion Within Extended Producer Responsibility Program.** Two positions and \$261,000 Architectural Paint Stewardship Account (APSA) in 2024-25 and \$670,000 APSA in 2025-26 and ongoing. AB 1526, among other things, adds aerosol paint to the Architectural Paint Recovery Program.
- **CalRecycle: AB 1548 (Hart), Chapter 693, Statutes of 2023: Recycling Infrastructure Project Grants.** One position and \$135,000 Greenhouse Gas Reduction Fund (GGRF) in 2024-25 and ongoing. AB 1548 adds specificity on the types of projects that are eligible for CalRecycle's grant program that provides financial assistance to promote the development of organic waste infrastructure and waste reduction programs.
- **CalRecycle: SB 613 (Seyarto), Chapter 878, Statutes of 2023: Expansion of Low Population of Waiver Within Organic Waste Recycling Law.** One position and \$171,000 in 2024-25 and ongoing. SB 613 creates a waiver for low-population local jurisdictions and exempts those jurisdictions from SB 1383 (Lara), Chapter 395, Statutes of 2016, organics waste diversion goals until December 31, 2028, if they do not already have another specified waiver.

### 3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)

**California Pesticide Electronic Submission Tracking (CalPEST) Project.** The budget appropriates \$4.4 million DPR Fund for 2024-25; \$4.1 million in one-time funding with a two-year encumbrance period, and \$318,000 ongoing funding to provide ongoing support for the system. The funds will be used to continue the fourth year of development of the CalPEST system.

**Sustainable Funding for Pest Management at DPR.** The Governor's January budget proposal included several changes to increase revenues into the DPR Fund, which would generate a total of \$30.4 million of new revenues in 2024-25 (growing to \$43.9 million in future years). Because the administration's trailer bill proposal included significant changes to policy and statute, it was not heard in the Senate Budget Subcommittee 2; and the subcommittee encouraged the administration to vet this proposal through the legislative policy committee process.

The subcommittee rejected the administration's proposal of \$717,000 ongoing GGRF appropriation; rejected without prejudice the trailer bill language (trailer bill language); and approved the proposal contingent upon passage of, and conforming, to AB 2113 (Garcia), Chapter 60, Statutes of 2024.

AB 2113 (Garcia) as introduced, included identical language as the administration's proposed trailer bill language; and became the vehicle for discussing this proposal. AB 2113 was vetted and amended several

times through the legislative policy committee process. AB 2113 required a 2/3 vote, was approved by the Legislature, and signed by the Governor on July 2, 2024. As chaptered, AB 2113 increases, over a four-year period, the mill assessment (a fee on the sale of all pesticides sold into the state) to pay for programs within DPR related to the regulation of pesticide sales and use in California, among other things; and declares its provisions to take effect immediately as an urgency statute.

In August, the budget reduced \$6.05 million from the DPR Fund intended for DPR in order to align funding with statutory changes in AB 2113, delays position authority for the department, and adds three positions in 2024-25 to support reevaluation of pesticides requirements.

**Technical Adjustments: Laboratory Cost Increase and Provisional Language Cleanup.** The budget increases funding to DPR by \$93,000 DPR Fund and adds provisional language to allow an increase in expenditures when the California Department of Food and Agriculture increases their laboratory fees associated with employee compensation changes. The budget updates provisional language to reflect a three-year encumbrance period for the Integrated Pest Management Research Grant and Alliance Grant programs.

### **3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)**

**Enforcement Support for Permanent and Sustainable Drinking Water Solutions.** The budget includes one permanent position and \$250,000 SDWA ongoing to support the Division of Drinking Water's (DDW) efforts to implement solutions for communities lacking safe drinking water and enforce the Safe Drinking Water Act. The Office of Enforcement (OE) will provide dedicated enforcement resources to help expedite DDW's efforts to address systems on the Human Right to Water list and provide consistency in structure and performance between DDW's enforcement program and other SWRCB program areas. This position will be a dedicated attorney position within OE to support DDW's enforcement efforts.

**Establishment and Implementation of Instream Flow Objectives in the Scott River and Shasta River Watersheds.** The budget appropriates \$711,000 Water Rights Fund (WRF) ongoing for two permanent positions to support establishing and implementing long-term instream flow objectives in the Scott River and Shasta River Watersheds.

**Gualala River Total Maximum Daily Load (TMDL) Stipulated Settlement Agreement.** The budget appropriates \$1.7 million Water Discharge Permit Fund (WDPF) in 2024-25 and includes three permanent positions in response to a lawsuit and required actions outlined in a court-approved Stipulated Settlement Agreement that resolved litigation related to the Gualala River. This appropriation includes \$1 million in contract funding each year over the next five fiscal years; and \$706,000 annually thereafter. This budget action is intended to support the North Coast Regional Water Quality Control Board's (RWQCB) efforts to: 1) satisfy the terms of a Stipulated Settlement Agreement; 2) comply with the Porter-Cologne Water Quality Control Act; and 3) fulfill the agency's obligations under the federal Clean Water Act to protect and restore the Gualala River watershed from its sediment impairment.

**Information Security and Privacy Office Staffing.** The budget appropriates \$629,000 ongoing from various funds (WDPF; SDWA; Integrated Waste Management Account, Integrated Waste Management Fund; Underground Storage Tank Cleanup Fund; Oil, Gas, and Geothermal Administrative Fund; WRF; Timber Regulation and Forest Restoration Fund; and the State Water Pollution Control Revolving Fund Administrative Fund) to enhance the Information Security Office staffing capabilities and establish a new Privacy Office. The budget includes four permanent positions to provide staffing needs in the areas of Privacy, Technical Security and Informational Security Compliance.

**New Groundwater Recharge Permitting Unit.** The budget appropriates \$1.2 million WRF ongoing to support five positions to help expedite groundwater recharge permits. The positions – four within the Division of Water Rights and one within the Administrative Hearings Office – will review recharge applications, implement new recharge reporting requirements, coordinate with applicants and the Department of Water Resources on future recharge projects, help address the water rights permitting backlog, and support hearings for protest resolution.

**Resources Needed to Address Impacts on Project Permitting Resulting from Recent Supreme Court Decisions (*Sackett Ruling*).** The Governor proposed \$6.1 million WDPF in 2024-25 and \$7 million annually thereafter, and 38 permanent positions phased in over two years, 26 positions in 2024-25 and an additional 12 positions beginning in 2025-26. This request included \$1.1 million in one-time contract funds for IT services, \$200,000 in one-time contract funds and \$35,000 in ongoing contract funds for staff training.

A 2023 US Supreme Court decision, commonly referred to as the *Sackett Ruling*, reduces federal jurisdiction over a number of waterbodies. The ruling reinterprets what qualifies as “waters of the United States,” under the federal Clean Water Act and significantly narrows the scope of federal jurisdiction. Consequently, SWRCB and regional water quality control boards (collectively, the Water Boards) will need to restructure their programs to replace lost federal services and provide state protection where federal protections no longer apply — SWRCB will now conduct essential water quality permitting and enforcement work that has historically been conducted by the USACE and the US Environmental Protection Agency (US EPA).

In many cases, the state processes are less efficient and more resource intensive than the lost federal protections. This budget item is intended to provide staff and contract resources to help the Water Boards independently manage the workload that was historically shared with USACE; and make the transition to being the sole regulator of discharges of pollutants to these waterbodies.

Subcommittee 2 approved 26 positions and \$4.7 million WDPF in 2024-25 and ongoing; rejected the administration’s request for an additional 12 positions and \$2.3 million beginning in 2025-26; approved \$1.1 million contract funds in 2024-25 for IT services and \$235,000 in contract funds in 2024-25 and \$35,000 in contract funds in 2025-26 and ongoing for staff training. In addition, the budget includes provisional language to require SWRCB to report on the impacts of the *Sackett Ruling* on the board.

**Administrative Hearings Office Special Project.** The budget includes \$1.1 million WRF and four permanent positions ongoing to expedite adjudicative hearings for significant water storage and conveyance projects. The four positions are intended to preside over and support adjudicative hearings and pre-hearing conferences, provide technical analyses, review and respond to public comments, participate in SWRCB meetings and briefings, draft recommended orders and decisions, and present

recommended orders to the board.

**Los Angeles County Primacy Delegation Agreement Termination.** The budget includes \$881,000 SDWA ongoing and four permanent positions to carry out the public small water system regulatory program for Los Angeles County. The county's primacy delegation will be terminated by June 30, 2024, per request of the county and oversight of the delegated public water systems is in the process of being transferred to SWRCB.

**Leviathan Mine Pond Water Treatment System Improvements and Leviathan Mine Transfer of Title.** The budget includes \$3.7 million General Fund one-time in 2024-25 to pay for critical performance, efficiency, and safety improvements to the aging Leviathan Mine Pond Water Treatment System. Of this amount, \$200,000 will be used to support the Department of General Services to effectuate a title transfer of the Leviathan Mine site from the state to Atlantic Richfield Company. The budget reverts \$5.16 million originally appropriated for the Leviathan Creek Diversion Channel Relining project. The trailer bill language authorizes the Department of General Services to convey all or a portion of the Leviathan Mine Site to any entity if the Director determines that the conveyance is in the best interest of the state; and requires the net proceeds from the disposition of the site be deposited into the Deficit Recovery Bond Retirement Sinking Fund Subaccount.

**Underground Storage Tank Cleanup Fund (USTCF) Augmentation.** The budget includes the following:

- \$100 million USTCF with three years to encumber and three years to liquidate for reimbursing costs associated with the cleanup of contamination from leaking petroleum underground storage tanks. The increase of \$100 million in assistance authority is in addition to the existing assistance authority of \$80.9 million.
- A transfer of \$15 million in 2024-25 from USTCF to the Orphan Site Cleanup Fund with an encumbrance period of three years and a liquidation period of three years for reimbursing costs associated with the cleanup of sites contaminated by leaking petroleum underground storage tanks where there is no financially responsible party, and the applicant is not an eligible claimant to the USTCF.

**Amendment to Federal Trust Fund Authority for Emerging Contaminants.** The budget includes trailer bill language authorizing SWRCB, upon appropriation of funds by the Legislature, to provide grants and direct expenditures to public water systems that serve small or disadvantaged communities to address emerging contaminants in those communities, consistent with the federal grant terms, as provided.

**Local Assistance: Water Recycling.** The budget includes \$73.5 million General Fund for grants and loans for water recycling projects.

**Local Assistance: City of San Joaquin: Drinking Water.** The budget includes \$500,000 General Fund for the City of San Joaquin Clean Drinking Water Dispensing Facility and Community Center Project.

**3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)**

**Climate Change Resiliency at Toxic Waste Sites.** The budget includes five permanent positions with funding of \$1.6 million in 2024-25, and \$1.2 million ongoing from the Toxic Substances Control Account (TSCA). This action also includes reimbursement authority in 2024-25 of \$385,000 and \$199,000 in 2025-26 for the department to accept funding from the California Natural Resources Agency (CNRA). These resources are intended to assess the impacts of climate change on the cleanups at current, historical, and future toxic waste sites and to address those impacts as warranted. DTSC intends to use these resources to enforce the assessment of vulnerabilities at toxic waste sites due to climate change impacts, ensure adaptation plans are prepared to increase remedy resiliency where necessary, provide public information to stakeholders, and prioritize actions where the risks are greatest and threats to vulnerable communities are most severe.

**Meeting Public Demand for Timely Site Cleanup in the Bay Area.** The budget includes \$1.7 million TSCA in 2024-25 and ongoing, \$800,000 in reimbursement authority in 2024-25 and ongoing, and nine permanent positions to enable the timely cleanup of contaminated sites in the Bay Area. The work performed by the additional site mitigation staff is anticipated to yield reimbursements of at least 50 percent of the costs through standard voluntary agreements and orders as part of DTSC's cleanup and brownfields redevelopment work. This budget action is intended to manage increasing workload related to site cleanups overseen by the Berkeley branch of DTSC's Site Mitigation and Restoration Program (SMRP). This includes eight positions in SMRP, which are reimbursable, and one position in the Office of Environmental Equity, which is not reimbursable.

**National Priorities List and State Orphan Sites.** The budget includes a transfer of \$20.5 million from TSCA to the Site Remediation Account (SRA); and \$20.5 million expenditure authority from SRA in 2024-25 to fund the state's National Priorities List obligations and state orphan sites.

**Universal Waste Electronic Devices Reporting System Modernization.** The budget includes one permanent position, \$808,000 in 2024-25 and \$508,000 ongoing from the Electronic Waste Recovery and Recycling Account to do the following: (1) implement SB 1215 (Newman), Chapter 370, Statutes of 2022, which expands the scope of the Electronic Waste Recycling Act to include additional device categories and address the operational needs of DTSC, (2) minimize security and failure risks posed by the existing system, and (3) provide a modernized reporting system with enhanced features to increase data reliability and compliance, helping to better protect communities and the environment. The one-time \$808,000 includes \$600,000 to develop the new Universal Waste Electronic Devices (UWED) reporting system and \$208,000 for one permanent IT position. The annual \$508,000 includes \$300,000 annual licensing cost for the new UWED reporting system and \$208,000 for the permanent position who will provide IT support during and after the implementation contract of the new UWED reporting system.

**Vulnerable Community Clean-Up General Fund Solution.** The budget includes trailer bill language, which allocates \$822.4 million over five fiscal years, and requires the Board of Environmental Safety (BES) to include 2025-26 and 2026-27 in its analysis of the expenditure funds allocated by the department for those purposes.

**BES: Baseline Level of Service Increase.** The budget appropriates \$331,000 in 2024-25 and ongoing, split between the Hazardous Waste Control Account (HWCA) and TSCA, to increase baseline funding and reclassify six BES staffing positions to permanent. These upgraded staff members are intended to better support board members across the various BES responsibilities identified in SB 158 (Committee on Budget and Fiscal Review), Chapter 73, Statutes of 2021, which include:

- Consult with the Director to develop a multi-year schedule to improve DTSC performance in hazardous waste management, site mitigation, and enforcement;
- Adopt clear performance metrics for DTSC;
- Conduct an analysis of DTSC programs and the Cleanups in Vulnerable Communities Initiative;
- Hear and decide hazardous waste permit appeals;
- Provide opportunities for public hearings on individual sites;
- Approve (in 2025 and every three years) a statewide hazardous waste management plan;
- Advance environmental justice in historically disadvantaged communities;
- Conduct an analysis of the fee structure supporting DTSC; and
- Adopt a fee rate schedule by October 1 of each year.

To carry out these mandates, BES has organized subcommittees of board members focused on work relevant to each of these areas. This budget action is intended to allow BES to hire staff with the necessary, specialized expertise who can provide board members with detailed, independent advice and guidance in the form of staff reports, memoranda, briefings, analyses, and regulations (collectively, “Major Work Products”) to support BES efforts to satisfy its statutory requirements.

**HWCA: Generation and Handling Fee Shortfall Solutions.** The budget includes a total of \$750,000 in 2024-25 and ongoing, including a net reduction of \$4.6 million HWCA and an increase of \$5.3 million ongoing from various funds (\$5 million TSCA, \$284,000 Lead-Acid Battery Cleanup Fund, and \$28,000 Mercury Thermostat Collection Program Fund). The budget adds authority to forgive a \$15 million loan that was previously made from TSCA to HWCA. The budget includes trailer bill language intended to improve oversight, increase fee payer compliance, and provide more consistent use of statutory exemptions.

**Exide Cost Recovery Litigation: Continued Funding.** The budget includes \$4 million Lead-Acid Battery Cleanup Fund over two years, which includes \$1 million in 2024-25 and \$3 million in 2025-26 to support DTSC’s ongoing cost recovery litigation efforts against parties responsible for contributing contamination from the former Exide Technologies facility in the City of Vernon.

**GGRF Reporting.** The budget includes trailer bill language authorizing DTSC to comply with the requirement related to the preparation of the record by describing how each proposed expenditure of those moneys appropriated from GGRF will improve climate adaptation and resiliency, or environmental quality and public health, of disadvantaged communities or low-income households or communities, consistent with budget bill language related to the reporting of GGRF monies. The trailer bill language authorizes CARB, in consultation with DTSC, to develop methodologies and collect metrics or other information related to the description of the proposed expenditure by DTSC.



**3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)**

**Covered Electronic Waste Recycling Fee Subaccount Abolishment.** The budget includes trailer bill language, which provides a technical amendment abolishing the Covered Electronic Waste Recycling Fee Subaccount (Fund 3417), leaving the Electronic Waste Recovery and Recycling Account (EWRRA) (Fund 3065) as the fund in which all covered electronic waste recycling fees collected from sales of covered electronic devices, are deposited. The trailer bill language retains the Covered Battery-Embedded Waste Recycling Fee Subaccount (Fund 3418) as the fund for covered battery-embedded waste recycling fees collected from sales of covered electronic devices. This change will eliminate the requirement to perform a transfer each year, and all fund users can maintain their existing direct appropriations to the EWRRA.

**CalRecycle Integrated Information System (CRIIS).** The budget includes continued project funding of \$13.1 million Beverage Container Recycling Fund (BCRF) in 2024-25 for CRIIS. CalRecycle's information system is migrating the Beverage Container Recycling Program's current application, which is called the Division of Recycling Integrated Information System (DORIIS), into a modern, stable, cloud-based platform and consolidate CalRecycle program applications.

**Beverage Container Recycling Grants Program Staffing.** The budget includes position authority for six new permanent ongoing positions in 2024-25 to implement and manage the grant programs under SB 1013 (Atkins), Chapter 610, Statutes of 2022, and AB 179 (Ting), Chapter 249, Statutes of 2022. SB 1013 allocated \$19 million BCRF, with \$10 million as a one-time allocation and \$9 million as ongoing allocations for three new grant programs. The 2023-24 Budget Act included five positions for SB 1013 grant implementation. Among other things, SB 1013 added wine and distilled spirits to the state's Beverage Container Recycling and Litter Reduction Act (Bottle Bill); and beginning January 1, 2025, authorized dealers in unserved convenience zones to join a dealer cooperative to meet their redemption responsibilities.

**Withdrawal of Proposed Loan from the California Beverage Container Recycling Fund (BCRF) Loan to the General Fund.** In the May Revision, the Administration withdrew a \$125 million BCRF loan as proposed in the Governor's January budget. The May Revision also withdrew a proposed one-year repayment deferral of an existing \$25 million budgetary loan from BCRF to the General Fund.

**Beverage Container Recycling: Convenience Zones: Handling Fees.** The budget includes trailer bill language requiring the per-container handling fee to be set until June 30, 2026, at an amount that is not less than the amount of the per-container handling fee that was in effect on July 1, 2023. The trailer bill language also requires, from July 1, 2026, until June 30, 2027, the per-container handling fee to be established using a methodology established by CalRecycle in regulations reflecting the cost of providing and maintaining recycling in convenience zones by handling fee recipients.

**Post-Consumer Materials Management.** The budget includes \$371,000 of US Environmental Protection Agency's Solid Waste Infrastructure for Recycling (SWIFR) grant funding to CalRecycle for long-term planning and data collection to meet federal recycling, food loss, and waste reduction goals, and support the state-led implementation of plans to advance post-consumer materials management.

**Tire Recycling Fund.** The budget allocates California Department of Tax and Fee Administration (CDTFA) administrative costs between the Air Pollution Control Fund and the California Tire Recycling Management Fund consistent with the change in the 2024-25 Budget Act to fund the Tire Recycling Fund as a budget appropriation instead of on a reimbursement basis.

**Tire Recycling Act.** The budget restores statutory language recently repealed that authorizes CalRecycle to solicit and use expertise available in other state agencies for purposes of the Tire Recycling Act.

**Natural Resources and Environmental Protection Budget Bills and Trailer Bills**

1. *Budget Act of 2022 and 2023 – AB 106 (Gabriel), Chapter 9, Statutes of 2024.*
2. *Budget Act of 2024 – SB 108 (Wiener), Chapter 35, Statutes of 2024*
3. *Budget Act of 2023 — SB 109 (Wiener), Chapter 36, Statutes of 2024*
4. *Budget Act of 2024 — AB 157 (Gabriel), Chapter 994, Statutes of 2024*
5. *Budget Acts of 2022 and 2023 — AB 158 (Gabriel), Chapter 996, Statutes of 2024*
6. *Budget Act of 2024 — AB 180 (Gabriel), Chapter 995, Statutes of 2024*
7. *Public Resources and Environmental Protection: Omnibus Resources budget trailer bill – SB 156 (Committee on Budget and Fiscal Review), Chapter 72, Statutes of 2024*
8. *Public Resources: California Environmental Quality Act (CEQA): Exemptions: Native Fish and Wildlife, Capitol Annex. — SB 174 (Committee on Budget and Fiscal Review), Chapter 74, Statutes of 2024*
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# ENERGY, AIR QUALITY, AND UTILITIES

## 3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY (OEIS)

**Ongoing Funding for Core Contracts and Information Technology Resources.** The budget includes \$3.2 million (\$3 million from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) and \$130,000 from the Safe Energy Infrastructure and Excavation Fund (SEIEF)) in 2024-25 and ongoing for information technology and contracting resources.

## 3360 CALIFORNIA ENERGY COMMISSION (CEC)

**Energy Resources Program Account (ERPA) Structural Deficit.** The budget does not include trailer bill language that raises the statutory cap on the ERPA surcharge, tie the statutory cap to the Consumer Price Index, and extend the surcharge to behind-the-meter electricity consumption.

**2023 California Vehicle Survey Supplemental Funding.** The budget includes \$200,000 in reimbursement authority to allow the California Energy Commission (CEC) to receive funding from the California Department of Transportation (Caltrans) to support the California Vehicle Survey (CVS).

**Technical Assistance Support for Building Standards.** The budget includes \$497,000 ongoing from the Cost of Implementation Account for three positions to provide technical assistance regarding the California Energy Code.

**Adjusted Staffing and Contract Resources for Division of Petroleum Market Oversight.** The budget includes \$493,000 from the Energy Resources Programs Account (ERPA) in 2024-25 and ongoing to hire more specialized staff and fund contracting services.

**Integrated Energy Policy Report: Fusion.** The budget includes two years of limited-term funding at \$201,000 per year (total of \$402,000) from ERPA to support CEC staffing needs to complete the requirements outlined in AB 1172 (Calderon), Chapter 360, Statutes of 2023, which requires the Energy Resources Conservation and Development Commission (CEC) to include an assessment of the future potential for fusion energy to contribute to California's power supply as part of the 2027 Integrated Energy Policy Report (IEPR).

**Renewable Energy: Department of Transportation Evaluation.** The budget includes \$110,000 from ERPA to support the Department of Transportation (Caltrans) in developing an evaluation of the issues and policies impeding development of land within department-owned rights-of-way as renewable energy generation facilities, energy storage facilities, and electrical transmission and distribution facilities, and submitting the evaluation to the legislature on or before December 31, 2025, as required by SB 49 (Becker), Chapter 379, Statutes of 2023.

**Electricity: Transmission Planning and Permitting.** The budget includes \$225,000 ongoing from ERPA for one permanent position at the Electric Generation System Program Specialist I classification to supplement staff resources to develop and maintain the Guidebook required by Chapter 319 (McGuire), Chapter 390, Statutes of 2023.

**Wave and Tidal Energy.** The budget includes \$701,000 from the General Fund in 2024-25 and \$201,000 from the General Fund in 2025-26 and ongoing to complete the analysis and studies required in SB 605 (Padilla), Chapter 405, Statutes of 2023.

**Federal Funding Expenditure Authority.** The budget includes \$390 million in federal expenditure authority and reimbursement authority to administer federal funding opportunities from the federal Inflation Reduction Act and Infrastructure Investment and Jobs Act (IIJA).

**Flexible Resource Authority in Support of the Power Plant Licensing and Compliance Programs.** The budget includes flexible resource authority from the Energy Facility Licensing and Compliance Fund to staff the California Energy Commission's multiple California Environmental Quality Act (CEQA) programs and support the Siting, Environmental, Engineering, and Safety and Reliability activities to process current and anticipated applications for certification, ensure compliance of a facility's CEC license, and successfully implement the new opt-in expedited licensing program.

**Demand Side Grid Support (DSGS) and Distributed Electricity Backup Assets (DEBA).** The budget provides flexibility for the California Energy Commission to use \$75 million Greenhouse Gas Reduction Fund for either the DSGS or DEBA programs.

## **3860 DEPARTMENT OF WATER RESOURCES**

**Diablo Canyon.** SB 156 (Committee on Budget and Fiscal Review), Chapter 72, Statutes of 2024 requires the Department of Water Resources (DWR), in consultation with the Public Utilities Commission and the State Energy Resources Conservation and Development Commission, to provide a biannual report, on or before February 1 and August 1 of each year until December 31, 2030, to the Legislature on the status of a \$1.4 billion loan from DWR to the company licensed to operate the Diablo Canyon power plant.

## **3900 STATE AIR RESOURCES BOARD (CARB)**

**Advanced Clean Cars II ZEV Regulation Reporting Tool.** The budget includes \$1.3 million in 2024-25 and \$185,000 ongoing from the Cost of Implementation Account to develop and maintain a reporting tool to track compliance with the Advanced Clean Cars (ACC) II Zero Emission Vehicles (ZEV) Regulation.

**CARB Position Authority Adjustments.** The budget includes \$845,000 from the Air Pollution Control Fund (APCF) and \$247,000 in reimbursement authority, both on an ongoing basis, to convert 16 expiring limited-term positions to permanent positions.

**Chrome Plating Airborne Toxic Control Measure (Chrome Plating Amendments).** The budget includes \$658,000 ongoing from the Air Pollution Control Fund (APCF) for three permanent Air Pollution Specialist positions to implement the amendments to the Chrome Plating Airborne Toxic Control Measure.

**In-Use Off-Road Diesel-Fueled Fleets Regulation and Enforcement.** The budget includes \$1.1 million ongoing from the Air Pollution Control Fund for seven positions to implement and enforce amendments to the In-Use Off-Road Diesel-Fueled Fleets Regulation.

**Support Enhanced Portable Equipment Registration Program.** The budget includes \$447,000 ongoing from the Air Pollution Control Fund for three permanent positions to support the Portable Equipment Registration Program (PERP).

**Prescribed Burning and Exceptional Events.** The budget includes \$4.4 million ongoing from the Cost of Implementation Account, Air Pollution Control Fund (\$3 million from the Local Assistance portion and the remaining from the State Operations portion) to continue the Prescribed Burn Reporting and Monitoring Grant Program; prescribed burn air quality monitoring support; Smoke Spotter Application; modeling support and technical assistance to assess smoke impacts; as well as positions to support the Exceptional Event Process.

**Resources to Implement More Stringent PM2.5 National Ambient Air Quality Standard.** The budget includes \$3.8 million ongoing from the Air Pollution Control Fund to meet the federal Clean Air Act requirements, as a result of a more stringent particulate matter (PM) 2.5 national ambient air quality standard.

**Southern California Headquarters Building Operations & Maintenance Contracts.** The budget includes \$6.3 million in 2024-25, \$9.1 million in 2025-26, and \$9.6 million in 2026-27 and ongoing to operate and maintain CARB's Southern Headquarters Building.

**Climate Corporate Data Accountability Act and Climate-Related Financial Risk Disclosure Act.** The budget includes \$8.4 million for 28 permanent positions to implement CARB's responsibilities for rulemaking, development and implementation of the requirements under SB 253 (Wiener), Chapter 382, Statutes of 2023, the Climate Corporate Data Accountability Act, and SB 261 (Stern), Chapter 383, Statutes of 2023, referred to as the Climate Related Financial Risk Disclosure Act. 2024-25 and 2025-26 costs will be initially funded by a loan from the Greenhouse Gas Reduction Fund, but beginning in 2026-27, the amounts will be phased out, fully repaid, and replaced by two statutorily authorized new funds that will generate revenue in the outyears: the Climate Accountability and Emissions Disclosure Fund (for SB 253), and the Climate-Related Financial Risk Disclosure Fund (for SB 261).

**Heavy-Duty Inspection and Maintenance Program (HD I/M) for Continued Positions.** The budget includes \$1.8 million in ongoing funding from the Truck Emissions Check (TEC) fund to support ten positions established in the 2022 Budget Act, SB 154 (Skinner), Chapter 43, Statutes of 2022.

**Clean Cars 4 All.** SB 156 (Budget and Fiscal Review Committee), Chapter 72, Statutes of 2024 requires CARB to maintain funding for each district participating in Clean Cars 4 All, such that if a district has insufficient funds to meet processed demand, the state board shall reallocate moneys to that

district to ensure operation is minimally impacted for district Clean Cars 4 All programs. SB 156 also requires CARB to annually report to the budget committees of both houses of the Legislature the amount of funding allocated by the department to the statewide Clean Cars 4 All program and to each district Clean Cars 4 All program and detailed performance metrics for the statewide and district Clean Cars 4 All programs.

**Climate Investment Plan.** SB 156 exempts the Department of Finance from including updates to the Climate Investment Plan for the 2025-26 budget. Existing law requires the department to include updates to the Climate Investment Plan every three years with the release of the Governor’s Budget proposal.

**SB 1137 (Gonzalez), Chapter 365, Statutes of 2022.** The budget includes \$2.3 million ongoing from the Oil, Gas, and Geothermal Administrative Fund for nine permanent positions to implement SB 1137. Specifically, CARB will work closely with CalGEM to support air monitoring components of SB 1137, involving regulation development, leveraging data from the SNAPS program, data management and quality assurance experience from AQview development, and extensive engagement with communities on air monitoring and related health topics.

**Transportation Refrigeration Unit (TRU) Program.** The budget shifts \$3.6 million from the Certification and Compliance Fund (CCF) to the Air Pollution Control Fund (APCF) for the TRU program for 2024-25. Originally, this program was intended to be funded by collecting fees and payments paid by owners and operators of regulated facilities and equipment beginning December 31, 2023. However, a state court ruled that CARB is prohibited from collecting the fees included in the TRU regulation. As a result, this fund shift allows the TRU Program to continue—as TRU activities that reduce diesel emissions are an eligible use of penalty revenues from APCF.

**Funding Agricultural Replacement Measures for Emission Reductions (FARMER).** The budget includes \$2 million for the FARMER program, which provides funding through local air districts for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.

## **8660 CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)**

**California Advanced Services Fund Local Assistance Budget.** The budget includes an increase to the local assistance budget authority from the California Advanced Services Fund (CASF) program for the California Public Utilities Commission (CPUC) to \$136.2 million in 2024-25 and ongoing. In addition, the budget bill includes language which makes expenditure authority contingent on the CPUC collecting sufficient revenue.

**Gas Transmission Pipeline Safety Staffing.** The budget includes \$550,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to ensure gas operators comply with recent federal gas transmission pipeline safety mandates.

**IT Asset Tracking and Management System.** The budget includes \$300,000 ongoing from various special funds for maintenance and operation costs to sustain an information technology hardware/software asset management system.

**Permanent Position Technical Adjustment.** The budget includes \$300,000 ongoing from various special funds for maintenance and operation costs to sustain an information technology hardware/software asset management system to address ongoing workload needs.

**Reauthorization of Appropriation for CPUC Respond to Utility Restructurings and Securitizations.** The budget includes \$2.8 million from the PUCURA for an active legal services contract to provide advice and representation on corporate and utility restructuring, finance, securitization, and bankruptcy matters.

**Autonomous Vehicle Transportation Regulation.** The budget includes \$210,000 ongoing from the Public Utilities Commission Transportation Reimbursement Account (PUCTRA) to fund one position to develop and implement regulations for autonomous vehicle (AV) passenger services.

**Ongoing Implementation of Broadband for All.** The budget includes \$9.9 million on a three year limited-term basis from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to fund 46 existing positions and four new positions to continue implementing broadband programs.

**Intervenor Compensation Programs Claims Support.** The budget includes \$280,000 ongoing from various special funds for two Associate Governmental Program Analyst (AGPA) positions to support the Intervenor Compensation (Icomp) program. In addition, the budget bill includes provisional language that requires additional reporting on the number of processed claims, the number of unresolved claims, and the number of claims not resolved within the existing 75-day statutory timeframe.

**Ongoing Support for Clean Energy Resiliency.** The budget includes \$3.6 million ongoing from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) for 16 positions and resources to continue implementing SB 100 (De León), Chapter 312, Statutes of 2018.

**California Lifeline Program.** The budget includes \$377 million for fiscal year 2024-25 from the Universal LifeLine Telephone Service Trust Administrative Committee Fund (0471) to provide low-income California households with basic, high-quality wireless and wireline services at affordable rates in accordance with the Public Utilities Code section 871 et seq.

**Broadband Infrastructure: Mapping.** The budget includes \$1.3 million from the Public Utilities Commission Utilities Reimbursement Account to implement AB 286 (Wood), Chapter 645, Statutes of 2023, which requires the CPUC to revise their Broadband Map to add additional features.

**Electricity: Transmission Planning and Permitting.** The budget includes \$220,000 ongoing and \$389,000 annually for two years from the Public Utilities Commission Utilities Reimbursement Account for implementation of SB 319 (McGuire), Chapter 390, Statutes of 2023, which requires the CPUC, CEC, and California Independent System Operator (CAISO) to keep their workplan and December 23, 2022, Memorandum of Understanding (MOU) updated to coordinate on the timely development of resources, resource interconnections, and needed transmission infrastructure to meet the state's energy and climate goals on an ongoing basis.

**Oversight of Expanded California Rail Transit Systems and New Federal Mandates.** The budget includes \$1.4 million ongoing for seven positions from the Public Transportation Account (PTA) to address permanent increased workload from the expansion of rail transit systems and meet new federal requirements on establishing a risk-based inspection program.

**Powering Up Californians Act.** The budget includes \$2.2 million ongoing from the Public Utilities Commission Utilities Reimbursement Account for seven positions, consultant services, training, travel, equipment, and software resources to implement the mandates of SB 410 (Becker), Chapter 394, Statutes of 2023, to oversee a process to reform and improve the rules that govern customer energization requests and related cost recovery from ratepayers.

**Public Advocates Office – Implementation of SB 410 and State Auditor.** The budget includes \$384,000 from the Public Utilities Commission Public Advocates Office Account for one Public Utilities Regulatory Analyst (PURA) V position and one PURA III position to implement recommendations in the State Auditor’s August 2023 Report “Electricity and Natural Gas Rates” and SB 410 (Becker), Chapter 394, Statutes of 2023.

**Public Utilities: Timely Service: Customer Energization.** The budget includes \$453,000 ongoing for two positions to support the implementation of AB 550 (Wood), Chapter 317, Statutes of 2023, to make improvements to the customer energization process.

**Railroads: Contract Crew Transportation Vehicles.** The budget includes \$328,000 (\$200,000 one-time and \$128,000 ongoing) from the Public Utilities Commission Transportation Reimbursement Account to implement SB 757 (Archuleta), Chapter 411, Statutes of 2023, which requires the CPUC to adopt regulations updating new statutory terms, definitions, and requirements related to railroad crew transportation and establishing the statute’s new insurance requirements.

**Renewable Energy: Department of Transportation: Evaluation.** The budget includes \$110,000 one-time from the Public Utilities Commission Utilities Reimbursement Account for contract(s) to support the Department of Transportation’s evaluation of major expansion of use of the Caltrans right-of-way for energy, energy storage, and transmission and distribution projects, as per SB 49 (Becker), Chapter 379, Statutes of 2023.

**Support for Broadband Equity, Access, and Deployment (BEAD) Program.** The budget includes \$1.9 billion in budget authority under the Federal Trust Fund for the Broadband Equity, Access, and Deployment (BEAD) program grant funds awarded to California in the Infrastructure Investment and Jobs Act (IIJA) of 2021 and 31 limited-term positions. In addition, the budget bill includes provisional language that requires more detailed information about the standalone construction projects funded by the current spending plan and a business plan for the middle-mile network that explains how it will be maintained and operated going forward.



## VARIOUS DEPARTMENTS

**MUD Act.** AB 178 (Gabriel), Chapter 1000, Statutes of 2024, provides customers who are experiencing undue hardship the ability to request for greater payment plan flexibility beyond 12 months.

**GGRF Reporting.** The budget includes control section language that provides flexibility for reporting of programs receiving Greenhouse Gas Reduction Fund, particularly for programs with greater focus on improving climate change adaptation resiliency, environmental quality, and/or public health.

**Aliso Canyon.** The budget includes the following appropriations from the Aliso Canyon Recovery Account:

- \$40 million for the Technology and Equipment for Clean Heating (TECH) initiative at the California Public Utilities Commission.
- \$14 million for the Extreme Heat Resilience program at the Governor’s Office of Land Use and Climate Innovation.
- \$15 million for the Green Schoolyards program at the California Department of Forestry and Fire Protection.
- \$2 million for the Equity and Access program at the California Public Utilities Commission.

### **Energy Related Budget Bills and Budget Trailer Bills**

1. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
2. *Budget Act of 2024 – Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024.*
3. *Budget Act of 2024 – Assembly Bill 157 (Gabriel), Chapter 994, Statutes of 2024.*
4. *Budget Act of 2023 – Senate Bill 109 (Wiener), Chapter 36, Statutes of 2024.*
5. *Resources – Senate Bill 156 (Committee on Budget and Fiscal Review), Chapter 72, Statutes of 2024.*
6. *Resources – Assembly Bill 178 (Gabriel), Chapter 1000, Statutes of 2024.*

# CLIMATE

## VARIOUS DEPARTMENTS

**Climate Budget Solutions.** The budget includes the following budget actions with regards to the various climate budget solutions:

*(Continue on to next page)*

Department(s)	Title	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category	FINAL BUDGET
Office of Planning and Research	Extreme Heat Communications/Community-Based Public Awareness Campaign		14.0					Reductions	Approve
Tahoe Conservancy	Reversion of ADA Site Improvements		1.0					Reductions	Approve
California Conservation Corps	Vehicle Replacements: 2022-23 Unencumbered Balance		0.4					Reductions	Approve
California Conservation Corps	Los Padres Facility Repairs: 2021-22 Unencumbered Balance		0.3					Reductions	Approve
California Energy Commission	Carbon Removal Innovation Program (Energy Package)		14.0					Reductions	Approve
California Energy Commission	Carbon Removal Innovation Program (Energy Package)		20.0					Fund Shift	Approve
California Energy Commission	Equitable Building Decarbonization Program (Energy Package)			28.0	85.5			Reductions	Approve, but provide \$25m GGRI in 24-25
California Energy Commission	Equitable Building Decarbonization Program (Energy Package)			25.0	6.5			Fund Shift	Approve
California Energy Commission	Distributed Electricity Backup Assets (Energy Package)	63.0						Reductions	Approve
California Energy Commission	Distributed Electricity Backup Assets (Energy Package)	280.0		25.0	50.0	25.0		Fund Shift	Approve
California Energy Commission	Hydrogen Grants (Energy Package)		25.0					Reductions	Approve
California Energy Commission	Hydrogen Grants (Energy Package)		39.0					Fund Shift	Approve
California Energy Commission	Demand Side Grid Support (Energy Package)		111.5					Reductions	Approve
California Energy Commission	Demand Side Grid Support (Energy Package)		150.0					Fund Shift	Approve
California Energy Commission	Energy Data Infrastructure & Analysis (Energy Package)		4.1					Reductions	Approve
California Energy Commission	Fueling Infrastructure Grants (ZEV Package)		143.9					Reductions	Approve
California Energy Commission	Equitable At-Home Charging (ZEV Package)		20.0					Reductions	Approve
California Energy Commission	Drayage Trucks & Infrastructure (ZEV Package)		80.8					Reductions	Approve
California Energy Commission	Clean Trucks, Buses and Off-Road Equipment (ZEV Package)		137.8					Reductions	Approve
California Energy Commission	Fueling Infrastructure Grants (ZEV Package)		218.5					Fund Shift	Approve
California Energy Commission	Drayage Trucks & Infrastructure (ZEV Package)		157.0					Fund Shift	Approve
California Energy Commission	Drayage Trucks & Infrastructure Pilot Project (ZEV Package)		9.3					Reductions	Approve
California Energy Commission	Transit Buses & Infrastructure (ZEV Package)		28.5					Fund Shift	Approve
California Energy Commission	Clean Trucks, Buses and Off-Road Equipment (ZEV Package)		71.3					Fund Shift	Approve
California Energy Commission	ZEV Manufacturing Grants (ZEV Package)		7.3					Reductions	Approve
California Energy Commission	Emerging Opportunities (ZEV Package)		7.3					Reductions	Approve
California Energy Commission	Climate Innovation Program		1.0	100.0	225.0	150.0		Reductions	Approved in Early Action
California Energy Commission	Carbon Removal Innovation Program (Energy Package)		40.0					Reductions	Approve
California Energy Commission	Food Production Investment Program (Energy Package)		18.8					Reductions	Approved in Early Action
California Energy Commission	Industrial Decarbonization Program (Energy Package)		22.0					Reductions	Approved in Early Action
California Energy Commission	Equitable Building Decarbonization Program (Energy Package)			160.0	73.0	50.0		Reductions	Approve
California Energy Commission	Equitable Building Decarbonization Program (Energy Package)		86.5					Fund Shift	Approve
California Energy Commission	Distributed Electricity Backup Assets (Energy Package)		50.0		-25.0	-25.0		Delayed	Approved in Early Action
California Energy Commission	Incentives for Long Duration Storage (Energy Package)		105.9					Fund Shift	Approved \$56.9m + \$48m (for FPIP and INDIAGO)+ \$1m for Carbon Removal State Ops. \$49m backfilled with GGRI
California Energy Commission	Hydrogen Grants (Energy Package)		35.0					Reductions	Approved in Early Action
California Energy Commission	California Electric Homes Program		6.4					Reductions	Approved in Early Action
Department of Conservation	Climate Smart Land Management Program		7.0					Reductions	Approve
Department of Conservation	Multi-benefit Land Repurposing Program		5.7					Reductions	Approve

Department(s)	Title	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category	FINAL BUDGET
Department of Conservation	Regional Forest & Fire Capacity (Wildfire Package)		20.0					Fund Shift	Approve
Department of Conservation	Biomass to Hydrogen/Biofuels Pilot (Wildfire Package)		45.5					Reductions	Approved In Early Action
Department of Conservation	Oil and Gas Well Capping (Climate Jobs Package)		50.0					Fund Shift	Approve
Department of Forestry and Fire Protection	Reversion of Alma Helitack Base and Hollister Air Attack Base/Bear Valley Helitack Base Acquisition Funding	12.1	4.9					Reductions	Approve
Department of Forestry and Fire Protection	Prescribed Fire Liability Pilot (Wildfire and Forest Resilience Package)			20.0				Fund Shift	Approve
Department of Forestry and Fire Protection	Tribal Wildfire and Forest Resilience (Wildfire and Forest Resilience Package)		10.0					Fund Shift	Approve
Department of Forestry and Fire Protection	California Vegetation Treatment Program (CalVIP) (Board of Forestry): 2021-22 Unencumbered Balance		0.3					Reductions	Approve
Department of Forestry and Fire Protection	Deferred Maintenance: 2021-22 Unencumbered Balance		11.6					Reductions	Approve
Department of Forestry and Fire Protection	Green Schoolyards: 2022-23 Unencumbered Balance		1.7					Reductions	Approve
Department of Forestry and Fire Protection	Forest Health Grants: 2021-22 Unencumbered Balance (Wildfire and Forest Resilience Package)		3.2					Reductions	Approve
Department of Forestry and Fire Protection	Forest Inventory Analysis: 2021-22 Unencumbered Balance (Wildfire and Forest Resilience Package)		0.3					Reductions	Approve
Department of Forestry and Fire Protection	Interagency Forest Data Hub: 2021-22 Unencumbered Balance (Wildfire and Forest Resilience Package)		3.3					Reductions	Approve
Department of Forestry and Fire Protection	Fire Prevention Grants (Wildfire Package)		82.0					Fund Shift	Approve
Department of Forestry and Fire Protection	Unit Fire Prevention Projects (Wildfire Package)		26.0					Fund Shift	Approve
Department of Forestry and Fire Protection	Prescribed Fire & Hand Crews (Wildfire Package)		5.3					Reductions	Approve
Department of Forestry and Fire Protection	Forest Legacy (Wildfire Package)		3.6					Reductions	Approved In Early Action
Department of Forestry and Fire Protection	Interagency Forest Data Hub (Wildfire Package)		2.9					Reductions	Approved In Early Action
Department of Forestry and Fire Protection	Monitoring and Research (Wildfire Package)		5.7					Reductions	Reject, restored with GGRF.
Department of Forestry and Fire Protection	Post-fire reforestation grants		25.0					Reductions	Reject
Department of Forestry and Fire Protection	Additional CalFire Training Facility			32.0				Reductions	Reject
Department of Fish and Wildlife	Wetlands Restoration		17.2					Fund Shift	Approve
Department of Fish and Wildlife	Wildlife Corridor and Fish Passage/Fish and Wildlife Protection	16.0				-16.0		Delay	Restore CDFW funding. Reduce \$5.8m from Wildlife Conservation Board (3640) for this program
Wildlife Conservation Board	Protecting Fish and Wildlife from Changing Conditions		70.0					Fund Shift	Approve
Wildlife Conservation Board	Nature Based Solutions Programs		42.0					Fund Shift	Reject fund shift and instead revert \$42m
Wildlife Conservation Board	Streamflow Enhancement Program		101.1					Fund Shift	Approve
Wildlife Conservation Board	Habitat Conservation Fund-General Fund Transfer Sunset		45.0	20.0	20.0	20.0	20.0	Reductions	Reject
Wildlife Conservation Board	Resource Conservation Investment Strategies (Nature-Based Solutions Package)		5.0					Reductions	Approved In Early Action
State Coastal Conservancy	Coastal Protection and Adaptation (Coastal Resilience Package)		171.1					Reductions	Approve
State Coastal Conservancy	Sea Level Rise (Coastal Resilience Package)		220.9					Reductions	Approve
State Coastal Conservancy	Opportunity Acquisitions		48.9					Reductions	Reduce \$48.9m
Department of Parks and Recreation	Outdoor Equity Grants (Access Package)		50.0					Reductions	Approve
Department of Parks and Recreation	Deferred Maintenance Funding (Access Package)		20.5					Fund Shift	Approve
Department of Parks and Recreation	Adapting to Sea Level Rise in State Parks (Coastal Resilience Package)		10.0					Reductions	Approve
Department of Parks and Recreation	Recreational Trails and Greenways Program		10.0					Reductions	Approve
Department of Parks and Recreation	Urban Waterfront Funding (Access Package)		12.3					Reductions	Approve

Department(s)	Title	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category	FINAL BUDGET
Department of Parks and Recreation	Outdoor Equity Grants Program (Access Package)			25.0				Reductions	Approve
Department of Parks and Recreation	Art in Parks		11.1					Reductions	Reduce \$11.1m
Department of Parks and Recreation	Dos Rios State Park		1.7					Reductions	Reduce \$1.7m
Department of Water Resources	Habitat Restoration		102.5					Fund Shift	Approve
Department of Water Resources	Urban Flood Risk Reduction/Systemwide Flood Programs-Little Egbert Project		126.0					Fund Shift	Approve
Department of Water Resources	Water Storage (Water and Drought Resilience Packages)				500.0			Reductions	Approve
Department of Water Resources	Drought proofing conveyance and SGMA implementation		1.3					Reductions	Approve
Department of Water Resources	Emergency Water Tank Program		11.0					Reductions	Approve
Department of Water Resources	Save Our Water		21.6					Reductions	Approve
Department of Water Resources	Investments in Strategic Reliability Assets (Energy Package)				55.0			Reductions	Approve
Department of Water Resources	Oroville Pump Storage (Energy Package)			0.0	30.0	100.0	100.0	Fund Shift	Approve fund shift, but delay \$10m to 2026-27
Department of Water Resources	Forecasted Informed Reservoir Operations/Improving Runoff Forecasting/Snow (Water and Drought Resilience Packages)			6.8	6.8	6.8	6.8	Reductions	Approved in Early Action
Department of Water Resources	Dam Safety (Water and Drought Resilience Packages)		50.0					Reductions	Approve
Department of Water Resources	Investments in Strategic Reliability Assets (Energy Package)			55.0	-55.0			Delayed	Approved in Early Action
Department of Water Resources	Oroville Pump Storage (Energy Package)			90.0	110.0	-100.0	-100.0	Delayed	Approved in Early Action
Department of Water Resources	Central Procurement	0.0	31.5		-9.5	-22.0		Delay	\$500k in 23-24, \$9.5m in 24-25, \$21m in 25-26
Department of Water Resources	PGE Loan for Diablo			400.0				Reductions	Reject
Department of Water Resources	Strategic Reserve			20.0	75.0			Reductions	Reject
Department of Water Resources	Small Supplier Water Conservation		7.3					Reductions	Reduce \$7.3
State Air Resources Board	Air Pollution Control Fund Loan to General Fund			300.0			-300.0	Revenue/Borrowing	Approve
State Air Resources Board	Drayage Trucks & Infrastructure Pilot Project (ZEV Package)		14.2					Reductions	Approve
Department of Pesticide Regulation	Pesticide Notification		2.6					Reductions	Approved in Early Action
State Water Resources Control Board	Drinking Water/Wastewater Infrastructure (Water and Drought Resilience Packages)		152.2	200.0				Fund Shift	Shift \$224.9m in 24-25 and \$30m in 25-26 to GGRF
State Water Resources Control Board	Per- and polyfluoroalkyl substances (PFAs) Support		29.1					Reductions	Approve
State Water Resources Control Board	Water Recycling/Groundwater Cleanup (Water and Drought Resilience Packages)				100.0			Reductions	Approve
State Water Resources Control Board	Water Recycling/Groundwater Cleanup (Water and Drought Resilience Packages)	0.0	174.4					Reductions	Approve, but provide \$73.5m GF in 24-25 and \$15m GGRF in 25-26.
State Water Resources Control Board	Water Recycling/Groundwater Cleanup (Water and Drought Resilience Packages)	0.0	100.0		-100.0			Delayed	Approve
State Water Resources Control Board	Per- and polyfluoroalkyl substances (PFAs) Support (Water and Drought Resilience Packages)	0.0	71.6	30.0				Reductions	Approve
State Water Resources Control Board	Underground Storage Tank Fund Loan to General Fund			200.6	-200.6			Revenue/Borrowing	Approved in Early Action
State Water Resources Control Board	Drinking Water/ Wastewater Infrastructure	124.0						Reductions	Reduce GGRF shift by \$97.6m relative to May Revision
Department of Toxic Substances Control	Vulnerable Community Toxic Clean-Up (DISC fee reform package)		136.0		85.0	47.5		Reductions	Approve
Department of Toxic Substances Control	Vulnerable Community Toxic Clean-Up (DISC fee reform package)		65.0			42.5		Fund Shift	Approve
Department of Toxic Substances Control	Vulnerable Community Toxic Clean-Up (DISC Fee Reform Package)		175.0		-85.0	-90.0		Delayed	Approved in Early Action
CalRecycle	Compost Permitting Pilot Program (Circular Economy Package)		6.7					Reductions	Approved in Early Action
CalRecycle	Beverage Container Recycling Fund (Bottle Bill) Loan to General Fund			0.0	0.0			Revenue/Borrowing	Withdrawn

Department(s)	Title	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category	FINAL BUDGET
Community Services and Development	Energy Arrearages	16.0						Reductions	Reject
Department of Industrial Relations	Enhanced Protections for Vulnerable Populations (Extreme Heat Package)		15.6					Fund Shift	Approve
Department of Food and Agriculture	Relief for Small Farmers (2023-24 Drought and Flood CS)		5.0					Reductions	Reject--restored with GF
Department of Food and Agriculture	Farm to School Program (Sustainable Agriculture Package)		10.0					Reductions	Reject--restored with GF
Department of Food and Agriculture	Technical Assistance Program for Underserved Farmers (Sustainable Agriculture Package)		0.2					Reductions	Approve
Department of Food and Agriculture	Fairs Resilience Grants		2.1					Reductions	Approve
Department of Food and Agriculture	State Water Efficiency and Enhancement Program		2.8					Reductions	Approve
Department of Food and Agriculture	Pollinator Habitat Program		0.4					Reductions	Approve
Department of Food and Agriculture	Water Efficiency Technical Assistance		6.9					Reductions	Approve
Department of Food and Agriculture	On-farm Water Use and Agriculture Technical Assistance (Water and Drought Resilience Packages)		6.0					Reductions	Approve
Department of Food and Agriculture	Relief for Small Farmers (Water and Drought Resilience Packages)		12.9					Reductions	Reject--restored with GF.
Department of Food and Agriculture	State Water Efficiency and Enhancement Program (Water and Drought Resilience Packages)		20.6					Fund Shift	Approve
Department of Food and Agriculture	Farm to Community Food Hubs Program (Sustainable Agriculture Package)		14.4					Reductions	Reject--restored with GF.
Department of Food and Agriculture	California Nutrition Incentive Program		33.2					Reductions	Reject--restored with GF.
Department of Food and Agriculture	Livestock Methane Reduction (Sustainable Agriculture Package)		24.0					Fund Shift	Approve
Department of Food and Agriculture	Healthy Refrigeration Grant Program (Sustainable Agriculture Package)		8.5					Reductions	Approve
Department of Food and Agriculture	Enteric Methane Incentives		23.0					Reductions	Delayed to 26-27.
Department of Food and Agriculture	Farm to School Program (Sustainable Agriculture Package)		30.0					Reductions	Reject
California Public Utilities Commission	Capacity Building Grant Program (Energy Package)		10.0					Reductions	Approve
California Public Utilities Commission	Residential Solar and Storage Program (Energy Package)			50.0	100.0	100.0	100.0	Reductions	Approve
California Public Utilities Commission	Broadband - Last Mile				200.0		-200.0	Pause/Delay	Approve
California Public Utilities Commission	Broadband - Loan Loss Reserve		125.0	150.0	175.0			Reductions	Maintain \$50m in 23-24.
California Public Utilities Commission	Capacity Building Grant Program (Energy Package)		20.0					Reductions	Approved in Early Action
California Public Utilities Commission	Residential Solar and Storage Program (Energy Package)			75.0	125.0	-100.0	-100.0	Delayed	Approve
California Public Utilities Commission	Broadband - Last Mile			100.0		-100.0		Delayed	Approved in Early Action
California Public Utilities Commission	Broadband - Loan Loss Reserve			150.0	100.0			Reductions	Approved in Early Action
California Public Utilities Commission	Broadband Last Mile			100.0		250.0	-350.0	Delay	Approve
Governor's Office of Business and Economic Development	iBank Clean Energy Transmission	200.0	25.0					Reductions	Approve
Governor's Office of Business and Economic Development	Wildfire Climate Catalyst Fund	6.0						Reductions	Approve
Natural Resources Agency	Urban Greening (Extreme Heat Package)		19.9					Reductions	Approve
Natural Resources Agency	Redondo Beach Wetlands Restoration (Nature-Based Solutions Package)		10.0		-10.0			Delay	Delay to 25-26.
Natural Resources Agency	Ocean Protection (Coastal Resilience Package)		62.5					Reductions	Approve
Natural Resources Agency	Ocean Protection - SB 1 Implementation (Coastal Resilience Package)		15.0	10.0				Reductions	Approve
Natural Resources Agency	Ocean Protection - SB 1 Implementation (Coastal Resilience Package)		36.8					Fund Shift	Approve
Natural Resources Agency	Museum Grants	27.7						Reductions	Reduce \$27.7m

Department(s)	Title	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category	FINAL BUDGET
Various	Salton Sea (Prior Investment and 2024-25 GB BCP)		6.8	65.2	3.3			Fund Shift	Approve
Natural Resources Agency	Ocean Protection (Coastal Resilience Package)		27.5					Fund Shift	Approve
Natural Resources Agency	Ocean Protection Council: Marine Mammal Center			2.0	2.0	2.0	2.0	Reductions	Reject
Natural Resources Agency	California Climate Information System: 2022-23 Unencumbered Balance		18.3					Reductions	Approve
Natural Resources Agency	Natural and Working Lands (AB 1757) Implementation: 2023-24 Unencumbered Balance		3.2					Reductions	Approve
Natural Resources Agency	Ocean Protection Council Data, Research, and Communications: 2021-22 Unencumbered Balance (Water Resilience Package)		0.6					Reductions	Not included in final budget agreement
California Environmental Protection Agency	Environmental Justice Action Grants (Community Resilience Package)		5.0					Fund Shift	Approve and reduce an additional \$6m
Office of Planning and Research	Regional Climate Collaboratives (Community Resilience Package)		9.8					Reductions	Approved in Early Action
Office of Planning and Research	Climate Adaptation & Resilience Planning Grants (Community Resilience Package)		5.0					Reductions	Approved in Early Action
Office of Planning and Research	Regional Climate Resilience (Community Resilience Package)		25.0	50.0				Reductions	Approve
Office of Planning and Research	Extreme Heat and Community Resilience Program (Extreme Heat Package)		40.1					Reductions	Reject, provide \$25.1m GGRF and \$15m GF.
Office of Planning and Research	Extreme Heat and Community Resilience Program (Extreme Heat Package)		70.0					Reductions	Approve
Office of Planning and Research	Climate Adaptation and Resilience Planning Grants	10.0						Reductions	Approve
Office of Emergency Services	Home Hardening (Wildfire Package)		12.0					Reductions	Approved in Early Action
California Energy Commission	Clean Energy Reliability Investment Plan (SB 846)				100.0	300.0	500.0	Fund Shift	Approved fund shift to GGRF of \$50m in 2025-26, \$150m in 2026-27, \$50m in 2027-28, and \$650m in 2028-29
California Energy Commission	Clean Energy Reliability Investment Plan (SB 846)			300.0	400.0	-300.0	-500.0	Delayed	Approve
California Energy Commission	Clean Energy Reliability Investment Plan (SB 846) Amount Partially Approved in Early Action			100.0				Delayed	Approved in Early Action
Department of Water Resources / Wildlife Conservation Board	Watershed Climate Resilience (Water and Drought Resilience Packages)		0.0	206.6	25.0			Reductions	Approve, but provide WCB \$37m GF in 24-25 and \$15m GGRF in 25-26.
Department of Water Resources / Wildlife Conservation Board	Watershed Climate Resilience (Water and Drought Resilience Packages) Amount Partially Approved in Early Action		88.3	118.4				Reductions	Approved in Early Action
Various	Conservancy Project Implementation in High-Risk Regions (Wildfire Package)		27.7					Reductions	Approve
Department of Fish and Wildlife / Department of Parks and Recreation	Stewardship of State-Owned Lands (Wildfire Package)		34.5					Reductions	Approve
Various	Drought-Contingency Control Section	17.5						Reductions	Reject
Various	Aquatic Habitat and Drought Resilience and Expediting Large Scale Habitat*	128.8	6.7	6.7				Reductions	Reject
Air Resources Board/California Energy Commission	Emerging Opportunities	7.0						Reductions	Reject
Various	Data, Research, and Communications		3.4					Reductions	Reduce \$3.4m
California Energy Commission/ State Lands Commission/ CA Coastal Commission/ Ocean Protection Council	Offshore Wind Infrastructure (Energy Package)		20.0					Reductions	Reject--provide \$36m GF so that \$45m is maintained for offshore wind infrastructure and \$16m for offshore wind permitting

**Greenhouse Gas Reduction Fund.** The budget includes the following discretionary cap and trade spending plan from 2023-24 to 2028-29:

*(Continue on to next page)*



**Discretionary Cap and Trade Spending Plan**

Discretionary Cap and Trade Funding @ 2024 May Revision (Dollars in Millions)*							
Department	Program	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Air Resources Board	AB 617 - Community Air Protection		\$195.0	\$195.0	\$195.0	\$195.0	\$195.0
Air Resources Board	AB 617 - Local Air District Implementation		\$50.0	\$50.0	\$50.0	\$50.0	\$50.0
Air Resources Board	AB 617 - Technical Assistance Grants		\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Air Resources Board	ZEV Programs (preexisting agreement)			\$215.0	\$301.0	\$213.0	
Secretary of Transportation	Zero Emission Transit Capital Program	(-220)	(220)		\$230.0	\$460.0	
Secretary of Transportation	Transit Inter-City Rail Capital Program and Other Transportation (Formula and Competitive (Fund Shift)	\$596.0	\$362.0	\$368.0	\$20.0		
Department of Transportation	Highways to Boulevards (Fund Shift)			\$25.0	\$50.0		
Energy Resources Conservation and Development Commission	ZEV Programs (preexisting agreement)			\$385.0	\$299.0	\$387.0	
Energy Resources Conservation and Development Commission	ZEV Fueling Infrastructure Grants (Fund Shift)	\$119.5				\$99.0	
Energy Resources Conservation and Development Commission	Drayage Trucks & Infrastructure (Fund Shift)	\$157.0					
Energy Resources Conservation and Development Commission	Transit Buses & Infrastructure (Fund Shift)	\$28.5					
Energy Resources Conservation and Development Commission	Clean Trucks, Buses, and Off-Road Equipment (Fund Shift)	\$71.3					
Energy Resources Conservation and Development Commission	Equitable Building Decarbonization (Fund Shift)		\$25.0			\$93.0	
Energy Resources Conservation and Development Commission	Carbon Removal Program (Fund Shift)			\$20.0			
Energy Resources Conservation and Development Commission	Distributed Electricity Backup Assets (Fund Shift)			\$200.0	\$180.0		
Energy Resources Conservation and Development Commission	Hydrogen Grants (Fund Shift)			\$40.0			
Energy Resources Conservation and Development Commission	Demand Side Grid Support (Fund Shift)		\$75.0	\$75.0			
Energy Resources Conservation and Development Commission	Clean Energy Reliable Investment Plan (Fund Shift)			\$50.0	\$150.0	\$50.0	\$650.0
Energy Resources Conservation and Development Commission	Offshore Wind Infrastructure						

Department	Program	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Public Utilities Commission	Community Solar			\$25.0			\$25.0
Department of Forestry and Fire Protection	Fire Prevention Grants (Fund Shift)		\$40.0			\$42.0	
Department of Forestry and Fire Protection	Unit Fire Prevention Projects (Fund Shift)					\$26.0	
Department of Forestry and Fire Protection	Prescribed Fire Liability Pilot (Fund Shift)		\$20.0				
Department of Forestry and Fire Protection	Tribal Wildfire and Forest Resilience (Fund Shift)			\$10.0			
Department of Forestry and Fire Protection	ALERTWildfire Fire Camera Mapping System						
Department of Forestry and Fire Protection	Monitoring and Research		\$5.7				
Department of Food and Agriculture	Livestock Methane Reduction (Fund Shift)		\$17.0	\$7.0			
Department of Food and Agriculture	State Water Efficiency and Enhancement Program (Fund Shift)				\$20.6		
Department of Food and Agriculture	California Nutrition Incentive Program						
Department of Food and Agriculture	Relief for Small Farmers						
Department of Food and Agriculture	Farm to Community Food Hubs						
California Natural Resources Agency	Ocean Protection (Fund Shift)		\$27.5				
California Natural Resources Agency	Ocean Protection/SB 1 Implementation (Fund Shift)				\$36.8		
Department of Conservation	Regional Forest & Fire Capacity (Fund Shift)					\$20.0	
Department of Conservation	Oil Well Plug and Abandonment (Fund Shift)				\$50.0		
Department of Water Resources	Urban Flood Risk Reduction/Systemwide Flood Programs-Little Egbert Project (Fund Shift)		\$126.0				
Department of Water Resources	Oroville Pump Storage (Fund Shift)		\$0.0	\$30.0	\$100.0	\$100.0	
Department of Water Resources	Habitat Restoration (Fund Shift)		\$102.5				
Department of Water Resources	Dam Safety						
Wildlife Conservation Board	Streamflow Program (Fund Shift)		\$101.1				
Wildlife Conservation Board	Nature Based Solution Programs (Fund Shift)		\$0.0				
Wildlife Conservation Board	Protecting Fish and Wildlife from Changing Conditions (Fund Shift)		\$70.0				
Wildlife Conservation Board	Watershed Climate Resilience			\$15.0			
Department of Fish and Wildlife	Wetland Restoration (Fund Shift)		\$17.2				
Cal EPA	Environmental Justice Action Grants (Fund Shift)				\$5.0		
Department of Toxic Substances Control	Vulnerable Community Toxic Clean-Up (Fund Shift)		\$65.0		\$42.5		
State Water Resources Control Board	Drinking Water/Wastewater (Fund Shift)		\$224.9	\$30.0			
State Water Resources Control Board	Water Recycling/Groundwater Clean Up			\$15.0			
Office of Planning and Research	California Climate Action Corps (Fund Shift)		\$9.4	\$9.4	\$9.4	\$9.4	\$0.0
Office of Planning and Research	Extreme Heat and Community Resilience		\$25.1				
Various	Salt on Sea (Fund Shift)		\$72.0	\$3.3			
Various	Diablo Canyon Land Conservation and Economic Development (SB 846) (Fund Shift)		\$40.0	\$10.0	\$50.0	\$50.0	
Various	California Made						
State Coastal Conservancy	Coastal Protection and Adaptation						
CARB	Methane Satellites						
CARB	Mobile Air Monitoring						
CARB	ZEV Emerging Opportunities (awarded but not encumbered so will back out GF in same amount and is net zero to program.		\$53.0				
<b>Total</b>		<b>\$972.3</b>	<b>\$1,728.4</b>	<b>\$1,782.7</b>	<b>\$1,794.3</b>	<b>\$1,799.4</b>	<b>\$925.0</b>

**Climate Related Budget Bills and Budget Trailer Bills**

1. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
2. *Budget Act of 2024 – Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024.*
3. *Budget Act of 2024 – Assembly Bill 157 (Gabriel), Chapter 994, Statutes of 2024.*
4. *Budget Act of 2023 – Senate Bill 109 (Wiener), Chapter 36, Statutes of 2024.*
5. *Budget Act of 2022 and 2023 – Assembly Bill 158 (Gabriel), Chapter 996, Statutes of 2024.*

SUBCOMMITTEE 3  
ON  
HEALTH  
AND  
HUMAN SERVICES

Senate Committee on Budget and Fiscal Review

*Members*

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

*Consultants*

Scott Ogus  
Elizabeth Schmitt

# SUBCOMMITTEE No. 3

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# HEALTH

## 0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY (CALHHS)

**Safety Net Reserve.** The budget withdraws the entirety of the \$900 million Safety Net Reserve, which was designed to cover the costs of Medi-Cal and CalWORKs caseload increases in the event of an economic downturn.

**Transfer of Juvenile Justice Grants to the Office of Youth and Community Restoration (OYCR).** The budget transitions administration of juvenile justice grant programs from the Board of State and Community Corrections (BSCC) to OYCR, as required by Welfare and Institutions Code Section 2200. This includes \$210 million General Fund (\$208.8 million plus an estimated \$1.2 million growth factor adjustment) in 2024-25 for the Juvenile Justice Realignment Block Grant (JJRBG) to provide funding to counties to deliver appropriate rehabilitative housing and supervision services for realigned youth. Trailer bill language specifies that the previous distribution methodology for the JJRBG will continue for the 2024-25 fiscal year, and delays the deadline for the Governor and Legislature to work with stakeholders to establish an ongoing distribution methodology for JJRBG from January 10, 2024 to January 10, 2025. The budget includes trailer bill language to transfer the administration of all other juvenile justice grants from BSCC to OYCR, and shifts \$13.2 million (\$140,000 General Fund and \$13 million federal funds) and four positions to OYCR.

**Secure Youth Treatment Facility Data.** The budget includes \$2 million General Fund for five years and trailer bill language requiring county probation departments to report specified data about youth in secure youth treatment facilities to OYCR at least twice a year, and requires the office to publish an annual report, until January 1, 2030.

**CalHHS Innovation Accelerator Reversion.** The budget reverts General Fund expenditure authority of \$1 million in 2023-24, \$42 million in 2024-25, and \$32 million in 2026-27, that would have supported implementation of the CalHHS Innovation Accelerator, a project intended to pursue innovative opportunities for addressing major health and human services challenges.

**California Initiative to Advance Precision Medicine.** The budget transfers General Fund expenditure authority of \$31.5 million from the Governor's Office of Planning and Research (OPR) to CalHHS to support the transfer of programmatic responsibility for the California Initiative to Advance Precision Medicine from OPR to CalHHS. The California Initiative to Advance Precision Medicine supports patient-focused research demonstration projects, connects health and medicine stakeholders from across California, and stimulates cross-sector collaborations among the state's scientists, clinicians, entrepreneurs, and patient participants, enabling them to translate available large data sets and technical innovation into better health outcomes. Current research projects include Adverse Childhood Experiences, Cancer Disparities, and Depression Research.

**0530 CALHHS – OFFICE OF TECHNOLOGY SOLUTIONS INTEGRATION (OTSI)  
4120 EMERGENCY MEDICAL SERVICES AUTHORITY (EMSA)**

**Electronic Physician Orders for Life Sustaining Treatment (ePOLST) Registry Project Reappropriation.** The budget includes three positions at EMSA and reappropriation of General Fund expenditure authority of \$6.6 million, originally authorized in the 2021-22 Budget Act, to support planning and implementation for the Electronic Physician Orders for Life Sustaining Treatment (ePOLST) Registry. The ePOLST Registry, a joint project between the Office of Technology and Solutions Integration (OTSI) and the Emergency Medical Services Authority (EMSA), will provide real-time digital access to inform emergency responders regarding a patient’s preferences for life sustaining treatment included in a POLST. Of these resources, \$6.3 million will support OTSI workload and \$296,000 will support EMSA workload.

**Central Registry Replacement and California Emergency Medical Services Information System (CEMSIS) Reprourement.** The budget includes six positions at OTSI, and reappropriation of General Fund expenditure authority of \$3 million, originally authorized in the 2021-22 Budget Act, to support planning and implementation of the Central Registry Replacement project and reprourement of the California Emergency Medical Services Information System (CEMSIS). The Central Registry Replacement will provide EMSA with a modern technology solution that captures EMS personnel certification, licensure, accreditation, training, and enforcement history data. CEMSIS receives EMS and trauma data, as well as treatment and outcome measures, from most local EMS agencies in California, conforming with national data collection standards.

**0977 CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)**

**Distressed Hospital Loan Program Administration Funding.** The Legislature approved trailer bill language to extend the availability of funding for CHFFA to administer the Distressed Hospital Loan Program from June 30, 2026, to December 31, 2031, to align with the terms of loans awarded under the program.

**4120 EMERGENCY MEDICAL SERVICES AUTHORITY (EMSA)**

**California EMS Data Resource System Reversion.** The budget reverts General Fund expenditure authority of \$2.3 million approved in the 2021-22 Budget Act for the California EMS Data Resource System (CEDRS). EMSA determined it could meet business needs with other CalHHS and EMSA systems, and no longer requires resources for CEDRS.

**California EMS Information System (CEMSIS) Maintenance and Operations.** The budget includes General Fund expenditure authority of \$4.2 million in 2024-25 and \$4.4 million in 2025-26 to continue maintenance and operations contracts to support CEMSIS, EMSA’s data system for collection of patient and other information from local EMS agencies.

**Storage of Emergency Medical Response Equipment and Supplies.** The budget includes General Fund expenditure authority of \$3 million in 2024-25, \$3.1 million in 2025-26, and \$3.2 million in 2026-

27 to support continued storage and security of emergency medical response equipment and supplies.

**Maintenance and Repair of Critical Bio-Medical Equipment.** The budget include General Fund expenditure authority of \$2 million in 2024-25 to allow EMSA to maintain critical biomedical equipment and medical supplies acquired during the COVID-19 pandemic, and provide lifesaving resuscitative and medical surge services to relieve suffering for disaster victims during pandemics and other catastrophic emergencies.

**Implementation of Chaptered Legislation (EMSA).** The budget includes positions and resources for EMSA to implement the following chaptered legislation:

- **Ambulance Patient Offload Time (AB 40).** The budget includes four positions and General Fund expenditure authority of \$1.2 million in 2024-25 and \$696,000 annually thereafter, to streamline patient transfers, reduce delays, and enhance coordination between EMS agencies and hospitals to decrease ambulance offload time, pursuant to the requirements of AB 40 (Rodriguez), Chapter 793, Statutes of 2023.
- **Community Paramedicine and Triage to Alternate Destination Act (AB 767).** The budget includes three positions and General Fund expenditure authority of \$686,000 in 2024-25, \$606,000 in 2025-26, and \$432,000 annually thereafter to support implementation of AB 767 (Gipson), Chapter 270, Statutes of 2023, which extends and expands the scope of the Community Paramedicine and Triage to Alternate Destination Act. AB 767 authorized the inclusion of short-term, post-discharge follow-up for persons recently discharged from a hospital due to a serious health condition on the list of program specialties that can be part of a community paramedicine program. The bill also extended the sunset date of the act from January 1, 2024, until January 1, 2031.
- **EMS Liability Limitation (AB 1376).** The budget includes General Fund expenditure authority of \$200,000 in 2024-25 to support implementation of AB 1376 (Juan Carrillo), Chapter 474, Statutes of 2023, which limits criminal or civil liability for private ambulance providers for detaining an individual at the request of a peace officer, facility staff, or other professionals.
- **EMT “No Surprises” Rate Reporting (AB 716).** The budget includes two positions and General Fund expenditure authority of \$521,000 in 2024-25, and \$321,000 annually thereafter to support implementation of AB 716 (Boerner), Chapter 454, Statutes of 2023, which requires EMSA to develop and publish a report on the allowable maximum rates for ground ambulance transportation services in each county.

#### **4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION (HCAI)**

**Health and Behavioral Health Workforce Development Program Reductions.** The budget includes the following changes to health and behavioral health workforce development programs to address the General Fund shortfall:

- **Psychiatry Loan Repayment for Department of State Hospitals.** The budget reverts expenditure authority of \$14 million (\$7 million General Fund and \$7 million Mental Health



Services Fund) for a psychiatry loan repayment program for psychiatrists who agree to a term of service at the Department of State Hospitals.

- **Psychiatry Loan Repayment for Local Behavioral Health Departments.** The budget maintains General Fund expenditure authority of \$7 million and delays expenditure authority from the Mental Health Services Fund until 2025-26 for a psychiatry loan repayment program for psychiatrists who agree to a term of service at a local behavioral health department.
- **Community Health Workers.** The budget reduces General Fund expenditure authority of \$188.9 million in 2024-25 and \$57.5 million in 2025-26 for community health worker workforce development programs.
- **Nursing Initiative.** The budget reduces General Fund expenditure authority of \$70 million in 2023-24, \$70 million in 2024-25, and \$70 million in 2025-26 for workforce development programs for nursing-related professionals.
- **Social Work Initiative.** The budget reduces General Fund expenditure authority of \$70.1 million and expenditure authority from the Mental Health Services Fund of \$51.9 million in 2025-26 for workforce development initiatives to expand the number of social workers in California.
- **Addiction Psychiatry and Medicine Fellowship.** The budget reduces expenditure authority from the Mental Health Services Fund of \$48.5 million for addiction psychiatry and addiction medicine fellowships.
- **University and College Training for Behavioral Health Professionals.** The budget reduces expenditure authority from the Mental Health Services Fund of \$52 million for expansion of grants for behavioral health professionals.
- **Expand Masters in Social Work Slots at Colleges and Universities.** The budget reduces expenditure authority of \$30 million for expansion of slots for Masters in Social Work in California colleges and universities.
- **California Medicine Scholars Program.** The budget maintains General Fund expenditure authority of \$2.8 million annually for the California Medicine Scholars Program.
- **Health Professions Careers Opportunity Program.** The budget maintains General Fund expenditure authority of \$13.5 million for the Health Professions Careers Opportunity Program.
- **Song-Brown Nursing.** The budget maintains General Fund expenditure authority of \$16.8 million in 2024-25 to support current commitments of funding in the Song-Brown Nursing program.
- **Song-Brown Residencies.** The budget maintains General Fund expenditure authority of \$74.1 million in 2024-25 to support current commitments of funding for Song-Brown residencies.

- **Unspent Prior Year and Current Year Funding.** The budget reverts General Fund authority of \$231 million in 2023-24 to reflect unspent prior year funds and current year savings for health and behavioral health care workforce programs.

**Alignment of Health Workforce Development Programs.** The budget includes 16 positions, supported with previously approved expenditure authority, to implement new and expanding health workforce development programs and initiative.

**Public Health Nurse Certification Fee Waiver – Transfer to Board of Registered Nursing.** The budget includes a transfer of General Fund expenditure authority of \$3.3 million in 2022-23, 2023-24, and 2024-25 from HCAI to the Board of Registered Nursing to reflect the transfer of oversight of public health nurse certification fee waiver programs from HCAI to the board.

**CalRx Technical Adjustments.** The budget includes three positions, supported by previously approved expenditure authority, to administer the Naloxone Access Initiative at CalRx. The budget also includes General Fund expenditure authority of \$5.2 million in 2023-24 to reflect a carryover amount of previously approved expenditure authority for the CalRx Biosimilar Insulin Program.

**Wellness Coaches – Standards and Reporting.** The Legislature approved provisional budget bill language to require HCAI to set standards and report on implementation of the new wellness coach certification and Medi-Cal benefit.

**Implementation of Chaptered Legislation (HCAI).** The budget includes positions and resources for HCAI to implement the following chaptered legislation:

- **Behavioral Health Transformation (SB 326).** The budget includes three positions and expenditure authority from the Mental Health Services Fund of \$631,000 in 2024-25 to support the planning, implementation, and oversight of the Behavioral Health Services Act Workforce Initiative, pursuant to the requirements of SB 326 (Eggman), Chapter 790, Statutes of 2023, and Proposition 1, approved by voters in March 2024.
- **Hospital Supplier Diversity Reporting Program (AB 1392).** The budget includes four positions and expenditure authority from the California Health Data and Planning Fund of \$718,000 in 2024-25 and 2025-26, five positions and \$1.9 million in 2026-27, and \$1.7 million annually thereafter to support implementation of AB 1392 (Rodriguez), Chapter 840, Statutes of 2023, which requires hospitals to plan for increasing the diversity of procured vendors.
- **Primary Care Clinic Modernization (SB 779).** The budget includes five positions and expenditure authority from the California Health Data and Planning Fund of \$2.4 million in 2024-25, 13 positions and \$2.9 million in 2025-26, and 15 positions and \$3.1 million annually thereafter to support implementation of SB 779 (Stern), Chapter 505, Statutes of 2023, which requires changes in clinics' annual reporting requirements and removes an exemption from these reporting requirements for intermittent clinics, beginning January 1, 2027.

**4150 DEPARTMENT OF MANAGED HEALTH CARE (DMHC)**

**Managed Care Fund Loan to the General Fund.** The budget includes a loan of \$22.9 million from the Managed Care Fund to the General Fund to help address the General Fund shortfall.

**Information Technology Security and Workload.** The budget includes nine positions and expenditure authority from the Managed Care Fund of \$1.9 million in 2024-25 and \$1.9 million annually thereafter to allow DMHC to resolve information technology audit findings, comply with the Cal-Secure five-year plan to enhance cybersecurity maturity, and effectively identify and manage risk to the state.

**Executive and Management Support Workload.** The budget includes seven positions and expenditure authority from the Managed Care Fund of \$1.6 million in 2024-25 and \$1.5 million annually thereafter to support high-level managerial and executive workload, and align staff allocation and reporting structures with guidelines provided by the California Department of Human Resources.

**Help Center Program Workload Augmentation.** The budget includes 35 positions and expenditure authority from the Managed Care Fund of \$6.4 million in 2024-25 and \$6.1 million annually thereafter to address increased workload in the DMHC Help Center.

**Health Care Service Plan Discipline: Civil Penalties (SB 858) Reappropriation.** The budget includes reappropriation of expenditure authority from the Managed Care Fund of \$3.8 million, originally approved in the 2023 Budget Act, through June 30, 2025, to support contract procurement to implement discipline and civil penalty provisions of SB 858 (Wiener), Chapter 985, Statutes of 2022.

**Implementation of Chaptered Legislation (DMHC).** The budget includes positions and resources for DMHC to implement the following chaptered legislation:

- **Dental Benefits and Rate Review (AB 1048).** The budget includes three positions and expenditure authority from the Managed Care Fund of \$1.4 million in 2024-25, and \$1.4 million annually thereafter to support implementation of AB 1048 (Wicks), Chapter 557, Statutes of 2023, which requires DMHC to review annual health and dental plan filings, issue determinations on dental rate changes, adopt emergency regulations, and issue guidance to health plans.
- **Health Care Coverage - Doula (AB 904).** The budget includes two positions and expenditure authority from the Managed Care Fund of \$449,000 in 2024-25, \$436,000 in 2025-26, and \$437,000 in 2026-27 to support implementation of AB 904 (Calderon), Chapter 349, Statutes of 2023, which requires DMHC to collect and submit data to the Legislature describing doula coverage and programs in health plans.
- **Biomarker Testing (SB 496).** The budget includes three positions and expenditure authority from the Managed Care Fund of \$799,000 in 2024-25, five positions and \$1.2 million in 2025-26, and \$1.5 million annually thereafter to support implementation of SB 496 (Limón), Chapter 401, Statutes of 2023, which requires DMHC to review utilization management and quality assurance documents, issue all-plan letters, provide legal guidance, address consumer complaints, and conduct independent medical reviews for coverage of biomarker testing by health plans.

**4260 DEPARTMENT OF HEALTH CARE SERVICES (DHCS)**

**Medi-Cal Local Assistance Funding.** The budget includes \$157.3 billion (\$37.2 billion General Fund, \$96.7 billion federal funds, and \$23.4 billion special funds and reimbursements) in 2023-24 and \$161 billion (\$35 billion General Fund, \$98.5 billion federal funds, and \$27.4 billion special funds and reimbursements) in 2024-25 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.** \$150.8 billion (\$35.9 billion General Fund, \$91.5 billion federal funds, and \$23.4 billion special funds and reimbursements) in 2023-24 and \$153.7 billion (\$33.4 billion General Fund, \$92.9 billion federal funds, and \$27.4 billion special funds and reimbursements) in 2024-25 for the provision of health care benefits to Medi-Cal beneficiaries.
- **County Administration and Eligibility.** \$6 billion (\$1.1 billion General Fund, \$4.8 billion federal funds, and \$73.9 million special funds and reimbursements) in 2023-24 and \$6.7 billion (\$1.5 billion General Fund, \$5.2 billion federal funds, and \$71.4 million special funds and reimbursements) in 2024-25 for eligibility determinations and other administrative activities performed by counties.
- **Fiscal Intermediary.** \$533.2 million (\$152.8 million General Fund, \$315.9 million federal funds, and \$33,000 special funds and reimbursements) in 2023-24 and \$532.1 million (\$160.2 million General Fund, \$371.9 million federal funds, and \$11,000 special funds and reimbursements) in 2024-25 for claims processing and related activities performed by the Medi-Cal fiscal intermediary.

**Family Health Programs Local Assistance Funding.** The budget includes \$259.5 million (\$227.7 million General Fund, \$5.2 million federal funds, and \$26.7 million special funds and reimbursements) in 2023-24 and \$276.4 million (\$244.4 million General Fund, \$5.5 million federal funds, and \$26.4 million special funds and reimbursements) in 2024-25 for state-only health care programs, as follows:

- **California Children's Services (CCS) Program.** \$92.3 million (\$85.7 million General Fund and \$6.5 million special funds and reimbursements) in 2023-24 and \$96.2 million (\$89.7 million General Fund and \$6.5 million special funds and reimbursements) in 2024-25. Counties will contribute an additional \$89.8 million in 2023-24 and \$98.1 million in 2024-25 for state-only services in the CCS Program.
- **Genetically Handicapped Persons Program.** \$137.3 million (\$136.8 million General Fund and \$501,000 special funds and reimbursements) in 2023-24 and \$150.7 million (\$150.1 million General Fund and \$529,000 special funds and reimbursements) in 2024-25.
- **Every Woman Counts Program.** \$30 million (\$5.2 million General Fund, \$5.2 million federal funds, \$19.6 million special funds) in 2023-24 and \$29.6 million (\$4.6 million General Fund, \$5.5 million federal funds and \$19.4 million special funds) in 2024-25.

**Managed Care Organization (MCO) Tax and Provider Rate Increases.** In early action in March 2024, and again in June 2024, the Legislature approved trailer bill language to increase the assessed 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 approved language increased the per enrollee tax for tier II of the Medi-Cal taxing tier, for Medi-Cal plans with annual enrollees between 1,250,001 and 4,000,000 to \$274 per enrollee for the 2024, 2025, and 2026 calendar years. As a result of this expansion of the tax, the budget includes General Fund savings of \$4.5 billion in 2023-24, \$7.1 billion in 2024-25, and \$6.6 billion in 2026-27. In addition, the budget includes expenditure authority from the Medi-Cal Provider Payment Reserve Fund of \$321 million in 2023-24, \$426 million in 2024-25, \$1 billion in 2025-26, and \$1.6 billion in 2026-27, to support provider rate increases and other investments in the Medi-Cal program, including the following:

- **Physician and Professional Services.** \$121 million in 2023-24, \$291 million in 2024-25, \$682 million in 2025-26, and \$1.1 billion in 2026-27 to support physician and professional services, beginning January 1, 2024.
- **Emergency Physician Services.** \$50 million in 2024-25, \$100 million in 2025-26, and \$100 million in 2026-27 to support emergency physician services, beginning January 1, 2025.
- **Abortion and Family Planning.** \$45 million in 2024-25, \$90 million in 2025-26, and \$90 million in 2026-27 to support abortion and family planning services, beginning January 1, 2025.
- **Ground Emergency Medical Transportation.** \$25 million in 2024-25, \$50 million in 2025-26, and \$50 million in 2026-27 to support ground emergency medical transportation services, beginning January 1, 2025.
- **Air Ambulances.** \$4 million in 2024-25, \$8 million in 2025-26, and \$8 million in 2026-27 to support air ambulance services, beginning January 1, 2025.
- **Community-Based Adult Services.** \$4 million in 2024-25, \$8 million in 2025-26, and \$8 million in 2026-27 to support community-based adult services, beginning January 1, 2025.
- **Congregate Living Health Facilities.** \$4 million in 2024-25, \$8 million in 2025-26, and \$8 million in 2026-27 to support congregate living health facilities, beginning January 1, 2025.
- **Pediatric Day Health Centers.** \$2 million in 2024-25, \$3 million in 2025-26, and \$3 million in 2026-27 to support pediatric day health centers, beginning January 1, 2025.
- **Private Duty Nursing.** \$31 million in 2025-26 and \$62 million in 2026-27 to support private duty nursing services, beginning January 1, 2026.
- **Federally Qualified Health Centers and Rural Health Clinics.** \$25 million in 2025-26 and \$50 million in 2026-27 to support federally qualified health centers and rural health clinics, beginning January 1, 2026.

- **Continuous Medi-Cal Coverage for Children Ages 0 to 5.** \$17 million in 2025-26 and \$32 million in 2026-27 to support continuous Medi-Cal coverage for children ages 0 to 5, beginning January 1, 2026.
- **Non-Emergency Medical Transportation.** \$13 million in 2025-26 and \$25 million in 2026-27 to support non-emergency medical transportation, beginning January 1, 2026.
- **Hospital Relief Programs.** \$150 million in 2023-24 to support the Distressed Hospital Loan Program and \$50 million in 2023-24 to support the Small and Rural Hospital Relief Program for Seismic Assessment and Construction.
- **Medi-Cal Workforce Pool.** \$40 million in 2026-27 to support a Medi-Cal Workforce Pool.
- **Administration.** \$2 million annually, beginning in 2024-25, to support DHCS administration of these provider rate increases and investments.

<b>MCO Tax Renewal – By Fiscal Year (2024 Budget Act)</b>					
<i>(dollars in millions)</i>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>Total</b>
<b>Total Revenue<sup>1</sup></b>	\$8,269	\$12,961	\$12,705	\$9,531	\$43,466
<b>Medi-Cal Capitation Rates<sup>2</sup></b>	\$3,464	\$5,455	\$5,069	\$2,957	\$16,946
<b>State's Net Benefit<sup>3</sup></b>	\$4,805	\$7,506	\$7,636	\$6,574	\$26,520
<b>General Fund Backfill<sup>4</sup></b>	\$4,484	\$6,934	\$6,600	\$5,016	\$23,034
<b>Medi-Cal Rate Increases/Investments</b>	\$321	\$571	\$1,036	\$1,558	\$3,486

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 Rate Increases/Investments** reflects the Medi-Cal provider rate reimbursement increases and other investments in the Medi-Cal program made with MCO tax revenue.

The Legislature also approved trailer bill language providing that, if voters approve the MCO Tax initiative in November 2024, the package of Medi-Cal provider rate increases and investments in the budget will become inoperable, as the General Fund condition is insufficient to sustain both these increases and investments and those included in the initiative.

**Children's Hospital Directed Payment.** The budget includes expenditure authority of \$230 million (\$115 million General Fund and \$115 million federal funds) to support a new directed payment program in Medi-Cal for children's hospitals.

**Behavioral Health Continuum Infrastructure Program.** The budget reverts total General Fund expenditure authority of \$450.7 million that would have supported the final rounds of the Behavioral Health Continuum Infrastructure Program.

**Behavioral Health Bridge Housing Funding Delay and Reduction.** The budget reduces expenditure authority from the Mental Health Services Fund of \$265 million in 2023-24, increases General Fund expenditure authority of \$132.5 million in 2024-25 and \$27.5 million in 2025-26, and increases

expenditure authority from the Mental Health Services Fund of \$90 million in 2025-26 for the final rounds of grants for Behavioral Health Bridge Housing.

**Behavioral Health Services Act (SB 326).** The budget includes expenditure authority of \$116.5 million (\$16.9 million General Fund, \$28.2 million Mental Health Services Fund, \$31.6 million Opioid Settlements Fund, and \$39.8 million federal funds) in 2024-25 to support implementation of the Behavioral Health Services Act, SB 326 (Eggman), Chapter 790, Statutes of 2023, and Proposition 1, approved by voters in March 2024.

**Behavioral Health Infrastructure Bond Act (AB 531).** The budget includes three positions to support implementation of the Behavioral Health Infrastructure Bond Act, as reflected in AB 531 (Irwin), Chapter 789, Statutes of 2023, and Proposition 1, approved by voters in March 2024. The Act provides grant funding to support behavioral health infrastructure as part of the Behavioral Health Continuum Infrastructure Program.

**Behavioral Health Services Act Funding for County Behavioral Health Departments.** The budget includes expenditure authority of \$85 million (\$50 million General Fund and \$35 million federal funds) to support county behavioral health departments to implement elements of the Behavioral Health Services Act, SB 326 (Eggman), Chapter 790, Statutes of 2023, and Proposition 1, approved by voters in March 2024.

**Children and Youth Behavioral Health Initiative (CYBHI) – Behavioral Health Services and Supports Platform.** The budget includes reduction of General Fund expenditure authority of \$140 million in 2024-25 that would have supported the Behavioral Health Services and Supports Platform, as part of the Children and Youth Behavioral Health Initiative. This reduction reflects lower than expected utilization in 2024-25 for the platform, which currently supports mobile phone applications Soluna and BrightLife Kids, under a contract with Kooth and Brightline.

**CYBHI – Evidence-Based and Community-Defined Behavioral Health Program Grants.** The budget includes reduction of General Fund expenditure authority of \$47.1 million in 2024-25 that would have supported grants for evidence-based and community-defined evidence practices for behavioral health, as part of the Children and Youth Behavioral Health Initiative.

**CYBHI – School-Linked Partnership and Capacity Grants.** The budget includes reduction of General Fund expenditure authority of \$30 million in 2023-24 and \$120 million in 2024-25 that would have supported school-linked partnership and capacity grants for youth behavioral health to community college, California State University, and University of California campuses.

**CYBHI – School-Linked Statewide Fee Schedule.** The Legislature approved trailer bill language to authorize DHCS to contract with a third party administrator to administer the school-linked statewide behavioral health provider network and fee schedule authorized by the Children and Youth Behavioral Health Initiative. The language also authorizes the imposition of a fee on health care service plans, insurers, and Medi-Cal managed care plans to support the contract with the third party administrator.

**CYBHI – Next Generation Parent Video Series.** The Legislature approved provisional budget bill language to provide contract and regulatory exemptions for DHCS to develop the next generation video series and digital supports for remote mental health assessment for children and youth.

**Child Health and Disability Prevention (CHDP) Program Transition.** The Legislature approved provisional budget bill language to authorize a county to deviate from the allocations established by DHCS for implementation of the California Children’s Services Compliance Monitoring and Oversight Program and the Health Care Program for Children in Foster Care (HCPCFC) if the county provides a report, approved by its Board of Supervisors, to DHCS articulating the proposed use of funds. The language also requires DHCS to report to the Legislature on the number of counties that request to deviate from the DHCS allocation methodology, and allows DHCS to revoke the deviation of funding allocations if the county is subject to quality of care concerns or fails to meet performance measures for the applicable program or programs.

**COVID-19 Vaccine Administration.** The Legislature approved trailer bill language to align reimbursement for administration of the COVID-19 vaccine with reimbursement for administration of other vaccines in the Medi-Cal program.

**Health Enrollment Navigators Reduction.** The budget includes reduction of expenditure authority of \$36 million (\$18 million General Fund and \$18 million federal funds) that would have supported the final rounds of funding for health enrollment navigators.

**Elimination of Major Risk Medical Insurance Program.** The budget includes reduction of General Fund expenditure of \$78.9 million in 2024-25, \$2.7 million in 2025-26, and \$2.5 million annually thereafter, and the Legislature approved trailer bill language, to eliminate the Major Risk Medical Insurance Program (MRMIP), which provides coverage for individuals unable to obtain coverage in the individual health insurance market because of a pre-existing condition. The General Fund savings in 2024-25 are the result of a transfer of the fund balance from the Health Care Services Plan Fines and Penalties Fund, which previously supported MRMIP. The trailer bill language also includes provisions requiring DHCS to ensure continuity of care and coverage for MRMIP enrollees as they transition to other sources of health care coverage.

**Elimination of Clinic Workforce Stabilization Transfer for Workforce Programs.** The Legislature approved trailer bill language to cancel the transfer of \$14.9 million of unspent clinic workforce stabilization payments in 2023-24 to HCAI that would have supported clinic workforce development programs.

**Elimination of Two-Week Checkwrite Hold Buyback.** The budget eliminates the planned buyback of the two-week hold on fee-for-service Medi-Cal payments each June until the following fiscal year, resulting in reduction of expenditure authority of \$1.3 billion (\$532.5 million General Fund and \$780.3 million federal funds) in 2024-25.

**Freeze Medi-Cal County Administration Increase.** The budget includes reduction of General Fund expenditure authority of \$20.4 million in 2024-25, \$42 million in 2025-26, \$65 million in 2026-27, and \$88.8 million in 2027-28, and the Legislature approved trailer bill language, to freeze the cost of doing business adjustment for county eligibility workers for determining eligibility for Medi-Cal beneficiaries. The trailer bill language provides for the resumption of this adjustment in 2028-29.



**Hope the Mission – Mobile Mental Health Equipment and Vehicles.** The budget includes General Fund expenditure authority of \$1 million to support mobile mental health equipment and vehicles for Hope the Mission.

**Administrative Fee for Enhanced Payment Program and Quality Incentive Pool.** The budget includes reduction of General Fund expenditure authority of \$37 million in 2024-25 and \$74 million annually thereafter, and the Legislature approved trailer bill language to reflect implementation of up to a five percent administrative fee on intergovernmental transfers that draw down additional funding for Medi-Cal in the Enhanced Payment Program and Quality Incentive Pool.

**Managed Care Capitation Payment Systems Support.** The budget includes five positions and expenditure authority of \$926,000 (\$233,000 General Fund and \$693,000 federal funds) in 2024 and \$881,000 (\$221,000 General Fund and \$660,000 federal funds) annually thereafter to support the Capitation Payment Management System (CAPMAN) and Electronic Accounting Management Interface (EAMI) systems that manage capitation payments in the Medi-Cal program.

**Naloxone Distribution Project and Medication Assisted Treatment Reduction.** The budget includes reduction of annual General Fund expenditure authority of \$61 million that would have supported the Naloxone Distribution Project and medication assisted treatment.

**Naloxone Distribution Project Augmentation.** The budget includes expenditure authority from the Opioid Settlements Fund of \$4 million to support the Naloxone Distribution Project.

**California Bridge Center.** The budget includes expenditure authority from the Opioid Settlements Fund of \$4 million to support the California Bridge Center to provide technical assistance and analysis to clinicians, navigators, hospitals, jails, counties, and health plans regarding prevention and navigation to treatment for opioid use disorders. The Legislature also approved provisional budget bill language authorizing the transfer of this funding to instead support the Naloxone Distribution Project, if DHCS receives federal funding for the California Bridge Center of at least \$4 million annually for three years.

**Narcotic Treatment Program Licensing Trust Fund.** The budget includes expenditure authority from the Narcotic Treatment Program Licensing Trust Fund of \$500,000 annually to allow the DHCS Licensing and Certification Division to utilize licensure fee revenue from the fund to support program oversight.

**Quality Sanctions Penalties.** The budget includes reduction of General Fund expenditure authority of \$1 million and the Legislature approved trailer bill language to authorize the implementation of quality sanctions on Medi-Cal managed care plans for adverse findings related to quality of, or access to, care. The language authorizes, until June 30, 2027, the use of sanctions penalty revenue to support the non-federal share of expenditure in the Medi-Cal program, instead of its current authorized use to address workforce issues and improve access in the program.

**Equity and Practice Transformation Payments Reduction.** The budget includes reduction of expenditure authority of \$87.5 million (\$43.8 million General Fund and \$43.8 million federal funds) in 2024-25, \$135 million (\$67.5 million General Fund and \$67.5 million federal funds) in 2025-26, and \$337.5 million (\$168.8 million General Fund and \$168.8 million federal funds) in 2026-27 that would have supported equity and practice transformation grants to Medi-Cal providers.

**Support for Foster Care Rate Reform.** The budget includes expenditure authority of \$800,000 (\$400,000 General Fund and \$400,000 federal funds) to support Medi-Cal related costs for implementation of foster care rate reform.

**Martin Luther King Jr. Community Hospital.** The budget includes General Fund expenditure authority of \$25 million, and the Legislature approved trailer bill language, to implement a Medi-Cal managed care directed payment reimbursement methodology to support Martin Luther King Jr. Community Hospital.

**Implementation of Chaptered Legislation (DHCS).** The budget includes positions and resources for DHCS to implement the following chaptered legislation:

- **Abortion Provider Protections (SB 487).** The budget includes three positions and expenditure authority of \$469,000 (\$234,000 General Fund and \$235,000 federal funds) to support implementation of SB 487 (Atkins), Chapter 261, Statutes of 2023, which authorizes DHCS to elect not to take adverse action against a Medi-Cal provider solely because the provider was subjected to adverse action in another state for providing reproductive health or other services that are legal in California, such as abortion or gender affirming care.
- **Behavioral Health (SB 43).** The budget includes six positions and expenditure authority of \$1.1 million (\$539,000 General Fund and \$538,000 federal funds) to support implementation of SB 43 (Eggman), Chapter 637, Statutes of 2023, which changes conservatorship criteria under the Lanterman-Petris-Short Act.
- **Biomarker Testing (SB 496).** The budget includes expenditure authority of \$25.2 million (\$9.1 million General Fund and \$16.1 million federal funds) to support implementation of SB 496 (Limón), Chapter 401, Statutes of 2023, which requires DHCS, upon federal approval, to include biomarker testing as a covered benefit in the Medi-Cal program.
- **Hope California – Secured Residential Treatment Pilot Program (AB 1360).** The budget includes one position and General Fund expenditure authority of \$153,000 in 2024-25 and \$144,000 annually between 2025-26 and 2028-29 to support implementation of AB 1360 (McCarty), Chapter 685, Statutes of 2023, which provides funding for a secured residential treatment pilot program in Sacramento and Yolo Counties.
- **Lesbian, Gay, Bisexual, and Transgender Disparities Reduction Act (AB 1163).** The budget includes expenditure authority of \$725,000 (\$132,000 General Fund and \$593,000 federal funds) in 2024-25 to support implementation of AB 1163 (Luz Rivas), Chapter 832, Statutes of 2023, which requires addition of information about intersexuality to the voluntary self-identified information collected by state departments and entities.
- **Local Educational Agencies Medi-Cal Billing Option Program (AB 483).** The budget includes 19 positions and expenditure authority of \$1.9 million (\$957,000 reimbursements and \$957,000 federal funds) in 2024-25 and \$3.1 million (\$1.5 million reimbursements and \$1.5 million federal funds) annually thereafter to support implementation of AB 483 (Muratsuchi), Chapter 527, Statutes of 2023, which reforms audit and settlements in the Local Educational Agencies Medi-Cal Billing Option Program (LEA-BOP).

- **Medicare Part A Buy-In (SB 311).** The budget includes five positions and expenditure authority of \$1 million (\$509,000 General Fund and \$509,000 federal funds) in 2024-25 to support implementation of SB 311 (Eggman), Chapter 707, Statutes of 2023, which requires DHCS to establish a Medicare Part A Buy-In program for certain Medi-Cal beneficiaries dually eligible for Medi-Cal and Medicare. The budget also assumes reduction in local assistance expenditure authority of \$41.4 million (\$1.3 million General Fund and \$40.1 million federal funds) as a result of savings to the Medi-Cal program from transitioning individuals to Medicare Part A for the costs of certain health care services.
- **Mobile Optometric Office (SB 502).** The budget includes two positions and expenditure authority of \$293,000 (\$102,000 Vision Services Fund and \$191,000 federal funds) in 2024-25 and \$275,000 (\$96,000 Vision Services Fund and \$179,000 federal funds) annually thereafter to support implementation of SB 502 (Allen), Chapter 487, Statutes of 2023, which supports coverage of vision services provided to low-income children through a mobile optometric provider.
- **Naloxone Distribution Project Tribal Governments Technical Assistance (AB 1233).** The budget includes expenditure authority of \$162,000 (\$81,000 Opioid Settlements Fund and \$81,000 federal funds) in 2024-25 and \$153,000 (\$77,000 Opioid Settlements Fund and \$76,000 federal funds) in 2025-26 and 2026-27 to support implementation of AB 1233 (Waldron), Chapter 570, Statutes of 2023, which requires technical assistance and outreach to tribal governments regarding the availability of naloxone through the Naloxone Distribution Program.
- **Pharmacogenomics Testing (AB 425).** The budget includes annual expenditure authority of \$18 million (\$6.5 million General Fund and \$11.5 million federal funds) to support implementation of AB 425 (Alvarez), Chapter 329, Statutes of 2023, which requires coverage of pharmacogenomics testing.
- **Robert F. Kennedy Farm Workers Medical Plan (AB 494).** The budget includes General Fund expenditure authority of \$141,000 annually from 2026-27 through 2030-31 to support implementation of AB 494 (Arambula), Chapter 333, Statutes of 2023, which provides funding to support the Robert F. Kennedy Farm Workers Medical Plan.

**4260 DEPARTMENT OF HEALTH CARE SERVICES (DHCS)****4265 CALIFORNIA DEPARTMENT OF PUBLIC HEALTH (CDPH)**

**Hospital, Emergency Medical Services, and Behavioral Health Facilities Bed Data Solution.** The Legislature approved trailer bill language to authorize DHCS and CDPH to develop and implement a Hospital, Emergency Medical Services, and Behavioral Health Facilities Bed Data Solution to provide electronic information about the availability of beds in health and behavioral health facilities. The language requires general acute care hospitals, emergency departments, and behavioral health facilities to submit information on the availability of beds for inclusion in the data solution.

## 4265 CALIFORNIA DEPARTMENT OF PUBLIC HEALTH (CDPH)

**Future of Public Health Reductions.** The budget includes reversion of \$41.5 million of unspent General Fund expenditure authority in 2023-24 that supports public health infrastructure under the Future of Public Health at CDPH. The budget also includes reduction in General Fund expenditure authority of \$23.9 million annually that supported public health infrastructure at CDPH and local public health departments. Of this amount, \$8 million is reduced from CDPH and \$15.9 million is reduced from local public health departments.

**Various Special Fund Loans to the General Fund.** The budget includes loans from the following special funds to the General Fund:

- Licensing and Certification Fund – \$70 million
- Childhood Lead Poisoning Prevention Fund – \$18 million
- Infant Botulism Treatment and Prevention Fund – \$17 million
- Health Statistics Special Fund – \$17 million
- Birth Defects Monitoring Fund – \$5 million
- Radiation Control Fund – \$4.5 million
- Occupational Lead Poisoning Prevention Account – \$3 million
- Gambling Addiction Program Fund – \$2.7 million
- Domestic Violence Training and Education Fund – \$1.6 million
- Cannery Inspection Fund – \$1.2 million

**AIDS Drug Assistance Program (ADAP) Program Estimate.** The budget includes expenditure authority of \$374 million (\$265.8 million ADAP Rebate Fund and \$108.2 million federal funds) in 2023-24 and \$376.7 million (\$275.9 million ADAP Rebate Fund and \$100.8 million federal funds) in 2024-25 to support medication and health care coverage for individuals living with HIV/AIDS in ADAP.

**ADAP Rebate Fund Loan to the General Fund.** The budget includes a loan of \$500 million from the ADAP Rebate Fund to the General Fund in 2024-25 to help address the General Fund shortfall.

**ADAP Rebate Fund Program Enhancements.** The budget includes expenditure authority from the ADAP Rebate Fund of \$23 million and the Legislature approved budget bill language to implement the following program enhancements to reduce transmission of HIV/AIDS in California:

- **ADAP Program Eligibility Expansion.** Beginning January 1, 2025, or as soon as is technically feasible thereafter, increase financial eligibility standards for ADAP and the Pre-Exposure and Post-Exposure Prophylaxis Assistance Program (PrEP-AP) from 500 percent of the federal poverty level to 600 percent of the federal poverty level.
- **Increase Cap on Premium Payments in Office of AIDS Health Insurance Premium Payment Program.** Beginning January 1, 2025, or as soon as is technically feasible thereafter, increase the cap on premium payments from \$1,938 to \$2,996 per month for the Office of AIDS Health Insurance Premium Payment (OA-HIPP) program, the Employer-Based HIPP program, and the Medicare Premium Payment Program.

- **Open Formulary in ADAP.** Beginning January 1, 2025, or as soon as is technically feasible thereafter, modify the ADAP formulary to an open formulary.
- **TGI Wellness and Equity Fund.** Allocate \$5 million annually for three years, beginning July 1, 2024, to the Transgender, Gender Nonconforming, and Intersex (TGI) Wellness and Equity Fund to fund services related to care and treatment for eligible individuals living with HIV and AIDS.
- **Harm Reduction Supply Clearinghouse.** Allocate \$10 million annually for three years, beginning July 1, 2024, to fund the Harm Reduction Supply Clearinghouse to fund HIV prevention supplies to California syringe access programs.
- **Office of AIDS Programs Needs Assessment and Analysis.** Allocate \$200,000, available until June 30, 2027, to support a needs assessment and analysis to identify needs for client navigation and retention services for clients enrolled in a Ryan White HIV/AIDS Program through the Office of AIDS.
- **PrEP Navigation Services Program Needs Assessment and Analysis.** Allocate \$200,000, available until June 30, 2027, to support a needs assessment and analysis aimed at understanding potential needs for PrEP Navigation Services Program.
- **Condom Distribution.** Allocate \$5 million, available until June 30, 2027, to distribute funding to a community-based organization to make internal and external condoms available to prevent the transmission of HIV and sexually transmitted infections.

The language also requires CDPH to submit, as part of the 2025-26 Governor's Budget, a plan for modernization and expansion of ADAP and related programs with a focus on addressing the epidemic of HIV/AIDS in California.

**California Cancer Registry.** The budget includes General Fund expenditure authority of \$800,000 in 2024-25 and \$2 million annually thereafter to support continued operation of the California Cancer Registry.

**Center for Health Care Quality (CHCQ) Program Estimate.** The budget includes expenditure authority for the Center for Health Care Quality (CHCQ) of \$481.8 million (\$6.3 million General Fund, \$139.3 million federal funds, and \$336.2 million special funds and reimbursements) in 2023-24, and \$474.6 million (\$1.3 million General Fund, \$130.2 million federal funds, and \$343.1 million special funds and reimbursements) in 2024-25.

**Skilled Nursing Facilities Staffing Audits Fund Shift.** The budget shifts \$4 million of expenditure authority from the General Fund to the Licensing and Certification Fund to support audit activities related to the monitoring and enforcement of skilled nursing facilities minimum staffing requirements.

**CHCQ Centralized Application Branch Expansion.** The budget includes 11.5 positions and expenditure authority from the Licensing and Certification Fund of \$1.1 million in 2024-25 and \$1.6 million annually thereafter, and the Legislature approved trailer bill language, to support expansion of

application and fee processing activities for health facilities. The language also authorizes CDPH to implement a new fee schedule and impose deadlines and penalties for late submission of applications for licensure or licensure changes.

**CHCQ Quality Improvement Projects.** The budget includes two positions and expenditure authority from the Internal Departmental Quality Improvement Account to expand Provider Technical Assistance to assist health care facilities in complying with state and federal requirements and support planning costs for the Centralized Application Branch Online Licensing Application Project.

**CYBHI – Public Education and Change Campaign Reduction.** The budget includes total reduced General Fund expenditure authority of \$25.4 million that would have supported the CYBHI Public Education and Change Campaign. The budget maintains General Fund expenditure authority of \$34.7 million in 2024-25 and \$13.7 million in 2025-26 for the program.

**CYBHI – Youth Suicide Reporting and Crisis Response Pilot Program.** The budget includes reversion of General Fund expenditure authority of \$13.5 million from prior years, and a reduction in General Fund expenditure authority of \$1.5 million in 2024-25 that would have supported youth suicide reporting and a crisis response pilot program.

**Climate and Health Surveillance Program.** The budget includes reversion of General Fund expenditure authority of \$3.1 million from prior years, and reduction of General Fund expenditure authority of \$3.1 million in 2024-25 that would have supported the Climate and Health Surveillance Program.

**Clinical Dental Rotations Fund Shift.** The budget shifts expenditure authority of \$9.7 million from the General Fund to the Proposition 56 Tobacco Tax Fund’s State Dental Account. The Legislature approved trailer bill language to include program requirements originally included in budget bill language in statute.

**COVID-19 Response Funds Reversion.** The budget includes reversion of General Fund expenditure authority of \$15 million in 2023-24 that was previously allocated to support the COVID-19 response.

**COVID-19 Website Information Technology Reversion.** The budget includes reversion of three-year General Fund expenditure authority of \$900,000, previously approved in the 2023 Budget Act, that would have supported the continuation of the COVID-19 information website. This information will now be available on the CDPH website.

**Syndromic Surveillance.** The Legislature approved trailer bill language to collect syndromic surveillance data for the purposes of administering a syndromic surveillance program and data system.

**Office of Oral Health General Fund Backfill Elimination.** The budget includes reduction of annual General Fund expenditure authority of \$4.6 million, and the Legislature approved trailer bill language, to eliminate the General Fund backfill of reduced funding of the Office of Oral Health from the Proposition 56 tobacco tax.

**Genetic Disease Screening Program Estimate.** The budget includes expenditure authority from the Genetic Disease Screening Fund of \$164.8 million (\$38.7 million state operations and \$126.1 million local assistance) in 2023-24, and \$176.8 million (\$38.8 million state operations and \$138 million local assistance) in 2024-25 to support newborn and prenatal screening in the Genetic Disease Screening Program.

**Women, Infants, and Children (WIC) Program Estimate.** The budget includes expenditure authority of \$1.4 billion (\$1.2 billion federal funds and \$193.4 million WIC Manufacturer Rebate Fund) in 2023-24 and \$1.5 billion (\$1.3 billion federal funds and \$217.3 million WIC Manufacturer Rebate Fund) in 2024-25 to support food and nutrition programs through the WIC program.

**WIC Modernization.** The budget includes 18 positions and federal fund expenditure authority of \$3 million in 2024-25, an additional nine positions and federal fund expenditure authority of \$4.4 million annually thereafter, and the Legislature approved trailer bill language, to support modernization of the WIC program services and operations including implementation of online ordering for WIC participants.

**Information Technology Savings.** The budget includes General Fund savings of \$1.7 million due to unfilled positions for the Disease Surveillance Readiness, Response, Recovery, and Maintenance of Information Technology Operations proposal approved in the 2023 Budget Act. The budget also includes reduction of General Fund expenditure authority of \$6.9 million annually beginning in 2025-26 to reflect an ongoing reduction in resources for this proposal.

**Maintenance and Operations Support for the SaPHIRE System.** The budget includes General Fund expenditure authority of \$26.9 million in 2024-25 to support continued maintenance and operations of the Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) system at CDPH.

**MPox Resources Reversion.** The budget includes reversion of General Fund expenditure authority of \$1.7 million, originally approved in the 2022 Budget Act, which was allocated to support the MPox state of emergency.

**California Harm Reduction Initiative.** The budget includes expenditure authority from the Opioid Settlements Fund of \$1.9 million in 2024-25 to partially restore reductions in funding for the California Harm Reduction Initiative in the Opioid Settlements Fund expenditure plan.

**Office of Problem Gambling Community-Based Organization Grants.** The budget includes annual expenditure authority from the Gambling Addiction Program Fund of \$200,000 to support community grants to expand prevention and treatment services for problem gambling to priority populations.

**California vs. JUUL Lab Settlement.** The budget includes expenditure authority from settlement funds of \$5.6 million in 2024-25, \$7.8 million in 2025-26 through 2027-28, and \$7.6 million in 2028-29, and the Legislature approved trailer bill language, to help address, prevent, and reduce youth use of e-cigarettes, pursuant to a settlement agreement with JUUL Labs, Inc.

**Sickle Cell Centers for Excellence.** The budget includes General Fund expenditure authority of \$5 million in 2024-25 to support Sickle Cell Centers for Excellence.

**Hospice Moratorium Extension.** The Legislature approved trailer bill language to extend the existing moratorium on CDPH licensure of hospice agencies until January 1, 2027, or one year after the adoption of emergency regulations implementing quality and access standards for hospice agencies, as recommended by the California State Auditor. The language also extends the deadline for CDPH to adopt those emergency regulations from January 1, 2025, until January 1, 2026.

**Implementation of Chaptered Legislation (CDPH).** The budget includes positions and resources for CDPH to implement the following chaptered legislation:

- **California Cancer Registry (SB 344).** The budget includes one position and General Fund expenditure authority of \$271,000 in 2024-25 and \$91,000 in 2025-26 and 2026-27 to implement SB 344 (Rubio), Chapter 867, Statutes of 2023, which requires CDPH to develop and monitor new compliance requirements for pathologists reporting to the California Cancer Registry.
- **California Neurodegenerative Disease Registry (AB 424).** The budget includes General Fund expenditure authority of \$918,000 in 2024-25 and \$543,000 in 2025-26 through 2027-28 to support implementation of AB 424 (Bryan), Chapter 522, Statutes of 2023, which requires CDPH to collect data to determine the incidence and prevalence of amyotrophic lateral sclerosis in the state through the Neurodegenerative Disease Registry.
- **Lesbian, Gay, Bisexual, and Transgender Disparities Reduction Act (AB 1163).** The budget includes General Fund expenditure authority of \$430,000 in 2024-25 and \$280,000 in 2025-26 to support implementation of AB 1163 (Luz Rivas), Chapter 832, Statutes of 2023, which requires CDPH to implement system changes to collect voluntary self-identification information pertaining to intersexuality when CDPH collects demographic data.
- **Reporting of Animal Testing Methods (AB 357).** The budget includes one position and General Fund expenditure authority of \$688,000 in 2024-25, \$569,000 in 2025-26, and \$257,000 annually thereafter to implement AB 357 (Maienschein), Chapter 430, Statutes of 2023, which requires reporting to CDPH from manufacturers on animal testing methods.
- **Tobacco Sales – Flavored Tobacco Ban (AB 935).** The budget includes General Fund expenditure authority of \$2.2 million in 2024-25 and \$1.9 million annually thereafter to implement AB 935 (Connolly), Chapter 351, Statutes of 2023, which enhanced enforcement on the ban on flavored tobacco products.

#### **4440 DEPARTMENT OF STATE HOSPITALS (DSH)**

**Department of State Hospitals Program Updates.** The budget includes the following updates to previously approved programs:

- **Conditional Release Program (CONREP) – Non-Sexually Violent Predators (Non-SVP).** The budget includes General Fund savings of \$3.2 million in 2023-24 due to lower than expected expenditures in CONREP-Non-SVP related to challenges in hiring clinical staff.



- **Metropolitan – Increased Secure Bed Capacity.** The budget includes total General Fund savings of \$13.5 million and a reduction of 51.1 positions in 2023-24 to reflect delays in completing the skilled nursing facility roof to facilitate the activation of the remaining two secure treatment bed units at DSH Metropolitan.
- **Enhanced Treatment Program Staffing.** The budget includes General Fund savings of \$281,000 in 2023-24 to reflect a four-month delay in the activation of an Enhanced Treatment Program unit at DSH Patton.
- **Incompetent to Stand Trial (IST) Solutions.** The budget includes General Fund savings of \$176.9 million in 2023-24 and a reduction of General Fund expenditure authority of \$49.9 million in 2024-25 to reflect activation delays for Jail-Based Competency Treatment Programs and Community-Based Restoration and Diversion Programs, and for county stakeholder workgroup grant contracts not yet executed. The budget also includes a shift of General Fund expenditure authority of \$129.5 million from 2025-26 to 2026-27 to align with program implementation timelines. The Legislature also approved trailer bill language to clarify certain statutory authority to implement IST solutions authorized by the 2022 Budget Act.
- **Mission-Based Review – Direct Care Nursing.** The budget includes General Fund savings of \$13.9 million and reduction of 83.8 positions in 2023-24 to reflect hiring delays for direct care nursing staff.
- **Mission-Based Review – Treatment Team.** The budget includes General Fund savings of \$8.4 million and reduction of 12.3 positions in 2023-24 and a reduction in General Fund expenditure authority of \$8.2 million in 2024-25 to reflect delays in hiring treatment team and primary care positions.
- **Patient Driven Operating Funding.** The budget includes General Fund expenditure authority of \$9.2 million in 2023-24 and \$10.2 million in 2024-25 to support operating expenses and equipment needs reflecting updated patient census data.

**Electronic Health Records – Reversion.** The budget includes reversion of General Fund expenditure authority of \$7.2 million, originally approved in the 2023 Budget Act, due to updated project timelines for the Electronic Health Records project.

**Health Care Provider Network – Reversion.** The budget includes reversion of General Fund expenditure authority of \$2.2 million, originally approved in the 2021 Budget Act, for the Health Care Provider Network.

**Infectious Disease Prevention.** The budget includes 10 positions and General Fund expenditure authority of \$25.9 million in 2024-25 and \$7.7 million annually thereafter to support infection control measures to protect the health and safety of employees and patients in compliance with state and federal infectious disease prevention guidance.

**Data Compliance.** The budget includes eight positions, supported with existing expenditure authority, including conversion of six limited-term positions to permanent, to permanently establish the department's data leadership structure, and support data compliance across multiple directives.

**SB 1034 Increased Workload.** The budget includes 10 positions, supported with existing expenditure authority, to support increased workload related to convening various stakeholders to facilitate community placement of a sexually violent predator, pursuant to the requirements of SB 1034 (Atkins), Chapter 880, Statutes of 2022.

**Contraband Emergency Regulations Authority.** The Legislature approved trailer bill language to allow DSH to adopt emergency regulations, until June 30, 2026, related to the management, inspection, and disposition of contraband items.

**Coalinga – New Activity Courtyard.** The budget includes General Fund expenditure authority of \$1.1 million in 2024-25 to complete the construction phase of the Coalinga New Activity Courtyard project, due to procuring a new general contractor and associated construction delays.

**Metropolitan – Central Utility Plant Replacement.** The budget includes a shift of expenditure authority of \$1.9 million in 2023-24 from General Fund to the Public Buildings Construction Fund, and expenditure authority from the Public Buildings Construction Fund of \$52.3 million in 2024-25 to support the design and construction phases of the Central Utility Plant replacement project at DSH Metropolitan. The Legislature also approved provisional budget bill language to authorize the State Public Works Board to issue bonds to finance the cost of the design and construction of this project.

#### **4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION (MHSOAC)**

**Behavioral Health Transformation.** The budget includes three positions and expenditure authority from the Mental Health Services Fund of \$494,000 annually between 2024-25 and 2026-27, and \$394,000 annually thereafter, to support workload related to the implementation of behavioral health transformation efforts and other changes pursuant to the Behavioral Health Services Act, SB 326 (Eggman), Chapter 790, Statutes of 2023, and Proposition 1, approved by voters in March 2024.

**Mental Health Wellness Program Reappropriation.** The budget includes reappropriation of up to \$1 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2021 Budget Act, until June 30, 2026, to support the Mental Health Wellness Program

#### **4800 CALIFORNIA HEALTH BENEFITS EXCHANGE (COVERED CALIFORNIA)**

**Health Care Affordability Reserve Loan.** The budget includes an additional loan of \$62 million in 2024-25 and \$109 million in 2025-26 from the Health Care Affordability Reserve Fund to the General Fund, in addition to the \$600 million loan to the General Fund authorized in the 2023 Budget Act. The Legislature also approved trailer bill language to delay the repayment of the \$600 million loan. The loan was originally scheduled to be repaid in 2025-26, but will instead be paid back in increments of \$200 million in 2026-27, 2027-28, and 2028-29.

**Health Care for Striking Workers.** The Legislature approved provisional budget bill language to provide \$2 million to support health care for striking workers, pursuant to AB 2530 (Wood), Chapter

695, Statutes of 2022, and require the Department of Finance to provide an additional \$3 million for this purpose upon notification by Covered California that the initial \$2 million is not sufficient to support the program. The language also requires the Department of Finance to notify the Joint Legislative Budget Committee when the additional \$3 million is provided for the program, and when that additional allocation has been fully spent.

## **0000 MULTIPLE DEPARTMENTS**

**Implementation of Health Care Minimum Wage.** The Legislature approved trailer bill language to amend provisions governing the implementation of a \$25 minimum wage for health care workers, including the following changes:

- Delays implementation of the increase to the health care minimum wage until either of the following occur:
  - The Department of Finance notifies the Joint Legislative Budget Committee on or before October 15, 2024, that agency cash receipts for the period from July 1, 2024, through September 30, 2024, are at least three percent higher than projected at the time the 2024 Budget Act was enacted. If this notification occurs, the health care minimum wage would be effective October 15, 2024.
  - DHCS notifies the Joint Legislative Budget Committee that it has initiated the data retrieval necessary to implement an increase to the hospital quality assurance fee beginning January 1, 2025, which would fund increases to supplemental Medi-Cal program payments to hospitals that could support hospitals in complying with, and partially mitigate the Medi-Cal program costs of, the health care minimum wage. If this notification occurs, the health care minimum wage would be effective the earlier of January 1, 2025, or 15 days after the notification to the Joint Legislative Budget Committee.
- Revises the definition of contracted or subcontracted employees to be paid the applicable minimum wage by specifying the employee must be performing work on the premises of a covered health care facility during more than one-half of the employee's work time during a workweek.
- Revises the definition of public employees to be paid the applicable minimum wage as those providing eligible services during more than one-half of the employee's work time during a workweek.
- Exempts any health care facility controlled or operated by the state or any state entity from the requirement that employees be paid the applicable wage.
- Clarifies the data reports from the Department of Health Care Access and Information to be utilized to determine the number of full-time equivalent employees for purposes of implementing the applicable minimum wage.

- Requires the Department of Industrial Relations to amend, supplement, republish, or make other changes to wage orders to be consistent with the health care minimum wage requirements, and requires covered employers to post and provide written notice to employees regarding the wage order and the minimum wage requirements.
- Revises the waiver process for covered health care facilities that allow a 12-month delay in the schedule of minimum wage requirements, including requiring audited financial statements and other documentation demonstrating compliance with minimum wage requirements would raise doubts about the facility's or company's ability to maintain a positive cash flow, as well as a declaration by the facility that the contents of the documents and request are true and correct.
- Requires a facility to publicly post and notify employees if the facility receives a waiver.

### **Health-Related Budget Bills and Trailer Bills**

1. *Budget Acts of 2022 and 2023 — AB 106 (Gabriel), Chapter 9, Statutes of 2024.*
2. *Budget Act of 2023 – SB 109 (Wiener), Chapter 36, Statutes of 2024.*
3. *Budget Act of 2024 — AB 107 (Gabriel), Chapter 22, Statutes of 2024.*
4. *Budget Act of 2024 – SB 108 (Wiener), Chapter 35, Statutes of 2024.*
5. *Budget Acts of 2022 and 2023 – AB 158 (Gabriel), Chapter 996, Statutes of 2024.*
6. *Budget Act of 2024 – AB 180 (Gabriel), Chapter 995, Statutes of 2024.*
7. *Health Trailer Bill – SB 159 (Committee on Budget and Fiscal Review), Chapter 40, Statutes of 2024.*
8. *Health Trailer Bill – AB 177 (Committee on Budget), Chapter 999, Statutes of 2024.*
9. *Medi-Cal Managed Care Organization Provider Tax – AB 160 (Committee on Budget), Chapter 39, Statutes of 2024.*

# HUMAN SERVICES

## 4100 STATE COUNCIL ON DEVELOPMENTAL DISABILITIES (SCDD)

**Various Federal Fund and Reimbursement Authority Adjustments.** The budget includes various adjustments for SCDD including the following: increases federal fund authority by \$95,000 in 2024-25, \$87,000 in 2025-26, and \$83,000 ongoing beginning in 2026-27 for a Support Services Assistant; increases reimbursements by \$215,000 in 2024-25, 2025-26, and 2026-27 to support an existing interagency agreement with the Department of Developmental Services (DDS) related to the Statewide Self-Determination Advisory Committee; increases reimbursements by \$565,000 in 2024-25, \$471,000 in 2025-26, and \$478,000 in 2026-27 ongoing to support an existing interagency agreement with DDS related to Self-Determination Program orientations and trainings; and re-appropriates up to \$365,000 from the 2020 Budget Act to allow SCDD to fully expend its 2020 Wildfire Recovery Fund grant award.

## 4170 CALIFORNIA DEPARTMENT OF AGING (CDA)

**Older Adult Behavioral Health Initiative.** The budget reduces funding for grants and a media campaign under the Older Adult Behavioral Health Initiative by \$13.4 million General Fund in 2023-24, \$20 million General Fund in 2024-25, and \$10 million General Fund in 2025-26.

**Healthier at Homes Pilot Program.** The budget reverts \$11.9 million in remaining funding for the Healthier at Homes Pilot Program, which would have provided grants for nurses and community health workers to work in senior housing developments. This was included in early action.

**Health Insurance Counseling and Advocacy Program (HICAP).** The budget includes a one-time authority increase of \$2 million from the Health Insurance Counseling and Advocacy Program (HICAP) Special Fund to continue to support increased state and local administration efforts initiated in 2021 to serve more Medicare beneficiaries and improve service quality and access. The budget includes budget bill language requiring CDA to report on the progress of HICAP modernization efforts, including the number of clients served annually, the percentage of California's Medicare population receiving HICAP services, and other specified data elements.

**State HICAP Fund Loan.** The budget allows the Department of Finance to transfer \$10 million from the State HICAP Fund to the General Fund as a budgetary loan during the 2024-25 fiscal year.

**Office of the Long-Term Care Patient Representative.** The budget includes a net-zero General Fund shift from Local Assistance to State Operations and authority for eight positions in the Office of the Long-Term Care Patient Representative under CDA to reflect services being provided directly by state staff.

**CalFresh Healthy Living Program.** The budget includes an increase of \$2 million in reimbursement authority to support one position and increased local assistance funding in 2024-25 and ongoing to provide increased monitoring services, program site capacity, increased client counts, and enhanced curricula for the CalFresh Healthy Living Program. This reimbursement authority increase is supported by federal funds and has no General Fund impact.

**Various CDA Adjustments.** The budget includes reimbursement increases for Multipurpose Senior Services Program, CalFresh Healthy Living Program, and federal grant awards. These adjustments have no General Fund impact.

**Long-term Care Ombudsman Funding.** The budget draws \$4.25 million from the California Department of Public Health Licensing and Certification Program Fund in 2024-25 to supplement the Long-Term Care Ombudsman Program. The budget also increases the amount available for the Long-Term Care Ombudsman Program from the State Health Facilities Citation Penalties Account in 2024-25 and ongoing.

**CDA Chaptered Legislation.** The budget includes \$130,000 funding in 2024-25 and 2025-26 to support one position to implement the Lesbian, Gay, Bisexual, and Transgender Disparities Reduction Act for CDA to implement legislation chaptered in 2023.

### **4300 DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)**

**Developmental Services Rate Reform.** The budget includes a reduction of \$510.4 million (\$306.2 million General Fund) to delay the final phase of developmental services provider rate reform by six months, with corresponding trailer bill language. The final phase of rate reform will take effect January 1, 2025.

**Porterville Developmental Center.** The budget includes a reduction of \$20 million General Fund in 2024-25 and \$10 million General Fund in 2025-26 to Porterville Developmental Center. This holds the Porterville Developmental Center budget to the revised 2023-24 level in 2024-25.

**Direct Support Professional Internship Program.** The budget includes a reduction of \$20 million General Fund one-time to phase out the Direct Service Professional Internship program, with corresponding trailer bill language. The 2022 Budget Act included \$22.5 million for this program. Current and pending participants will continue in the program.

**Regional Center Tuition Reimbursement Program.** The budget includes a reduction of \$18.6 million General Fund in 2024-25 to phase out the Regional Center Tuition Reimbursement Program. This allows for current and pending participants to remain in the program and receive tuition reimbursement, but closes the program to new applicants.

**Direct Support Professional Stipend Program.** The budget reverts \$10 million General Fund from the 2022 Budget Act to recoup projected unspent funds from the Direct Support Professional Stipend Program.

**Preschool Inclusion Grants.** The budget includes a two-year delay of \$10 million General Fund in 2024-25 and 2025-26 for grants for preschool programs to improve support for children with disabilities.

**Emergency Preparedness Resources.** The budget includes a reduction of \$1.1 million General Fund in 2024-25 and ongoing for DDS to procure emergency preparedness supplies and informational materials. This does not impact funding for emergency coordinators at regional centers.

**Complex Needs Residential Program.** The budget includes a reduction of \$500,000 General Fund in 2023-24 to reflect timing of the development of the Complex Needs Residential Program.

**Various Caseload and Baseline Budget Adjustments.** The budget includes various adjustments for DDS in the May Revision including regional center caseload and utilization adjustments, allocation for employee benefits and compensation, state operated facilities population and staffing adjustments, and General Fund loan authority adjustment.

**Reimbursement System Project Maintenance and Operations.** The budget reappropriates \$5 million from the Budget Act of 2021 and \$3.3 million General Fund in 2024-25, \$2.44 million in 2025-26, and \$1.8 million ongoing beginning in 2026-27 to support maintenance and operations costs for the Reimbursement System Project, contingent on approval of the pending Department of Technology project report.

**Uniform Fiscal System Modernization and the Consumer Electronic Records Management System Project Planning.** The budget appropriates \$1 million General Fund and authorizes up to \$5 million General Fund in provisional authority for the Uniform Fiscal System Modernization and Consumer Electronic Records Management System if federal funding for this project does not become available in 2024-25.

**Master Plan for Developmental Services.** Trailer bill language makes various findings and declarations regarding the developmental services system in California, and establishes legislative intent that the Master Plan for Developmental Services strengthens accessibility, quality, and equity of the developmental services system for all individuals with intellectual and developmental disabilities and their families, regardless of language or other factors. Trailer bill language requires the Secretary of California Health and Human Services Agency, in coordination with DDS, to lead the development of the implementation of the Master Plan for Developmental Services and to solicit input from individuals with intellectual and developmental disabilities and their families, professionals in the developmental services field, and a broad range of subject matter experts. Trailer bill language requires the Secretary and DDS to submit an initial report of the Master Plan to the Legislature and Governor by March 15, 2025 and requires the Secretary and DDS to work with various state agencies and departments to implement the Master Plan. Requires the Secretary to submit regular Master Plan updates to the Governor and Legislature beginning March 15, 2026.

**Individual Program Plan Meetings.** Trailer bill language extends the option for an individual or family served by a regional center to choose to have their individual program plan (IPP) or, for infants and toddlers, individualized family service plan (IFSP), held remotely. Trailer bill language requires a regional center to hold an in-person IPP meeting at a time and location convenient for the individual served if the regional center has not held an in-person IPP meeting or other in-person meeting in the previous 12 months, or in the previous 6 months for an IFSP for an infant or toddler. Trailer bill language additionally prevents the in-person meeting requirements for IPP and IFSP meetings from impeding timely access to services. Lastly, trailer bill language requires the in-person meeting requirements to remain in effect pending a review by DDS, in coordination with stakeholders, no later than May 14, 2026.

**Social Recreation.** Trailer bill language requires regional center purchase-of-services policies to promote access to social recreation services, camping services, and nonmedical therapies, in ways that promote community inclusion and access for children, individuals who experience disparities, and individuals who are unable to afford paying for services upfront. The trailer bill prohibits regional centers from enacting restrictive purchase-of-services policies that generally prohibit or disfavor the purchase of social recreation, camping, and nonmedical therapies. The trailer bill requires regional centers, by October 1, 2024, to designate points of contacts regarding access to social recreation, camping, and nonmedical therapies. The trailer bill requires, by January 1, 2025, regional centers to adopt procedures aimed at increasing the availability of vendors for social recreation, camping, and nonmedical therapies, including for those services to be funded directly through participant-directed services. The trailer bill requires, by March 1, 2025, various regional center staff to complete training regarding social recreation and other services. Finally, the trailer bill requires DDS to report various information regarding trends in access to social recreation and other services to the Legislature, including information on complaints, appeals, technical assistance to regional centers, and demographic data on service access.

**Provisional Eligibility Assessments.** Trailer bill language allows a regional center to concurrently assess an infant or toddler referred for early intervention services for provisional eligibility or full eligibility for regional center services.

**Repeal of Regional Center Family Fees.** Trailer bill language repeals the Family Cost Participation Program and Annual Family Program Fee.

**Probability Sampling.** Trailer bill language allows DDS and regional centers to utilize probability sampling and statistic extrapolation when conducting fiscal audits of service providers.

## **4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD)**

The budget for CSD was approved as budgeted, inclusive of the following adjustments:

**Federal Trust Fund Authority Augmentation.** The budget increases the department's Federal Trust Fund base authority for local assistance programs (\$52 million for energy programs and \$3 million for community services) to align the next three fiscal years with current funding levels of core federal grant programs. This has no General Fund impact.

**CSD Chaptered Legislation.** The budget includes funding for CSD to implement legislation chaptered in 2023, as follows:

- *AB 1163 (Luz Rivas), Chapter 832, Statutes of 2023.* \$943,000 General Fund in 2024-25 to update intake systems to implement the Lesbian, Gay, Bisexual, and Transgender Disparities Reduction Act.



**5160 DEPARTMENT OF REHABILITATION (DOR)**

**Developmental Services Rate Reform.** The budget includes a reduction of \$777,000 General Fund in 2024-25 to conform to the six-month delay of the final phase of DDS developmental services provider rate reform.

**Voice Options Program.** The budget appropriates \$3.6 million ongoing in Deaf and Disabled Telecommunications Program (DDTP) Administrative Committee Fund and 3.75 positions for DOR to administer the Voice Options program, a statewide Supplemental Telecommunications Equipment (STE) program and 0.25 positions to oversee the federal Assistive Technology Program with existing resources. This proposal has no impact on the General Fund.

**5175 DEPARTMENT OF CHILD SUPPORT SERVICES (DCSS)**

**Local Child Support Agencies.** The budget reduces funding for local child support agencies by \$6 million General Fund in 2023-34, 2024-25, and 2025-26 to align with recent expenditures.

**Child Support Trust Fund Transfer.** Budget bill language authorizes DCSS to transfer up to \$500,000 in available unspent funds to the Child Support Payment Trust Fund to offset unrecoverable payments.

**Local Assistance Expenditures Adjustment.** The budget includes various adjustments to update federal fund local assistance expenditures based on additional child support collections data becoming available.

**California Child Support Automation System Annual Reporting Requirements Repeal.** Trailer bill language repeals obsolete reporting requirements related to the California Child Support Automation System.

**Improved Performance Incentives Repeal.** Trailer bill language repeals a suspended code section which requires implementation of an improved performance incentives program for local child support agencies.

**Child Support Full Pass-through.** Supplemental report language requires DCSS to report to the Legislature on the infrastructure and other implementation components necessary to effectuate the full pass-through of child support to families currently receiving CalWORKs.

**5180 DEPARTMENT OF SOCIAL SERVICES (CDSS)****CHILD CARE**

**Child Care Slots.** The budget includes a two-year pause of the subsidized child care slot expansion that began in 2021; however, the budget funds approximately 11,000 new general child care slots for which award letters were issued in spring 2024. This includes \$228.6 million (\$117.4 million General Fund) in 2024-25 and \$304.8 million (\$260.8 million General Fund) in 2025-26 and ongoing to fund the approximately 11,000 new subsidized slots. Pausing the remainder of planned new slots for two years

generates General Fund savings of \$371.6 million in 2024-25, \$690.1 million in 2025-26, and \$1.24 billion in 2026-27. Budget bill language specifies that \$71.6 million in unspent federal Child Care Development Funds from the 2023 Budget Act, as well as \$39.6 million in new ongoing federal Child Care Development Funds, be allocated to fund the 11,000 new general child care slots, effective October 1, 2024. Trailer bill language outlines the revised schedule to add the remaining approximately 80,000 new subsidized child care slots in order to reach the goal of 200,000 new slots above 2021 levels, subject to an appropriation, as follows: 44,000 slots in 2026-27, 33,000 slots in 2027-28, and any remaining unawarded slots in 2028-29 and ongoing.

**Child Care General Fund Offset.** The budget offsets General Fund for child care with federal funds and Prop 64 funds. This offsets \$596.8 million General Fund in 2023-24 and \$375.5 million in 2024-25.

**Child Care Emergency Bridge Program.** The budget reverts up to \$47.1 million in unspent Emergency Child Care Bridge funds from 2023-24 and reappropriates those funds to support the Emergency Child Care Bridge program in 2024-25. This generates one-time General Fund savings, however ongoing funding for the Emergency Child Care Bridge Program remains at \$83.4 million General Fund.

**Streamlined Provider Application for New General Child Care and State Preschool Slots.** Trailer bill language requires CDSS and the Department of Education to develop and implement a streamlined request for the application process for current child care and development contractors, including contractors for State Preschool, to award new child care and development, as well as State Preschool, contracts.

**Child Care Rate Reform Planning and Reporting.** Trailer bill language specifies components of the report CDSS must submit within 60 days of federal approval of a new single rate structure for setting child care reimbursement rates. The trailer bill language requires CDSS to include a plan for setting new reimbursement rates under the alternative methodology no later than July 1, 2025. CDSS is required to report on the estimated costs and timelines associated with the implementation components of the approved single rate structure, including but not limited to, state operations resources, technology and infrastructure changes, and any regulatory or statutory changes necessary to implement the approved single rate structure. The trailer bill requires CDSS, from October 1, 2024, through January 1, 2026, to provide the Legislature with quarterly updates on the implementation of the new rates set under the alternative methodology. The trailer bill prevents provider reimbursement rates from being reduced from the reimbursement rates in effect on June 30, 2024, inclusive of cost of care plus rates pursuant to the Budget Act of 2023 and collectively bargained parity agreement. If the new reimbursement rates do not take effect on July 1, 2025, trailer bill language requires CDSS to provide the Legislature with a timeline for transitioning from the rates in effect on July 1, 2025, to the new rates.

**Child and Adult Care Food Program.** The budget includes permanent position authority for 26 positions to support the Child and Adult Care Food Program (CACFP). This adjustment has no impact on the General Fund.

**Child Care Program Staffing.** The budget includes \$7.9 million in federal funding authority and permanent position authority for 41 positions and one limited-term position to provide policy, program, and administrative support to child care and development programs. This adjustment is funded with federal funds and has no impact on the General Fund.

**Information Sharing for Small Family Child Care Homes.** Trailer bill language allows CDSS to disclose specified contact information of small family daycare homes for purposes of facilitating the child care placements.

**Child Care Quality Improvement Activities.** Trailer bill language requires CDSS, no later than May 14, 2025, and every year thereafter, to provide the Legislature with a proposed list of quality improvement activities funded with federal Child Care and Development funds.

**Child Care Facilities.** Trailer bill language requires, until January 1, 2027, the State Fire Marshal and local fire enforcing agencies assigning occupancy and use or change of use classifications and issuing fire clearance approvals to day care centers to apply the provisions of Chapter 3 of Title 24 of the California Building Code as those provisions read on December 31, 2022.

## **CALWORKS**

**CalWORKs Subsidized Employment.** The budget reduces funding for the CalWORKs Subsidized Employment Program by up to \$30 million General Fund in 2023-24 and \$37 million General Fund in 2024-25, holding funding to approximate 2022-23 spending level. Program funding returns to the baseline level of approximately \$134 million in 2025-26. Trailer bill language establishes outcome reporting requirements for the CalWORKs Subsidized Employment Program regarding utilization of funds, employment placements and industry sector data, and average earnings of CalWORKs participants, beginning April 1, 2025.

**CalWORKs Employment Services Intensive Case Management.** The budget reduces a planned increase of budgeted hours for employment services intensive case management by \$47 million General Fund ongoing, with corresponding trailer bill language.

**CalWORKs Home Visiting.** The budget reduces funding for the CalWORKs Home Visiting Program by up to \$30 million General Fund in 2023-24, \$25 million General Fund in 2024-25, and \$25 million General Fund in 2025-26. This limited-term reduction is intended to align funds to actual expenditures and avoid adverse impacts to families in the program. Program funding returns to the baseline level of approximately \$97.6 million in 2026-27.

**CalWORKs Mental Health and Substance Use Disorder Services.** The budget reduces funding for CalWORKs Mental Health and Substance Use Disorder Services by \$30 million General Fund in 2023-24, \$37 million General Fund in 2024-25, and \$26 million General Fund in 2025-26. This limited-term reduction is intended to align funds to actual expenditures and avoid adverse impacts to families in the program. Program funding returns to the baseline level of approximately \$127 million in 2026-27.

**CalWORKs Single Allocation Reversion.** The budget includes an early reversion of \$336.6 million General Fund from the 2022-23 CalWORKs Single Allocation projected to be unspent. This was included in early action. An adjustment to the final budget added back \$41.6 million General Fund to reflect updated 2022-23 spending.

**CalWORKs Grant Increase.** The budget increases CalWORKs maximum grants by 0.3 percent, funded by \$10.5 million in local realignment funds in the Child Poverty and Family Supplemental Support Account, with corresponding trailer bill language.

**CalWORKs Federal Alternative Accountability Pilot.** The budget includes budget bill language authorizing CDSS to spend up to \$2.4 million General Fund to participate in the federal Pilot Projects for Promoting Accountability by Measuring Work Outcomes program pursuant to the federal Fiscal Responsibility Act of 2023, if the state is selected for the pilot program by the federal government. Trailer bill language requires CDSS to consult with stakeholders in the application for the federal pilot program. The trailer bill also requires CDSS to report back to the Legislature by January 10, 2025 with necessary statutory changes and comprehensive cost estimates to implement family-centered changes as part of the pilot program, including limiting family sanctions, creating a family-centered program structure, and repealing the county Work Participation Rate (WPR) penalty.

## **CALFRESH AND FOOD PROGRAMS**

**California Food Assistance Program Expansion Delay.** The budget delays implementation of the expansion of the California Food Assistance Program expansion to adults 55 and over regardless of immigration status from October 1, 2025, to October 1, 2027. Budget bill language requires CDSS to report to the Legislature on the use of funding for planning and automation by January 1, 2027.

**CalFresh Fruit and Vegetable Pilot Program.** The budget includes \$10 million General Fund to continue the CalFresh Fruit and Vegetable pilot program.

**CalFresh Employment and Training – CalFresh Confirm.** The budget includes \$200,000 in 2024-25 and \$196,000 ongoing for one position in the CalFresh and Nutrition Branch to manage current workload and increasing responsibilities, support federal compliance, and maintain implementation of the CalFresh Confirm tool. This position is funded by federal funds and reimbursements and has no impact on the General Fund.

**CalFresh Healthy Living Program Alignment.** The budget includes \$562,000 in 2024-25 and \$546,000 ongoing federal funds for three positions to support the CalFresh Healthy Living Program. This adjustment has no impact on the General Fund.

**CalFresh Outreach Unit Expansion.** The budget includes \$173,000 in 2024-25 and \$169,000 ongoing for one permanent position to support ongoing CalFresh outreach. This position is federally funded and has no impact on the General Fund.

**California Food Assistance Program Overpayments.** Trailer bill language establishes state and county overissuance collection retention rates for the California Food Assistance Program (CFAP) that align with CalFresh.

**CFAP Elimination of Comparable Disqualification.** Trailer bill language makes changes in CFAP to align with current CalFresh policy, which eliminates comparable disqualifications for welfare to work sanctions effective August 1, 2024.

**Reimbursement for Stolen EBT Benefits.** Trailer bill language provides that a CalFresh recipient shall not incur any loss of nutrition benefits due to electronic benefits transfer (EBT) theft. The trailer bill provides that a maximum of two months worth of benefits shall be replaced at one time and a household shall have 90 days from the date of theft to request replacement of the electronically stolen benefits. Counties are required to replace electronically stolen benefits as soon as administratively feasible, but no more than ten business days following the receipt of the replacement request. Additionally, the trailer bill language stops state-funded replacements of stolen CalFresh, if at any point federally funded replacements are available. Supplemental report language requires CDSS to provide updates on EBT theft and the implementation of secure cards to prevent benefit theft.

**Tribal Nutrition Assistance Program.** Trailer bill language streamlines tribal eligibility for grants through the Tribal Nutrition Assistance Program.

**Food Banks.** Trailer bill language establishes the State Emergency Food Bank Reserve Program, to provide emergency food and related costs to food banks serving low-income Californians to prevent hunger during natural or human-made disasters. Additionally, the budget includes \$500,000 for the Madera Food Bank Warehouse Expansion Project.

**CalFresh Safe Drinking Water Pilot.** Trailer bill language extends the CalFresh Safe Drinking Water Pilot until the expiration of allocated funding for the pilot program or September 30, 2025, whichever is later.

## **FOSTER CARE AND CHILD WELFARE**

**Foster Care Permanent Rate Structure.** Trailer bill language establishes a new permanent foster care rate structure, pursuant to existing law which requires the state transition from the current interim foster care rate structure. The new permanent rate structure bases foster care payments on the strengths and needs of the child as identified by the Child and Adolescent Needs and Strengths (CANS) assessment, regardless of their placement setting. There are three main components of the Tiered Rate Structure: Care and Supervision Rate, Strengths Building Allocation, and Immediate Needs Allocation, as well as an administrative rate component for foster care providers. The trailer bill requires CDSS to provide regular pre-implementation and post-implementation updates to the Legislature regarding all components of the permanent rate structure. The permanent rate structure takes effect July 1, 2027. The budget includes \$20.5 million (\$13.3 million General Fund) for automation costs over two years to implement the permanent rate structure.

**Supervised Independent Living Program (SILP) Supplement.** The budget eliminates a planned supplement to the foster care rate for youth whose placement is a SILP. This generates General Fund savings of \$195,000 in 2024-25 and \$18.8 million in 2025-26 and ongoing. Instead, the budget adopts a new permanent foster care rate structure for all children and youth in foster care, which includes an increase in monthly payments for youth whose placement is a SILP.

**Los Angeles County Public Health Nursing Program.** The budget eliminates ongoing funding of \$8.25 million General Fund for the Los Angeles County Public Health Nursing child welfare program. This includes a reduction of \$7.3 million General Fund in 2023-24.

**Child Welfare Services - California Automated Response and Engagement System Project (CWS-CARES).** The budget includes \$173.4 million (\$88.1 million General Fund, \$84.3 million federal funds, and \$988,000 reimbursements) for 2024-25, along with provisional language to increase project expenditure authority up to an additional \$52 million (\$26 million General Fund) to continue the design, development, and implementation activities for the CWS-CARES project.

**Case Review Allocation Adjustment.** The budget includes an increase in reimbursement authority of \$1.2 million in 2024-25 and \$1.1 million in 2025-26 and ongoing for six positions to address the workload associated with federally mandated activities for the Child and Family Services Reviews. This adjustment has no impact on the General Fund.

**Federal Reporting and Communication Requirements with National Center for Missing and Exploited Children.** Trailer bill language updates state law to mirror federal reporting and communication requirements on states, for county child welfare agencies and probation departments when reporting missing or abducted children or youth believed to be the victims of, or at risk of being the victims of, commercial sexual exploitation to law enforcement authorities for entry into the National Crime Information Center database and the National Center for Missing and Exploited Children.

**State and Federal Kinship Guardianship Assistance Payment Program Alignment.** Trailer bill language eliminates the \$10,000 cash savings and personal property asset limits for children and nonminor beneficiaries of the state and federally funded Kinship Guardianship Assistance Payment (Kin-GAP) programs and clarifies income and property received after the start date of aid shall be disregarded. These changes conform to federal law.

**Resource Family Approval Program Alignment with Emergency Caregiving Funding Program.** Trailer bill language aligns the 90-day Resource Family Approval application processing time frame with the 120-day Emergency Caregiver Funding time frame.

**Excellence in Family Finding, Engagement, and Support Program.** Trailer bill language authorizes a county or tribe participating in the Excellence in Family Finding, Engagement, and Support Program, which does not have sufficient caseload, as determined by CDSS, for a full-time family-finding worker to submit a written request for authorization to use program funding for a portion of a full-time position for family-finding activities.

**Family First Prevention Services Program.** Trailer bill language extends the spending period through July 1, 2028, for the Family First Prevention Services state block grant program administered by CDSS. Allows CDSS to exempt a small county, from the requirement to use state funds allocated for the nonfederal share of cost of prevention services.

**Specialized Care Increment Eligibility.** Trailer bill language allows Tribes with a Title IV-E agreement with the state to create their own Specialized Care Increment rate-setting system for children under their jurisdiction.

## CDSS HOUSING AND HOMELESSNESS PROGRAMS

**Housing and Disability Advocacy Program (HDAP).** The budget includes a reduction of \$50 million General Fund for HDAP in 2025-26, and reappropriates up to \$100 million General Fund from the 2022 Budget Act to be available for the program through 2025-26. Trailer bill language removes the baseline match requirement for HDAP grantees, effective July 1, 2024.

**Bringing Families Home Program.** The budget delays \$40 million General Fund for the Bringing Families Home program to 2025-26 and another \$40 million General Fund to 2026-27. Trailer bill language extends the county or tribe match waiver of one-time funds appropriated for the Bringing Families Home program from June 30, 2025, to June 30, 2027.

**Home Safe Program.** Trailer bill language extends the grantee match waiver of one-time funds appropriated for the Home Safe program from June 30, 2025, to June 30, 2026.

**Data Sharing for Housing Programs.** Trailer bill language permits the Interagency Council on Homelessness to, upon request, share personally identifiable, individual-level data from the Homeless Data Integration System with an agency or department that is a member of the council for purposes of measuring housing instability and examining the effectiveness of, and need for, housing and homelessness programs and other antipoverty programs.

**Community Care Expansion Preservation Program.** Trailer bill language authorizes CDSS to accept an alternative legally enforceable agreement in lieu of a deed restriction for a facility awarded Community Care Expansion funds to demonstrate the requirement to provide licensed residential care for at least the term of the reserve.

## ADULT PROTECTIVE SERVICES (APS)

**APS Planning and Data Warehouse.** The budget includes limited-term federal fund authority of \$369,000 in 2024-25 and \$357,000 in 2025-26, including two positions, to begin planning and development efforts toward a data warehouse for the APS Program. This adjustment has no effect on the General Fund.

## IN-HOME SUPPORTIVE SERVICES (IHSS)

**IHSS Permanent Backup Provider System.** The budget includes a one-time reduction of \$3 million General Fund to the IHSS Permanent Backup Provider System to align with uptake.

**IHSS County Administration Budget Methodology.** Trailer bill language requires CDSS to review the budgeting methodology for county administration of the IHSS program and examine the ongoing workload and administrative costs beginning with the 2025–26 fiscal year and every third fiscal year thereafter.

**IHSS Career Pathways Program.** Supplemental report language requires CDSS to report monthly on spending for the IHSS Career Pathways Program, including remaining unspent funds and program outcomes, until the funds are fully expended.

**SUPPLEMENTAL SECURITY INCOME/ STATE SUPPLEMENTAL PAYMENT (SSI/SSP)**

**SSI/SSP Grant Display.** Trailer bill language requires CDSS to include a display in the January and May Local Assistance binders that shows the current SSI/SSP grant levels for individuals and couples against fair market rent in all 58 counties.

**CDSS IMMIGRANT AND REFUGEE PROGRAMS**

**Rapid Response Program.** The budget reappropriates the unspent balance of the \$150 million General Fund from the 2023 Budget Act to support southern border humanitarian services through 2025-26. Early action reappropriated remaining unspent Rapid Response Program funding from the 2021 and 2022 Budget Acts.

**Federal Refugee Programs.** The budget includes \$4 million federal funds in 2024-25 and \$3.9 million federal funds ongoing for 22 positions at CDSS to implement federal initiatives supporting refugee and immigrant youth and families.

**OTHER CDSS PROGRAMS**

**Diaper Banks.** The budget includes \$9 million one-time General Fund for diaper and wipe distribution to low-income families with infants and toddlers.

**Guaranteed Income Pilot Program for Seniors.** The budget includes \$5 million one-time General Fund for the Guaranteed Income Pilot Program to provide grant funding for eligible entities serving adults 60 years of age or older residing in California eligible for public benefits.

**Guaranteed Income Pilot Extension.** Trailer bill language extends the operative date for the California Guaranteed Income Pilot Program from July 1, 2026, to January 1, 2028.

**Security Architecture Compliance Assessment.** The budget includes \$2 million General Fund one-time to meet the new information technology security Zero Trust Architecture and Multifactor Authentication standards defined by the Department of Technology.

**California Statewide Automation System (CalSAWS).** Supplemental report language requires a final report on CalSAWS stakeholder engagement regarding the public-facing elements of the CalSAWS and BenefitsCal systems, and further requires this report to respond to questions raised by advocates in March 2024.

**Various Technical Adjustments.** The budget includes caseload and various other adjustments to the CDSS budget, including: maintenance of county expense claim reporting information system, Summer EBT (SUN Bucks) administration funding, child welfare training program net-zero funding shift, Guardian Background Check System maintenance, preschool development grant reimbursement, able-bodied adults without dependents provisional language, elimination of comparable disqualification, federal reporting requirements for National Center for Missing and Exploited Children, BH-CONNECT reappropriation, CFAP elimination of comparable disqualification alignment, and facility management project planning resources reappropriation.



**CDSS Chaptered Legislation.** The budget includes funding for CDSS to implement legislation chaptered in 2023, as follows:

- ***SB 722 (Ochoa Bogh), Chapter 631, Statutes of 2023.*** \$173,000 General Fund and one position in 2024-25, and \$169,000 General Fund in 2025-26 and 2026-27 to implement legislation regarding incidental medical services plans for daycare facilities.
- ***SB 2 (Portantino), Chapter 249, Statutes of 2023.*** \$162,000 General Fund and one position for three years to implement legislation regarding firearms in family child care homes.
- ***SB 578 (Ashby), Chapter 618, Statutes of 2023.*** \$163,000 General Fund ongoing to implement legislation regarding juvenile court dependents removal.
- ***AB 937 (McKinnor), Chapter 458, Statutes of 2023.*** \$933,000 General Fund ongoing to implement legislation regarding family reunification services.
- ***AB 393 (Luz Rivas), Chapter 435, Statutes of 2023.*** \$764,000 and four positions in 2024-25, \$742,000 and four positions ongoing beginning in 2025-26, and \$297,000 ongoing to implement legislation regarding childcare dual language learners.
- ***AB 1163 (Luz Rivas), Chapter 832, Statutes of 2023.*** \$519,000 General Fund one-time in 2024-25 to implement the Lesbian, Gay, Bisexual, and Transgender Disparities Reduction Act.
- ***SB 521 (Smallwood-Cuevas), Chapter 615, Statutes of 2023.*** \$294,000 General Fund one-time, and an additional \$18,000 in 2024-25 and \$37,000 in 2025-26 and ongoing to implement legislation regarding Cal-Learn pregnancy or parenting and sanctioned grants repeal.
- ***AB 954 (Bryan), Chapter 553, Statutes of 2023.*** \$1.87 million General Fund, in addition to \$673,000 federal funds, to implement legislation regarding family reunification services.
- ***SB 348 (Skinner), Chapter 600, Statutes of 2023.*** \$907,000 in 2024-25 and \$883,000 in 2025-26 and ongoing to implement legislation regarding school meals.
- ***SB 465 (Wahab), Chapter 399, Statutes of 2023.*** \$82,000 General Fund to implement legislation regarding refugee internet resources.
- ***AB 1417 (Wood), Chapter 580, Statutes of 2023.*** \$173,000 General Fund in 2024-25 and \$169,000 General Fund in 2025-26 to implement legislation regarding elderly and dependent adult abuse reporting.

### **Human Services Budget Bills and Trailer Bills**

1. *Early Action Budget Acts of 2022 and 2023 — AB 106 (Gabriel), Chapter 9, Statutes of 2024.*
2. *Budget Act of 2024 — SB 108 (Wiener), Chapter 35, Statutes of 2024.*

3. *Budget Act of 2023 – SB 109 (Wiener), Chapter 36, Statutes of 2024.*
4. *Human Services – AB 161 (Committee on Budget), Chapter 46, Statutes of 2024.*
5. *Developmental Services – AB 162 (Committee on Budget), Chapter 47, Statutes of 2024.*
6. *Early Learning and Childcare – SB 163 (Committee on Budget and Fiscal Review), Chapter 73, Statutes of 2024.*
7. *Education Omnibus – AB 176 (Committee on Budget), Chapter 998, Statutes of 2024*
8. *Budget Act of 2024 – AB 157 (Gabriel), Chapter 994, Statutes of 2024*
9. *Budget Acts of 2022 and 2023 – AB 158 (Gabriel), Chapter 996, Statutes of 2024*

SUBCOMMITTEE 4  
ON  
STATE ADMINISTRATION  
AND  
GENERAL GOVERNMENT

Senate Committee on Budget and Fiscal Review

*Members*

Stephen C. Padilla, Chair  
Roger W. Niello  
Lola Smallwood-Cuevas

*Consultants*

Timothy Griffiths  
Diego Emilio J. Lopez  
Elisa Wynne

# SUBCOMMITTEE No. 4

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## STATE ADMINISTRATION

### 0511 GOVERNMENT OPERATIONS AGENCY (GovOps)

**Leadership Initiatives Reduction.** Reverts \$500,000 of the \$2 million appropriated in the 2023 Budget Act for pass through for leadership initiatives.

**Language Access Pilot Program Reduction.** Reverts \$2.6 million appropriated for GovOps to operate a language access pilot program.

**Generative Artificial Intelligence (AI).** The budget includes budget bill language in SB 108 (Wiener), Chapter 35, Statutes of 2024, related to legislative oversight of state funds used for Generative AI procurement activities.

**Census Workload.** The budget includes a reversion of \$2.2 million back to the General Fund, originally appropriated in 2019-20 for census workload.

### 0840 STATE CONTROLLER'S OFFICE (SCO)

**Accounting Book of Record (BOR) and Annual Comprehensive Financial Report (ACFR) FI\$Cal Implementation.** The budget includes \$9.5 million (\$6 million General Fund and \$3.5 million Central Service Cost Recovery Fund (CSCRF) in 2024-25, and \$134,000 (\$83,000 General Fund and \$51,000 CSCRF) in 2025-26 and 2026-27 to provide consulting services and one limited-term position for the State Controller's Office's Book of Record Functionality Migration to FI\$Cal.

**California Department of Technology (CDT) Rate Increase Support.** The budget includes \$1 million (\$511,000 General Fund, \$311,000 Central Service Cost Recovery Fund (CSCRF), and \$180,000 Unclaimed Property Fund (UPF)) in 2024-25 and 2025-26 to support the increased mainframe computer infrastructure and operational costs associated with services provided by the California Department of Technology (CDT).

**California State Payroll System (CSPS) Project.** The budget includes \$70.1 million in reversion of State Controller's Office appropriations in 2023-24, reappropriates \$10.4 million from 2023-24 to 2024-25 to onboard a system integrator, and approves \$3.2 million for ancillary contracts related to the California State Payroll System project.

### 0850 STATE LOTTERY COMMISSION

**Department of the Youth Authority Technical Clean-up.** The budget includes trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, to delete references to the Department of the Youth Authority within State Lottery statutes, reflecting the closure of all Juvenile Justice facilities in 2023.

**0890 SECRETARY OF STATE**

**Cal-ACCESS Replacement System (CARS) Project.** The budget includes \$16.8 million one-time in General Fund to continue supporting the CARS project and replace the current CAL-ACCESS system for electronic reporting of campaign finance and lobbying activities.

**Help America Vote Act – VoteCal.** The budget includes \$11.3 million one-time Federal Trust Fund authority to cover maintenance and operations vendor, data analysis consultant, Election Management Systems support and verification, data lines, and off-premises cloud costs for the VoteCal statewide voter registration system.

**Help America Vote Act Spending Plan.** The budget includes \$15 million one-time Federal Trust Fund authority to continue implementation of the statewide mandates of the Help America Vote Act of 2002.

**Notary Automation Program Replacement Project (NAP 2.0).** The budget includes \$4 million one-time Secretary of State Business Fees Fund to continue the Notary Automation Program Replacement Project.

**Help America Vote Act – 2024 Election Security Federal Grant Award.** The budget includes \$2.4 million Federal Trust Fund in 2024-25 to accept and expend federal funding grant awards, and provides \$475,000 General Fund in 2025-26 to meet the 20 percent state match requirement.

**Child Abduction Victim Access to Safe at Home.** The budget includes \$507,000 General Fund in 2024-25 and \$473,000 in 2025-26 and annually thereafter to implement the provisions of AB 243 (Alanis), Chapter 642, Statutes of 2023, which expands the Safe at Home program eligibility to child abduction victims and their household members.

**Elections: Double Voting.** The budget includes two positions and \$479,000 (\$305,000 Business Fees Fund and \$174,000 General Fund) in 2024-25 and \$337,000 (\$215,000 Business Fees Fund and \$122,000 General Fund) in 2025-26 and annually thereafter to implement the provisions of AB 1539 (Berman), Chapter 692, Statutes of 2023.

**Political Reform Education Program.** The budget includes \$303,000 General Fund in 2024-25 and \$293,000 in 2025-26 and annually thereafter to implement the requirements of SB 29 (Glazer), Chapter 696, Statutes of 2023.

**Remote Online Notarization.** The budget includes \$6.3 million and 16 permanent positions in 2024-25, \$3.5 million and six permanent positions in 2025-26, \$5.1 million and 17 permanent positions in 2026-27, and \$5 million in 2027-28 and annually thereafter from the Business Fees Fund to implement SB 696 (Portantino), Chapter 291, Statutes of 2023.

**Election and Voter Information Guide.** The budget includes \$5.9 million in General Fund in the Budget Act of 2023 to cover unanticipated costs associated with the Election and Voter Information Guide.

## 0911 CITIZENS REDISTRICTING COMMISSION

**Services Adjustment.** The budget includes budget bill language to allow the Citizen Redistricting Commission's budget to be augmented to cover current year cost increases for services provided by the California Department of Technology and Department of General Services.

## 0950 STATE TREASURER (STO)

**Additional Funding for Banking Operations Item Processing Software Service.** The budget includes \$135,000 (\$81,000 General Fund and \$54,000 Central Service Cost Recovery Fund) in 2024-25 and annual increases ongoing per the terms of the new eight-year contract signed with the vendor of STO's Item Processing software service.

**Jesse Unruh Building Network Equipment Costs.** The budget includes \$729,000 one-time to provide funding for information technology network equipment essential at the State Treasurer's renovated headquarters, the Jesse Unruh Building.

**Electronic Subscription Services Contracting.** The budget includes budget bill language to facilitate vendor associated procurements while the Department of General Services works on a long-term solution.

## 1111 DEPARTMENT OF CONSUMER AFFAIRS (DCA)

**BreZze System Maintenance and Credit Card Funding.** The budget includes \$14.7 million in 2024-25 and ongoing from various special funds for the continued support of BreZze's maintenance and operations. Of this amount, \$5.6 million ongoing will fund credit card processing fees.

**Business Modernization Cohort 2.** The budget includes \$3 million one-time in 2024-25 from various special funds to continue implementation and support of Business Modernization Cohort 2 for the Structural Pest Control Board, the California Architects Board, the Landscape Architects Technical Committee, the Cemetery and Funeral Bureau, and the Bureau of Household Goods and Services.

**Osteopathic Medical Board - Attorney General.** The budget includes \$347,000 in 2024-25 and ongoing from the Osteopathic Medical Board of California Contingent Fund to cover increased costs for Attorney General services.

**Pharmacy - Enforcement and Compounding Workload.** The budget includes \$1.3 million in 2024-25 and \$1.2 million in 2025-26 and ongoing from the Pharmacy Board Contingent Fund for five positions to address workload related to desk investigations, sterile compounding renewals, and growth in program operations.

**Veterinary Medicine – Enforcement.** The budget includes \$807,000 in 2024-25 and \$799,000 in 2025-26 from the Veterinary Medical Board Contingent Fund for five positions, including a Deputy Executive Officer, to assist managing Board operations and address increasing complaint workload.



**Osteopathic Medical Board Workload.** The budget includes \$331,000 and two positions in 2024-25, and \$315,000 in 2025-26 and ongoing from the Osteopathic Medical Board's special fund to support the implementation of a Complaint Liaison Unit, as required by SB 815 (Roth), Chapter 294, Statutes of 2023.

**Medical Board Workload.** The budget includes \$1.5 million and nine positions in 2024-25, and \$1.4 million in 2025-26 and ongoing from the Medical Board's special fund for the implementation of a Complaint Liaison Unit, as required by SB 815 (Roth), Chapter 294, Statutes of 2023.

**Loan to the Contingent Fund of the Medical Board of California.** The budget includes a \$27 million loan from the High Polluter Repair or Removal Account to the Contingent Fund of the Medical Board of California to achieve fund solvency. The budget also includes budget bill language to allow the repayment of all or a portion of this loan if certain criteria are met.

**Controlled Substance Utilization Review and Evaluation System (CURES) Fund Authority Increase.** The budget includes \$917,000 in 2024-25, and \$1.1 million in 2025-26 and ongoing to reimburse the Department of Justice for increased maintenance and operation costs to support CURES and for increased personal services costs.

**Pro Rata Adjustments.** The budget includes various adjustments to redistribute the Department of Consumer Affairs' existing baseline Pro Rata costs to boards and bureaus.

**Minimum Education Hours for Licensure Programs.** The budget includes trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, related to Title IV Funding – Minimum Education Hours for Licensure Programs.

## 1115 DEPARTMENT OF CANNABIS CONTROL

**Increased Program Workload and Legal Services.** The budget includes \$8.1 million in 2024-25, \$8.1 million in 2025-26 and in 2026-27, and \$1.3 million ongoing from the Cannabis Control Fund to support five positions in the Laboratory Services Division, two positions in the Legal Affairs Division, and to continue supporting anticipated legal services costs. The budget also includes budget bill language to allow an increase in expenditure authority should the amount of litigation and administrative hearing costs increase to augment the department's budget authority.

**Local Jurisdiction Retail Access Grant Program Reduction.** The budget reverts \$16.5 million in 2023-24 for the Cannabis Local Jurisdiction Retail Access Grant program, which was included in the 2022 Budget Act.

**Enforcement Support.** The budget includes \$588,000 in 2024-25, and \$42,000 in 2025-26 and ongoing Cannabis Control Fund to purchase and maintain 14 undercover vehicles to perform critical surveillance and investigatory work performed by the department's sworn officers to strengthen enforcement efforts.

**Cannabis Provisional Licenses: Local Equity Applicants.** The budget includes \$297,000 and two positions in 2024-25, and \$281,000 in 2025-26 and ongoing Cannabis Control Fund to implement the requirements of SB 51 (Bradford), Chapter 593, Statutes 2023.

**Cannabis and Cannabis Products: Health Warnings.** The budget includes \$173,000 and one position in 2024-25, and \$165,000 in 2025-26 and ongoing Cannabis Control Fund to implement SB 540 (Laird), Chapter 491, Statutes of 2023.

### **1703 CALIFORNIA PRIVACY PROTECTION AGENCY**

**Legal Support.** The budget includes \$177,000 in 2024-25 and ongoing General Fund to reflect a cost-of-living adjustment and to support Graduate Legal Assistants at the Agency.

**The California Delete Act.** The budget includes \$901,000 and three positions in 2024-25, \$608,000 in 2025-26 and ongoing from the Data Brokers' Registry Fund to implement SB 362 (Becker), Chapter 709, Statutes of 2023.

### **2100 DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL (ABC)**

**Information Technology (IT) Maintenance and Operations and File Conversion.** The budget includes \$2.3 million in 2024-25 and \$1.3 million in 2025-26 and ongoing from the Alcohol Beverage Control Fund and three positions to continue the Business Modernization and Responsible Beverage Service (BizMod / RBS) project and begin the eRecords project.

### **2320 DEPARTMENT OF REAL ESTATE**

**Addressing Workload Costs and Fund Solvency.** The budget includes \$3.2 million in 2024-25 and in 2025-26, and \$2.4 million in 2026-27 and ongoing Real Estate Fund to address salary and benefits funding shortfalls, cover expenses for Attorney General services, external contracts, equipment, and facilities.

**Rent Increase – New May Lee State Office Complex.** The budget includes \$849,000 one-time Real Estate Fund to address an increase in rent costs associated with the Department of Real Estate's move to the May Lee State Office Complex.

**Chartered Legislation Resources.** The budget includes \$700,000 and three positions in 2024-25, \$590,000 and three positions in 2025-26, and \$251,000 and one position in 2026- 27 and ongoing Real Estate Fund to implement provisions of the following bills:

- *AB 12 (Haney), Chapter 733, Statutes of 2023*
- *AB 225 (Grayson), Chapter 420, Statutes of 2023*
- *AB 968 (Grayson), Chapter 95, Statutes of 2023*
- *AB 1280 (Maienschein), Chapter 99, Statutes of 2023*
- *AB 1317 (Wendy Carrillo), Chapter 757, Statutes of 2023*
- *AB 1345 (Hart), Chapter 577, Statutes of 2023*
- *AB 1418 (McKinnor), Chapter 476, Statutes of 2023*
- *AB 1620 (Zbur), Chapter 767, Statutes of 2023*
- *SB 143 (Committee on Budget and Fiscal Review), Chapter 196, Statutes of 2023*

- *SB 267 (Eggman), Chapter 776, Statutes of 2023*
- *SB 567 (Durazo), Chapter 290, Statutes of 2023*
- *SB 712 (Portantino), Chapter 630, Statutes of 2023*
- *SB 887 (Committee on Business, Professions and Economic Development), Chapter 510, Statutes of 2023*
- *AB 572 (Haney), Chapter 745, Statutes of 2023*
- *AB 468 (Valencia), Chapter 203, Statutes of 2023*
- *AB 1280 (Maienschein), Chapter 99, Statutes of 2023*
- *AB 1458 (Ta), Chapter 303, Statutes of 2023*

**Fee Increases.** The budget includes trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, that increases licensing, examination, and various other fees administered by the Department of Real Estate. The trailer bill language also requires the department to conduct stakeholder meetings and provide reports on its financial status.

## **7502 DEPARTMENT OF TECHNOLOGY (CDT)**

**Intrusion Detection and Prevention System Replacement.** The budget includes \$809,000 in 2024-25, \$374,000 in 2025-26, and \$393,000 in 2026-27 and ongoing from the General Fund to replace Data Center Intrusion Detection Systems (IDS) and Intrusion Prevention Systems (IPS) hardware that will be reaching its end of supportable life.

**Information Security Compliance.** The budget includes \$250,000 one-time in 2024-25 from the General Fund for consulting services to address compliance deficiencies with the Cal-Secure Roadmap and internal security program.

**Middle Mile Broadband Initiative.** The budget includes \$250 million for the Middle-Mile Broadband Initiative (MMBI), consistent with the agreement established under SB 189 (Committee on Budget and Fiscal Review), Chapter 48, Statutes of 2022. The budget also includes provisional language that the Director of Finance may augment funding for the MMBI by an additional \$250 million if certain reporting requirements are met. Finally, the budget includes trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, that requires the Office of Broadband and Digital Literacy Office, under the California Department of Technology, to prioritize last-mile connections to unserved and underserved areas and locations for the construction of the statewide open-access middle-mile broadband network. In prioritizing standalone construction projects led by the Department of Transportation, the Office must prioritize segments necessary for last-mile projects with grant awards from the Broadband Equity, Access, and Deployment Program, the California Advanced Services Fund program, and the Federal Funding Account program.

**High-Risk Automated Decision Systems Inventory.** The budget includes \$588,000 one-time General Fund in 2024-25 for consulting services to provide an inventory of all high-risk automated decision systems utilized by state entities pursuant to AB 302 (Ward), Chapter 800, Statutes of 2023.

**Local Government: Internet Websites and Email Addresses.** The budget includes \$147,000 in 2024-25 and 2025-26 General Fund for consulting services to perform outreach and education, research, and improve processing time associated with requesting a ca.gov domain, pursuant to AB 1637 (Irwin), Chapter 586, Statutes of 2023.

**Administration/Distributed Administration Technical Adjustment.** The budget includes removal of the use of Administration and Distributed Administration programs in 2024-25, and ongoing. This technical adjustment will allow CDT to reflect program funding while transitioning to the Financial Information System for California.

## **7504 OFFICE OF DATA AND INNOVATION**

**Data and Innovation Fund Transfer.** The budget includes a transfer of \$15 million from the Data and Innovation Services Revolving Fund (DIF) to the General Fund.

**Data and Innovation Fund Appropriation.** The budget includes \$16 million, with \$2 million in reimbursements for the DIF and budget bill language related to the DIF.

## **7760 DEPARTMENT OF GENERAL SERVICES**

**Building Operations and Support: Bateson Building.** The budget includes \$4.2 million in 2024-25 and ongoing Service Revolving Fund and 36 positions to manage, operate, and maintain the newly renovated Gregory Bateson building located in Sacramento.

**Drought-Resistant Buildings Act.** The budget includes \$254,000 Building Standards Administration Special Revolving Fund and one position in 2024-25 and ongoing to develop building standards related to potable water use reduction pursuant to SB 745 (Cortese), Chapter 884, Statutes of 2023.

**Increased Expenditure Authority for the Statewide Parking Program.** The budget includes \$2.5 million Motor Vehicle Parking Facilities Money Account in 2024-25, \$2.6 million Motor Vehicle Parking Facilities Money Account in 2025-26 through 2029-30, and \$886,000 Motor Vehicle Parking Facilities Money Account in 2030-31, and ongoing, to support the Parking Administration Unit's operational costs, facility maintenance and repair expenses.

**Increased Maintenance and Repair Cost Expenditure Authority for Fleet Operations.** The budget includes \$1.2 million annually in 2024-25 through 2026-27 from the Service Revolving Fund to cover increased vehicle maintenance and repair expenses.

**Information Technology Workload Adjustment.** The budget includes \$1.8 million in 2024-25 and \$1.6 million in 2025-26 and ongoing from various special funds and 14 positions to comply with state mandates to support Cal-Secure Phase 4 capabilities of disaster recovery and application development security.

**Office of State Publishing Material Purchase Authority.** The budget includes \$4 million in 2024-25 and 2025-26 from the Service Revolving Fund to support the increased cost and volume of printing and publishing.

**Office of Sustainability Workload Adjustment.** The budget includes \$665,000 in 2024-25 and ongoing from various special funds and four positions to support administrative and analytical duties related to sustainable energy legislation and Executive Orders.

**Electric Vehicle Service Equipment Reduction.** The budget includes a reduction of \$11.7 million in 2024-25, and \$11.6 million in 2025-26 General Fund for funding for electric vehicle service equipment infrastructure assessment and facility development appropriated in the 2023 Budget Act.

**State Capitol Annex.** The budget includes \$700 million over three years from the General Fund for transfer to the State Project Infrastructure Fund on a specified schedule to continue the acquisition, design, construction, and equipping projects related to the State Capitol Building Annex.

**Asset Management Branch Temporary Fund Shift.** The budget includes a reduction of \$1.2 million General Fund and four positions, and an increase of \$1.2 million Property Acquisition Law Money Account and four positions in 2024-25 and 2025-26. This adjustment temporarily shifts support of the Department of General Services' Asset Management Branch for workload related to the Mercury Cleaners remediation and other statutorily mandated activities.

**California Commission on Disability Access Permanent Fund Shift.** The budget includes a decrease of \$1.6 million General Fund and seven positions, and an increase of \$1.6 million Disability Access Account and seven positions in 2024-25, and ongoing. This adjustment permanently shifts support for the California Commission on Disability Access from the General Fund to the Disability Access Fund. The budget also includes trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, to implement this fund shift.

**FI\$Cal Staffing Realignment.** The budget includes a reduction of nine positions, a reduction of \$2.1 million in reimbursement authority, and a funding augmentation of \$392,000 from the Service Revolving Fund for two existing positions that support FI\$Cal. This request is made in conjunction with a request from the Department of Financial Information System for California for a redirection of five of the nine positions, which results in a reduction of \$537,000 in General Fund and a reduction of \$315,000 in Central Service Cost Recovery Fund.

**Procurement Disparity Study Extension.** The budget includes trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, to extend the deadline for completion of the Procurement Disparity Study intended to guide outreach strategies, state government program development, and improvements to contracting policies from January 1, 2025 to December 31, 2025.

**Design-build.** The budget includes trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, to eliminate the sunset date to allow current and future capital projects to continue using the design-build delivery method as appropriate.

**State Project Infrastructure Fund Loan.** The budget includes a loan of \$50 million from the State Project Infrastructure Fund to the General Fund.

Government Efficiencies. The budget includes trailer bill language in AB 179 (Committee on Budget), Chapter 997, Statutes of 2024, that makes various statutory changes to state procurement and contracting practices. Specifically, the language:

- Authorizes the Department of General Services (DGS), upon request from the state agency concerned, to delegate a public works project, or a class of projects, to the state agency if the department finds that the state agency is capable of successfully undertaking the project or projects. Requires Department of Finance approval for any project delegation where the total project costs exceed \$3 million.
- Authorizes DGS to engage in job order contracting as an alternative procurement procedure for public works. Imposes a maximum contract amount of \$10 million in the first term of the contract and authorizes DGS to issue up to four one-year extensions to each job order contract, up to an additional \$5 million per year. Prohibits any single job order from exceeding \$1 million as prescribed. Requires a job order contract to comply with prevailing wage requirements.
- Revises the approval exemption provision for contracts under \$150,000 to instead require a state agency to conduct the audit every three years of the contracting program.
- Removes the DGS notification and approval requirement for consulting services contracts that exceed \$12,500. Continues to require DGS review for consulting services contracts of \$50,000 or more, unless the department has been approved for a higher exemption.

## **8260 CALIFORNIA ARTS COUNCIL**

**Arts Grant Funding Reduction.** The budget includes a reduction of arts grant funding by \$5 million in 2024-25 and 2025-26 and restores full funding beginning 2026-27.

**Teen Poet Laureate.** The budget includes trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, to change the name of “Youth Poet Laureate” to “Teen Poet Laureate” and make conforming changes.

**Keep Arts in Schools.** The budget includes trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, that extends the Keep Arts in Schools Voluntary Tax Contribution Fund administered by the Franchise Tax Board from January 1, 2025, to January 1, 2032.

## **8620 FAIR POLITICAL PRACTICES COMMISSION (FPPC)**

**Local Agency Ethics Training System.** The budget includes \$234,000 in 2024-25 and ongoing from the General Fund to fund one position to continue supporting the local agency ethics training.

**8825 CALIFORNIA COMMISSION ON ASIAN AND PACIFIC ISLANDER AMERICAN AFFAIRS**

**General Operations Support.** The budget includes \$374,000 in 2024-25, and \$287,000 ongoing General Fund, to convert one temporary position to permanent and to support the Commission's operating expenses for a physical office space.

**Higher Education Workgroup Reappropriation.** The budget includes a reappropriation of \$1.3 million General Fund from the 2021 Budget Act, to allow the Commission to continue to administer a higher education workgroup with the objective of improving student outcomes for underserved Asian and Pacific Islander American communities. This funding is available for encumbrance or expenditure until June 30, 2027.

**8855 STATE AUDITOR'S OFFICE**

**County of Mendocino Audit.** The budget includes \$800,000 General Fund and trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, that requires the California State Auditor to conduct an audit of the County of Mendocino that includes an audit of any potential waste, fraud, abuse, and mismanagement, the county's administration of elections in 2024, and contracting and procurement processes, by January 1, 2026.

**8880 FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA (FI\$Cal)**

**FI\$Cal Staffing Realignment.** The budget realigns maintenance and operational costs of the FI\$Cal system to the department from the Department of General Services resulting in a net decrease of \$852,000 (\$537,000 General Fund and \$315,000 Central Service Cost Recovery Fund).

**State Payroll System FI\$Cal Reversion.** The budget includes a reversion of \$5.5 million set aside for State Payroll System FI\$Cal activities back to the General Fund.

**8885 COMMISSION ON STATE MANDATES**

**Juveniles: Custodial Interrogation Mandate.** The budget includes \$2.2 million one-time to reimburse cities and counties for the costs associated with the Juveniles, Custodial Interrogation Mandate (Welfare and Institutions Code Section 625.6), which requires youths, 17 years of age or younger, to consult with legal counsel prior to custodial interrogation and before the waiver of any Miranda rights.

**Technical Adjustment to Funded Mandates to Correct Fiscal Years.** The budget includes technical adjustments to update the fiscal years referenced in the Administrative License Suspension Mandate and Pesticide Use Reports.

**8940 CALIFORNIA MILITARY DEPARTMENT (CMD)**

**Drug Interdiction Continuation.** The budget provides an increase of \$30 million General Fund (\$15 million in 2024-25 and \$15 million in 2025-26) to further expand the CMD's existing drug interdiction efforts to prevent drug trafficking by transnational criminal organizations with a focus on assisting federal, state, local, and tribal law enforcement agencies in combatting fentanyl.

**Consolidated Headquarters Staffing.** The budget provides \$554,000 and seven positions in 2024-25, and \$539,000 ongoing to support the security and facility needs of the CMD's new Consolidated Headquarters Complex.

**Taskforce Rattlesnake Adjustment.** The budget provides \$3.4 million ongoing and reimbursements be increased by \$2 million ongoing to provide pay increases and cover increased costs for benefit stipends for Emergency State Active Duty employees assigned to Taskforce Rattlesnake. This request aligns with federally set rates and provides resources for industrial disability leave required for hand crews.

**State Active Duty Pay Adjustment.** The budget makes adjustments to the State Active Duty Compensation levels to align the pay of the Department's State Active Duty employees to the pay of service members of similar grade in the United States Army, Air Force, and Navy.

**Salary Driven Benefits and BAH/COLA Adjustments.** The budget makes adjustments to the State Active Duty Benefit levels to cover costs for state active duty service members' salary driven benefits and basic allowance for housing (BAH) and cost of living adjustments (COLA) and adopts provisional budget bill language to require that any augmentation shall be authorized not sooner than 30 days after notification to the Joint Legislative Budget Committee, which shall include information on how the BAH and COLA cost increase was calculated and adopt the remainder of the proposal.

**Deputy Adjutant General Rank Adjustment.** The budget includes trailer bill language in SB 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024, to adjust the rank of the Deputy Adjutant General.

**Emergency State Active Duty (ESAD) Management System.** The budget includes \$280,000 General Fund in 2024-25 and ongoing to fund the Activate, Respond Recover Operate (ARRO) system.

**8955 CALIFORNIA DEPARTMENT OF VETERAN AFFAIRS (CalVet)**

**Yountville Skilled Nursing Facility Support.** The budget includes \$5.4 million in 2024-25 and \$12.1 million in 2025-26 and ongoing General Fund for 108 positions that will staff the new Skilled Nursing Facility at the Veterans Home of California - Yountville.

**Strategic Realignment for the Barstow Veterans Home.** The budget includes a reduction of \$265,000 General Fund in 2024-25 and ongoing to reflect census milestone reductions at the Barstow Veterans Home and reflect demand in the area.



**CalVet Electronic Health Record Project.** The budget includes \$902,000 in 2024-25 and \$415,000 in 2025-26 and ongoing General Fund for the final year of implementation of the Electronic Health Record Project, which implemented a new long-term care electronic health record system in the Veterans Homes of California.

**CalVet Electronic Health Records Funding Reappropriation.** The budget includes a reappropriation of \$3.8 million General Fund from the 2021 Budget Act, to cover contract costs for the department's Electronic Health Records project.

**California State Approving Agency for Veterans Education Funding Increase.** The budget includes \$265,000 Federal Trust Fund authority in 2024-25 and ongoing to address increased workload within the California State Approving Agency for Veterans Education (CSAAVE).

**Allocation for Employee Compensation and Staff Benefits.** The budget includes \$96,000 ongoing General Fund to reflect revised employee compensation and staff benefits costs. Of the total amount, \$89,000 is for employee compensation costs and \$7,000 is for staff benefits.

**Orange County Veterans Cemetery.** The budget includes \$5 million one-time General Fund for the Southern California Veterans Cemetery.

## **VARIOUS DEPARTMENTS**

**Projected Surplus Temporary Holding Account.** The budget establishes the Projected Surplus Temporary Holding Account in the State Treasury (through December 31, 2030) as a General Fund reserve to hold a portion of General Fund surplus moneys temporarily for use in future fiscal years. Statute requires, in a year that a transfer is made to the Projected Surplus Temporary Holding Account, that such a transfer be provided for in the annual Budget Act. Funds transferred to the Projected Surplus Temporary Holding Account remain in that account for no more than one year from the date of deposit, after which time these funds would be transferred to the General Fund, unless otherwise specified.

**Local Government Financing – Vehicle License Fee Backfill.** The budget provides \$73.5 million one-time General Fund to backfill revenues in three counties with insufficient Education Revenue Augmentation Fund: San Mateo, Alpine, and Mono.

**Background Check and Fingerprinting Authority Technical Changes.** The budget includes trailer bill language in AB 179 (Committee on Budget), Chapter 997, Statutes of 2024, that makes statutory adjustments to continue enabling the Department of Cannabis Control, the Department of Financial Protection and Innovation, the Department of Consumer Affairs, the State Department of Developmental Services, the Department of General Services, the Department of Health Care Access and Information, the Public Employees' Retirement System, the State Department of Public Health, the State Department of Social Services, and the California Horse Racing Board to conduct federal background checks and fingerprinting. The budget also includes \$10,000 to the Department of Justice for administering the aforementioned requirements.

**Technical Corrections and Adjustments.** The budget includes a variety of technical changes including, but not limited to, changes to legislative priorities included in the Budget Acts of 2022 and 2023.

## CONTROL SECTIONS

A variety of technical changes were made to various control sections as part of the budget, including to the substantive changes noted below:

**Early Action Control Sections 21 and 77.** As part of early budget actions taken in April 2024, the budget package includes control sections intended to prevent erosion of potential solutions and acknowledgement of reductions to be implemented as part of a final budget package. Control Section 21 authorizes the Department of Finance (DOF), until June 30, 2024, to suspend expenditure authority for one-time funding provided in Section 2.00 of the Budget Acts of 2021, 2022, and 2023 with written notification to the Joint Legislative Budget Committee. Control Section 77 requires DOF to provide to the Joint Legislative Budget Committee a list of adjustments to commitments related to past budget agreements for 2024-25 and future years that will no longer be included in order to address the deficit. In addition, the control section included intent language for the use of reserves as provided in the 2024-25 Governor's Budget in order to balance the budget. Together these actions provided transparency on agreements reached prior to the final budget and were ultimately incorporated into the budget package.

**Control Sections 4.05.** The budget includes an across-the-board reduction to state operations by approximately 7.95 percent to nearly all department budgets for a savings of \$2.17 billion in 2024-25, and requires DOF to notify the Joint Legislative Budget Committee (JLBC) of the criteria the administration will use to reduce General Fund state operations expenditures by 7.95 percent. Any resulting reductions must comply with existing bargaining agreements and the Ralph C. Dills Act.

**Control Sections 4.12.** The April 2024 early action agreement, AB 106 (Gabriel), Chapter 9, Statutes of 2024, includes a reduction to departmental budgets by \$1.5 billion (\$762.5 million General Fund) for savings associated with vacant positions. Control Section 4.12 provides this authority and requires any permanent elimination of vacant positions to be proposed as part of the Governor's 2025-26 January Budget. It requires the DOF to provide the Joint Legislative Budget Committee and the exclusive bargaining representatives with a report of all vacant positions that will be proposed for permanent elimination in fiscal year 2025-26. Finally, it requires any proposal to comply with existing bargaining agreements and the Ralph C. Dills Act.

**Control Section 15.80.** The budget included \$12 million in General Fund for reparations-related legislation. This control section provides DOF the authority to augment budget items to allocate these funds.

**General Government and State Administration Budget Trailer Bills**

1. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
2. *Budget Act of 2024 – Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024*
3. *Budget Act of 2023 – Senate Bill 109 (Wiener), Chapter 36, Statutes of 2024.*
4. *Budget Act of 2022 and 2023 – Assembly Bill 106 (Gabriel), Chapter 9, Statutes of 2024.*
5. *State Government – Senate Bill 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024.*

# FINANCIAL MANAGEMENT

## 0110/0120/0130 STATE LEGISLATURE

The Legislature's budget for 2024-25 was increased to reflect the growth in the state's appropriation limit (SAL), which was calculated to be 4.03 percent in the Governor's May Revision. Applying the May Revision SAL rate to the legislative budget resulted in funding of \$184.5 million for the Senate and \$243.1 million for the Assembly.

## 0950 SCHOLARSHARE INVESTMENT BOARD

**CalKIDS Financial Literacy Outreach Ongoing Reduction.** The budget includes a reduction of \$5 million ongoing General Fund to support financial literacy outreach through the CalKIDS college savings program.

**CalKIDS Financial Literacy Outreach Reversion.** The budget includes a reversion of \$9.5 million in unspent funds for financial literacy outreach through the CalKIDS college savings program.

## 0981 CALIFORNIA ACHIEVING A BETTER LIFE EXPERIENCE ACT (CALABLE) BOARD

The CalABLE Board was established by SB 324 (Pavley), Chapter 796, Statutes of 2015, and AB 449 (Irwin), Chapter 774, Statutes of 2015 pursuant to the federal Achieving a Better Life Experience Act of 2014 (ABLE), which allowed individuals who become blind or disabled before reaching age 26 to create tax-free savings accounts. The ABLE Act, for taxable years beginning on or after January 1, 2015, encourages and assists individuals and families to save private funds for the purpose of supporting persons with disabilities to maintain their health, independence, and quality of life by excluding from gross income distributions used for qualified disability expenses by a beneficiary of a Qualified ABLE Program established and maintained by a state, as specified.

**Loan Repayment Extensions.** The budget includes provisional language to extend the repayment date of the General Fund loans made to CalABLE through June 30, 2032, and provides a waiver of interest fees, pursuant to Government Code Section 16314.

## 0984 CALSAVERS RETIREMENT SAVINGS BOARD

The CalSavers Retirement Savings Board was established by SB 1234 (de León and Steinberg), Chapter 734, Statutes of 2012. SB 1234 (de León), Chapter 804, Statutes of 2016, which 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 includes a General Fund loan for the CalSavers Retirement Savings Board of \$12 million total (\$2 million annually for fiscal years 2024-25 through approximately 2029-30), to provide resources for the Board and the Program to continue to operate, including funding for existing staff, employer compliance enforcement services through the Franchise Tax Board (FTB), external consultants, and marketing, administrative, and overhead costs, and provided position authority for two ongoing positions.

## **1701 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION (DFPI)**

**Broker-Dealer Investment Advisor Workload.** The budget includes two positions and an increase in expenditure authority of \$456,000 Financial Protection Fund in 2024-25, and \$432,000 in 2025-26, for the review of continuing education requirements related to the Broker-Dealer and Investment Advisor Program.

**Continuation of California Consumer Financial Protection.** The budget includes \$14 million Financial Protection Fund in 2024-25, and in 2025-26, to continue funding for 55 positions for the implementation of the California Consumer Financial Protection Law.

**Continuation of Debt Collector Licensing and Regulation.** The budget includes \$11.75 million Financial Protection Fund in 2024-25, and 2025-26, to support 51 positions authorized to license, regulate, and examine debt collectors pursuant to SB 908 (Wieckowski), Chapter 163, Statutes of 2020, the Debt Collection Licensing Act (DCLA).

**Chaptered Legislation.** The budget includes resources to implement two recently chaptered bills as follows:

- **SB 54 (Skinner), Chapter 594, Statutes of 2023.** The budget includes \$1.6 million one-time in 2024-25 Financial Protection Fund and \$884,000 ongoing Financial Protection Fund to implement venture capital company reporting requirements, as required by SB 54. The proposal also includes trailer bill language that makes statutory changes to SB 54, such as changing the administering agency from the Civil Rights Department to DFPI and related enforcement changes.
- **AB 39 (Grayson), Chapter 792, Statutes of 2023.** The budget includes \$7.9 million in 2024-25 (increasing to \$11.4 million in 2026-27 and ongoing) from the Financial Protection Fund to regulate crypto assets, as required by AB 39.

**Rent Increase – New May Lee State Office Complex.** The budget includes \$1.1 million to support the DFPI's increased rent costs while ongoing rental rates are being developed by the Department of General Services.

**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. 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 2024-25 includes 4,558.7 positions and \$759.7 million (\$408.8 million General Fund). Changes to programs and workload in the budget package include:

**Bad Debt Deduction Elimination.** The budget eliminated the sales and use tax deduction and refund for a lender or retailer's affiliate related to bad debt, commencing January 1, 2025. The provisions related to bad debt are estimated to result in revenue gains of \$2.5 million in 2024-25, \$10 million in 2025-26, and 2026-27, and rising to over \$50 million ongoing over time.

**Oil and Gas Subsidy Elimination.** Commencing with the 2024 tax year, the budget includes the following changes estimated to result in revenue gains of \$22 million in 2024-25 and ongoing gains of \$17 million in subsequent years:

- Eliminates a deduction for intangible drilling and development costs for oil and gas wells.
- Disallows the calculation of depletion as a percentage of gross income from the property for specified natural resources, including coal, oil, shale, and gas, and eliminates statute allowing the state to not conform to federal law that prevents large crude oil producers from calculating a depletion deduction as a percentage of gross income.
- Disallows a nonrefundable credit of up to five percent of the qualified enhanced oil recovery costs for projects located in the state if oil prices fall above a specified amount for the preceding year.

**Historic Venues Restoration and Resiliency Act.** The budget includes a variety of changes necessary for CDTFA to administer the Historic Venues Restoration and Resiliency Act. Specifically, the budget requires that the return filed with CDTFA and DOF specify the taxable sales made at a qualified event for each confirmed historic venue. The requirement to segregate taxable sales on the return is limited to qualified events that occur on or before June 30, 2029. DOF is required to, no later than 15 days after enactment of the annual budget act, for each confirmed historic venue located within the geographic boundaries of a city or county report to the Controller the amounts to be allocated from the fund to each city and county. Finally, language updates timelines for local government and venue compliance and reporting and specifies that CDTFA's annual report is due November 1 of each year.

**California Tire Recycling Fee Program.** The budget includes trailer bill language to remove the authorization for the California Department of Resources, Recycling and Recovery to contract with another state agency (historically CDTFA) for collection and the requirement for reimbursement for fee collection, audit, and refund service and instead replaces it with a specific requirement that CDTFA collect the fee required by the California Tire Recycling Act. In alignment with this action, the budget provides \$2.5 million ongoing from the California Tire Recycling Management Fund for CDTFA and reduces reimbursement authority by an equal amount.

**Reversion.** The budget reverts \$20 million to the General Fund from CDTFA's Budget Act of 2023 appropriation to reflect anticipated personal services savings.

**Covered Battery-Embedded Recycling Fee Implementation.** The budget specifies that of the funds available for support of CDTFA from the Integrated Waste Management Fund, \$809,000 is available for activities associated with Covered Battery-Embedded Recycling Fee implementation.

**Technical Language Changes:** The budget includes a variety of trailer bill language changes, including:

- **Legal Ruling of Counsel APA Exemption.** The budget includes language to specify that the Administrative Procedures Act (APA) is inapplicable in circumstances pursuant to a legal ruling of counsel issued by CDTFA. Current statute specifies that the APA is inapplicable in circumstances pursuant to a legal ruling of counsel issued by the Franchise Tax Board or the State Board of Equalization (BOE). CDTFA previously relied on statute that provides for inclusion of the department under references to the BOE.
- **Underground Storage Tank Fee Savings Clause and Cost Reimbursement.** The budget includes language to specify that CDTFA may continue specific requirements related to the Underground Storage Tank Cleanup Trust Fund, after other provisions of the Barry Keane Underground Storage Tank Cleanup Trust Fund Act of 1989 expire on January 1, 2036. Specifically, CDTFA may continue providing refunds and credits, among other activities.

## 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 2024-25 includes 6,789.1 positions and \$1.26 billion (\$1.22 billion General Fund). Changes to programs and workload in the budget package include:

**Business Credit Cap.** The budget includes a cap on business credits for taxable years 2024, 2025, and 2026 as follows:

- Total specified credits otherwise allowable under the Personal Income Tax Law and the Corporate Tax Law claimed may not exceed \$5 million for each taxable year (with an exemption for specified credits).
- The amount of any credit otherwise allowable that is not allowed solely due to the application of this credit cap limitation, shall be allowed an additional carryover period equal to the number of taxable years the credit was not allowed because of this limitation.

**Net Operating Loss (NOL) Suspension.** The budget also includes a suspension on the claiming of NOLs for taxable years 2024, 2025, and 2026 as follows:

- A deduction shall not be allowed with respect to both corporate and income taxes for any taxable year beginning on or after January 1, 2024, and before January 1, 2027.

- Extends the carryover period for up to three years, for an NOL for which a deduction is denied pursuant to the changes made by this bill.
- Specifies that the suspension of the net operating loss deduction included in this bill does not apply to a taxpayer with a net business income or a modified adjusted gross income of less than \$1 million.

**Business Tax Credit Refundability.** The budget includes business tax credit refundability as follows:

- For each of the 2024, 2025, and 2026 taxable years, allows a taxpayer to make an irrevocable annual election to receive a refundable tax credit in the amount of the credit allowed over the \$5 million cap, but unable to be claimed due to the limitation.
- A taxpayer who makes the election can claim an annual refundable credit amount (over a five year period), beginning the third taxable year after the election is made, equal to 20 percent (each year) of the qualified credits that would have otherwise been available to the taxpayer but for the limitation.
- The refundable credit shall be allowed as a credit for the taxable year, and any balance after the credit is applied would be paid to the taxpayer as a refund from the Tax Relief and Refund Account.
- Makes specific provisions for taxpayers receiving refunds under the Motion Picture Tax Credit to correctly apply the \$5 million limitation, whether the liability is applied against sales and use tax or personal or corporate income tax liability.
- Specifies that the credit limitations shall not apply for each of the 2025 or 2026 taxable years if the Director of Finance determines that there are sufficient General Fund revenues and pursuant to legislation in the annual budget act to not apply the limitation for the specified year.
- Makes a conforming change to allow taxpayers to use refundable credits to reduce tax below their tentative minimum tax.

The changes related to the NOL suspension and tax credit limitation are estimated to increase revenues by \$5.95 billion in 2024-25, \$5.5 billion in 2025-26, and \$3.4 billion in 2026-27.

**Advanced Strategic Aircraft Credit.** The budget extends the timeline for when the Advanced Strategic Aircraft Credit could be used to reduce the alternative minimum tax before January 1, 2026, to before January 1, 2031.

**Apportionment Factor.** The budget clarifies the apportionment factor for taxation. Specifically, the budget states that when a corporation receives income that is excluded from taxable business income, then it must exclude this income from its apportionment factor formula, consistent with existing law and practice of the FTB.

**Disaster Tax Relief.** The budget includes language that specifies that the Director of Finance shall determine when Section 7508A of the Internal Revenue Code, related to postponement of certain federal



tax-related deadlines, applies to a taxpayer affected by a state of emergency declared by the Governor. In addition, trailer bill language specifies that during any period beginning on the date the state postponement period expires and ending on the date the federal postponement period expires, Section 7508A of the Internal Revenue Code shall apply to an impacted taxpayer that requests relief from the Franchise Tax Board. The impacted taxpayer shall provide specified supporting documentation.

**Middle Class Tax Refund Technical Clarification.** The budget specifies that the unexpended or unused balance of payments made for purposes of the Middle Class Tax Refund shall be deposited by FTB into the General Fund. This does not impact the timeline for taxpayers to utilize the Middle Class Tax Refund.

**Extend Exemption for Cannabis Businesses.** The budget extends the timeline from December 1, 2025, to December 1, 2030, to specify that personal income tax law does not conform to federal income tax law that disallows credits or deductions for businesses engaged in sales of controlled substances, including commercial cannabis activity.

**Terminate Fund Transfers to Delinquent Tax Collection Fund.** The budget removes the requirement for transfer of funds from the General Fund to the Delinquent Tax Collection Fund. This requirement is outdated and FTB no longer uses this authority.

**Repealing Expiration Date for Electronic Notification to Taxpayers.** The budget eliminates the sunset date (currently January 1, 2025) for allowing FTB to provide notification to the taxpayer in a preferred electronic communication method designated by the taxpayer that a specified notice, statement, bill, or other communication is available for viewing in the taxpayer's folder on FTB's internet website, and allows the taxpayer to file a protest, notification, and other communication to FTB in a secure manner.

**Charitable Conservation Easements Conformity.** The budget conforms state law with federal law related to deductions for charitable contributions commencing January 1, 2024. This conformity specifically limits deductions for charitable conservation easements to two and a half times the investment cost for the purchaser, and disallows the deduction for any taxpayer who has previously engaged in fraud. These changes to charitable conservation easement deductions are estimated to result in revenue gains of \$55 million in 2024-25 and 2025-26, and ongoing gains of \$25 million in subsequent years.

**Income Threshold for California Earned Income Tax Credit (CalEITC), the Young Child Tax Credit (YCTC), and the Foster Youth Tax Credit (FYTC).** The budget aligns the maximum earned income thresholds for the CalEITC, YCTC, and the FYTC. The provisions related to aligning the CalEITC, YCTC, and FYTC are estimated to result in revenue loss of \$150,000 in 2024-25; revenue gains of \$30,000 in 2025-26, \$50,000 in 2026-27 for a total loss of \$70,000 from 2024-25 through 2027-28.

**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.

- **Enterprise Data to Revenue (EDR2).** The budget provides \$127.1 million General Fund and 28 permanent positions and ten limited-term positions for FTB for the fourth-year implementation of the EDR2 project, which is the second phase of the Tax System Modernization

(TSM) plan at FTB. In addition, the budget extends the encumbrance period of funding allocated to FTB in the Budget Act of 2023 for the EDR2 project. Specifically, this would extend \$31.3 million appropriated from June 30, 2024, to June 30, 2025.

- **Federal Direct File Pilot Program alignment.** The budget provides ongoing General Fund for the FTB to align the CalFile system with Federal Direct File efforts; \$700,000 in 2024-25, \$1.7 million in 2025-26, and \$2.1 million in 2026-27.
- **High-Speed Printer Refresh.** The budget extends the encumbrance period for \$2.2 million (General Fund and other funds), needed to replace the high-speed printer systems and software that FTB uses to print notices, bills, and correspondence from June 30, 2024, to June 30, 2025. This funding was originally provided in the 2023 Budget Act.
- **California Earned Income Tax Credit (CalEITC) Outreach.** The budget includes an additional \$2 million one-time General Fund for CalEITC outreach efforts, bringing the total for outreach grants for the 2024-25 fiscal year to \$12 million.

### **Financial Management Budget Trailer Bills**

1. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
2. *Budget Act of 2024 – Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024.*
3. *Budget Act of 2024 – Senate Bill 178 (Wiener), Chapter 1000, Statutes of 2024*
4. *Budget Act of 2023 – Senate Bill 109 (Wiener), Chapter 36, Statutes of 2024.*
5. *Budget Act of 2022 and 2023 – Assembly Bill 106 (Gabriel), Chapter 9, Statutes of 2024.*
6. *Taxation –Senate Bill 167 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2024.*
7. *Taxation –Senate Bill 175 (Committee on Budget and Fiscal Review), Chapter 42, Statutes of 2024.*

## 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.

The 2024 Budget Act includes the following actions in relation to GO-Biz:

**Recapitalization of IBank's Infrastructure State Revolving Fund (ISRF).** The ISRF provides relatively low-interest loan financing to local governments for public infrastructure projects. ISRF is able to finance these loans by leveraging a pool of capital provided by the state. Specifically, upon establishing the ISRF in 1999, the state made an initial investment of \$162 million. Since then, the ISRF has repeatedly leveraged that initial capital by selling revenue bonds and then loaning out the proceeds. The ISRF now projects that it has reached or is coming very close to the limit past which it can no longer stretch its original capital. The budget includes \$25 million General Fund to infuse additional capital into the ISRF.

**Partial Delay of Downtown Fresno Infrastructure Funding.** The City of Fresno's Public Infrastructure Plan calls for investment in a high speed rail station, parking, green space, walkability, and water projects in the downtown area. The 2023 Budget Act included an allocation of \$250 million General Fund to support implementation of this Plan, distributed according to the following schedule: \$50 million in 2023-24; \$100 million in 2024-25; and \$100 million in 2025-26. The budget pushes back the distribution schedule as follows: \$50 million in 2023-24; \$200 million in 2026-27.

**Changes to the Performing Arts Equitable Payroll Fund Rule-Making Procedures.** As its name implies, the Performing Arts Equitable Payroll Fund grant program was designed to support the workers behind live performances by reimbursing many payroll expenses. The 2023 Budget Act directed \$12.5 million to the Fund. The budget includes trailer bill that requires the Office of Small Business Advocate to adopt guidelines instead of regulations to implement the Performing Arts Equitable Payroll Fund and exempts the adoption of those guidelines from the rulemaking provisions of the Administrative Procedure Act.

**Savings from the Small Agricultural Business Drought Relief Grant Program.** Drought conditions in California, particularly in the period 2020-2022, had a punishing financial effect on agricultural producers, especially smaller growers and ranchers unable to absorb sustained losses. In response, the 2022 and 2023 Budget Acts allocated a combined \$75 million General Fund for the Small Agricultural Business Drought Relief Grant Program. Eligible applicants had to have 100 or fewer workers and had to show financial impacts from specified, severe drought conditions. Of the total amount allocated to the program, \$5 million went unspent. To help address the deficit, the budget reverts that amount back to the General Fund.

**Cuts to the Local Government Budget Sustainability Fund and Allocation to Lithium Valley Specific Plan.** The Local Government Budget Sustainability Fund was created to provide grants to counties with high unemployment and high rates of poverty to support revenue stability. The 2023 Budget Act redirected \$250 million away from this Fund, leaving it with a balance of just \$50 million. In light of the shortfall, the budget

reverts that amount back to the General Fund. The budget also includes a one-time, \$10 million General Fund allocation to Imperial County for implementation of its Lithium Valley Specific Plan.

**Delays and Fund Shifts for Conservation and Economic Development Projects Associated with the Decommissioning of the Diablo Canyon Nuclear Power Plant.** SB 846 (Dodd), Chapter 239, Statutes of 2022, extended the Diablo Canyon nuclear power plant’s license to operate for an additional five years and called for expenditure of \$150 million in 2024-25 General Fund to support implementation of a plan for environmental enhancements, access to power plant lands, and local economic development “in a manner that is consistent with existing decommissioning efforts.” The budget shifts these expenditures to the Greenhouse Gas Reduction Fund (GGRF) and delays the allocations as follows: \$40 million in 2024-25, \$50 million in 2025-26, \$50 million in 2026-27, and \$10 million in 2027-28. The budget also earmarks the \$40 million 2024-25 allocation for purchase and conservation of the nearby Cherry Canyon property for public access and use as specified.

**Funding for Implementation of AB 585 (Robert Rivas), Chapter 336, Statutes of 2023.** Among other things, AB 585 requires GO-Biz to prepare an assessment of barriers limiting the deployment of clean energy projects in California by January 1, 2026. The budget includes new General Fund allocations of \$2.3 million in 2024-25 and \$252,000 in 2025-26 in order to carry out this task.

**Minor Savings from Technical Adjustment.** The 2021 Budget Act included a \$2 million allocation to GO-Biz for encumbrance or expenditure by June 30, 2026. Originally, that amount was part of a broader proposal to fund wood product innovation. That aspect of the proposal was withdrawn from the final budget, but the corresponding budget bill language was never removed. Accordingly, the \$2 million remained available. The budget reverts that amount back to the General Fund.

**Authority to Receive Additional Federal Grant Funding.** The State Trade Expansion Program (STEP) is a United States Small Business Administration grant program which funds outreach and assistance to businesses attempting to expand into export markets. Historically, California has applied for and received STEP grants, most recently under the leadership of GO-Biz’ International Affairs and Trade (IAT) unit. Separately, GO-Biz’s California Business Investment Services program (CalBIS) recently received two grants from the federal Economic Development Administration (EDA). One is a competitive grant in the amount of \$1.4 million to support a “Regional Innovation, Regional Recovery: Building Resilience in California’s Unique Economies” initiative. The second is a \$1 million block grant from the EDA’s Statewide Planning, Research, and Network program. The budget includes an ongoing augmentation of \$325 million in Federal Trust Fund authority to receive these federal grants without having to seek annual authorization to do so.

**0650 GOVERNOR'S OFFICE OF LAND USE AND CLIMATE INNOVATION (GO-LUCI); (FORMERLY THE GOVERNOR'S OFFICE OF PLANNING AND RESEARCH (OPR))**

As detailed below, the 2024 Budget Act renamed and restructured the Governor's Office of Planning and Research (OPR). The core functions previously performed by OPR will now be undertaken as the Governor's Office of Land Use and Climate Innovation (GO-LUCI). That portfolio includes 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.

The 2024 Budget includes the all of the following actions in relation to GO-LUCI:

**Departmental Reorganization.** The budget includes the following elements restructuring and renaming the Governor's Office of Planning and Research (OPR):

- Establishment of a new Governor's Office of Service and Community Engagement (GO-Serve) encompassing what is now California Volunteers, the Office of Community Partnerships and Strategic Engagement, and the Youth Empowerment Commission.
- Transfer of the Jobs First Unit from OPR to the Governor's Office of Business and Economic Development (GOBiz).
- Transfer of the Zero Emissions Vehicle Program from OPR to GOBiz.
- Transfer of the California Initiative to Advance Precision Medicine from OPR to the Health and Human Services Agency.
- Transfer of the California Initiative to Advance Precision Medicine to the Health and Human Services Agency and clarification that, within the Initiative, pandemic medicine is an intended purpose, an appropriate project subject, and something for which the Initiative may receive outside funds.
- Changing the name of the remaining elements of OPR to the Governor's Office of Land Use and Climate Innovation (GO-LUCI).

**Staff and Budgetary Augmentations Associated with Transition to Civil Service.** Unlike most other state government departments, the personnel at GO-LUCI long lacked civil servant status. In 2023, as part of its effort to evolve into a more traditional government department structurally, GO-LUCI sought and obtained legislative authority to begin a process of transitioning its staff into the civil service ranks. The budget includes a new, ongoing General Fund allocation of \$977,000 and the authority to hire six new positions to address increased administrative workload associated with this transition.

**Ongoing Funding for Information Technology Unit.** For years, GO-LUCI relied on the Governor's Office to manage its informational technology needs. GO-LUCI has expanded significantly in terms of assigned responsibilities and personnel recently. In 2023, GO-LUCI declared that the Governor's Office could no longer support GO-LUCI's information technology (IT) needs. Accordingly, GO-LUCI sought and eventually received \$5.3 million in ongoing General Fund to establish its own, internal IT unit. The budget includes a further \$3.7 million in General Fund for information technology in 2024-25 and again in 2025-26.

**Resources and Staffing to Implement Recently Enacted Legislation.**

**SB 69 (Cortese), Chapter 860, Statutes of 2023.** Among other duties, GO-LUCI serves as a clearinghouse for many of the public notices and reports required for compliance with the California Environmental Quality Act (CEQA), which establishes a system for the study, consideration, and mitigation of the impacts associated with proposed development projects in California. (Public Resources Code Section 21000 *et seq.*). SB 69 requires local agencies in charge of CEQA projects to provide public notices about the project to GO-LUCI on specified timelines. The budget includes a new, ongoing General Fund allocation of \$392,000 and hiring authority for two additional positions to implement SB 69.

**SB 149 (Caballero), Chapter 60, Statutes of 2023.** GO-LUCI plays a key role in the operation of California Environmental Quality Act (CEQA), which establishes a system for the study, consideration, and mitigation of the impacts associated with development projects proposed in California. (Public Resources Code Section 21000 *et seq.*). SB 149 streamlined the judicial process for CEQA lawsuits challenging development projects meeting specified environmental requirements and contributing critical infrastructure to the state. In addition, SB 149 extended existing CEQA judicial streamlining for certain defined “environmental leadership” projects for an additional ten years. The budget allocates \$2.3 million in General Fund annually in 2024-25, 2025-26, and 2026-27 to implement SB 149, allowing for consideration of future funding when there will be more precise information about the amount of funding required to carry out the statutory mandate.

**SB 306 (Caballero), Chapter 387, Statutes of 2023.** Among other things, SB 306 requires GO-LUCI and the Natural Resources Agency, on or before July 1, 2026, and every three years thereafter, to update the Extreme Heat Action Plan in consultation with relevant state agencies in order to promote comprehensive, coordinated, and effective state and local government action on extreme heat. The bill further requires GO-LUCI to post the Extreme Heat Action Plan and subsequent updates on its website and provide copies to the relevant fiscal and policy committees of the Legislature. The budget includes a new, ongoing General Fund allocation of \$385,000 and hiring authority for two additional positions to implement SB 306.

**Reductions to the Office of Community Partnerships and Strategic Communications (OCPSC).** OCPSC “manages the State’s highest priority community engagement and public awareness efforts.” In particular, OCPSC conducts public messaging campaigns related to COVID-19 vaccination, participation in the Census, the use of Individual Tax-Payer Identification Numbers (ITIN) to access earned-income tax credits, water conservation, and protection against the dangers of extreme heat. OCPSC’s messaging campaigns operate through partnerships with culturally and linguistically competent community-based organizations in order to ensure that the information communicated reaches all Californians effectively. The 2022 Budget Act allocated \$65 million in General Fund to OCPSC annually through 2025-26. The budget reverts \$5 million of the 2023-24 allocation back to the General Fund and reduces OCPSC’s 2024-25 and 2025-26 General Fund allocations by \$50 million in each year. The budget also includes an appropriation of \$300,000 in 2024-25 to the Office of Community Partnerships and Strategic Communications for an award to the nonprofit organization Self-Help for the Elderly, to support outreach and engagement with immigrants, limited-English proficient individuals, seniors, and people with disabilities about extreme heat, water conservation, Individual Taxpayer Identification Numbers, and mental health.

**Reductions to the California Education Learning Lab.** The California Education Learning Lab provides competitive grants to “innovative, intersegmental, faculty-led projects that leverage technology tools and the science of human learning to foster student success in online and hybrid learning environments.” The

Learning Lab had an annual General Fund allocation of around \$8 million to operate. In light of the budget shortfall, the budget cuts \$5.5 million of that amount in both 2024-25 and 2025-26.

**Reduction to the Golden State Awards.** The Golden State Awards program is designed to give monetary rewards to individuals or teams at or associated with California’s public institutions of higher education who develop innovative practices. Awards can cover any activity deemed innovative and high impact, including but not limited to programs that improve student outcomes, research on climate change, and research on low-carbon industries. The 2022 Budget Act allocated \$10 million in General Fund to the Golden State Award program. In light of the deficit, the budget reverts \$9.9 million of that amount back to the General Fund.

**Extension of Racial Equity Commission’s Framework Deadline.** The 2023 Budget Act established the Racial Equity Commission under the auspices of GO-LUCI and in accordance with Executive Order N-16-22. Under its statutory mandate, the 11-member Commission is charged with developing “resources, best practices, and tools for advancing racial equity, based upon publicly available information and data” by carrying out certain tasks. (Government Code Section 8303.3(a)). Among those tasks is the development of a statewide Racial Equity Framework to be approved by the Commission and submitted to the Governor and the Legislature by no later than April 1, 2025. The budget includes trailer bill language to extend that deadline to no later than December 1, 2025.

**Youth Empowerment Commission Staffing.** The California Youth Empowerment Commission consists of thirteen voting commissioners between 14 and 25 years of age and meeting specified requirements along with several ex-officio, nonvoting members from various geographic regions of the state. The Commission is advisory in nature, for the main purpose of providing meaningful opportunities for civic engagement to improve the quality of life for California’s disconnected and disadvantaged youth. GO-LUCI receives an annual budget allocation of \$1.5 million to staff the commission until it sunsets on January 1, 2030. (Government Code Section 8276.) The budget eliminates that allocation beginning in 2027-28 and includes corresponding placeholder budget trailer bill language.

**Reappropriate Funding for Wood Products Innovation.** The 2023 Budget Act included funding for the development of pilot programs to test the use of wood as feedstock. If any part of that allocation remained unspent and not reappropriated, it was to revert to the General Fund. The Administration asserted that \$130,000 was unspent but was needed to “allow staff to manage existing contracts in 2024-25.” The budget reappropriates this amount.

**Technical Adjustment to Align Regional Climate Resilience Program Expenditures.** \$50 million of the allocation for Regional Climate Resilience had been coded with a reference number indicating it is for local assistance when it is in fact intended for operational support. The budget transfers \$50 million between accounts to correct for this error.

**Reappropriate Adaptation Planning Grants.** Adaptation Planning Grants provide funding for communities to plan for and respond to climate risks in a variety of contexts. The 2021 Budget Act included money for this program and provided any part of that allocation remaining unspent at the end of 2023-24 would revert to the General Fund if not reappropriated. The Administration asserted that \$1.2 million was unspent but was needed to “allow staff to continue to manage grant contracts and close out activities.” The budget reappropriates up to that amount.

**0680 GOVERNOR'S OFFICE OF SERVICE AND COMMUNITY ENGAGEMENT (GO-SERVE); FORMERLY "CALIFORNIA VOLUNTEERS" WITHIN THE GOVERNOR'S OFFICE OF PLANNING AND RESEARCH (OPR)**

As detailed under Item 0650 above, the 2024 Budget Act reorganized what had been the Governor's Office of Planning and Research (OPR). As part of that reorganization, the 2024 Budget Act removed the California Volunteers program from under what had been OPR and reestablished it as a new and separate entity: the Governor's Office of Service and Community Engagement (GO-Serve). GO-Serve encompasses a variety of volunteer and stipend-based community service programs, including College Corps, Youth Job Corps, Climate Action Corps, and the state's chapter of the Americorps program.

The 2024 Budget Act includes the following actions in relation to GO-Serve:

**College Corps Funding.** The College Corps program places college students in community-based organizations to perform service related to K-12 education, climate action, and food insecurity. In exchange for completing 450 hours, the students earn \$7,000 in the form of a living allowance and a \$3,000 scholarship. The program was established in 2021 using federal funds. The 2022 Budget Act extended the program into 2024-25 and 2025-26 with a \$73 million annual state General Fund allocation. The budget includes an additional \$5 million for the program in 2024-25.

**Youth Job Corps Funding.** The Youth Job Corp program provides structured employment and related wraparound services to high-risk youth, through population-based grants to California's largest cities and competitive grants to other local jurisdictions. The program was established in 2021 as a two-and-a-half year pilot using federal funds. The 2023 Budget Act allocated \$78.1 million in ongoing state General Fund to continue the program indefinitely. The budget includes an additional \$5 million for the program in 2024-25.

**Climate Action Corps Funding Amount and Source.** The Climate Action Corps places an annual cohort of "climate action fellows" with tribal communities, nonprofits, public agencies and educational institutions where they conduct urban greening, organic waste and edible food recovery and wildfire resiliency projects in exchange for a stipend and other benefits. The program also operates a shorter, summer fellows program and facilitates climate-related voluntarism more generally. The 2023 Budget Act converted the program from a pilot phase to permanent status and committed to expanding the program from \$4.7 million in General Fund annually through 2025-26 to \$9.3 million from 2026-27 on. The budget shifts the cost of Climate Corps onto the Greenhouse Gas Reduction Fund (GGRF).

**Reductions to the California Experience Corps.** The 2022 Budget Act allocated \$10 million in General Fund to the California Volunteers program for operation of an Experience Corps grant program. The grants were intended to support stipends for older adults who volunteered to provide either one-on-one mentoring, nurturing, and support to children (Foster Grandparent) or peer-support services to older adults at risk of out-of-home placement due to chronic illness, disability, or isolation (Senior Companion). California Volunteers issued Experience Corps grants totaling \$1.2 million in 2022-23, leaving an unspent balance of \$8.8 million. In light of the deficit, the budget reverts that balance back to the General Fund.

**Reductions to the Neighbor-to-Neighbor Program.** Through a website and grant awards, the Neighbor-to-Neighbor program builds a network of community leaders willing to check in on neighbors and help educate them about disaster preparedness and climate response. In 2022, the Governor sought \$10 million in annual General Fund allocations through 2025-26 for the program. In light of the deficit, the budget reduces the



Neighbor-to-Neighbor program's 2024-25 allocation and eliminates its 2025-26 allocation, leaving \$1.5 million for the program in 2024-25 to provide for staffing to administer and closeout existing grants.

**Economic Development Budget Trailer Bills**

1. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
2. *Budget Act of 2024 – Senate Bill 108 (Wiener), Chapter 33, Statutes of 2024.*
3. *State Government – Senate Bill 164 (Committee on Budget), Chapter 41, Statutes of 2024.*
4. *State Government – Assembly Bill 179 (Committee on Budget and Fiscal Review), Chapter 997, Statutes of 2024.*

## 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).

The 2024 Budget Act includes the following in relation to BCSH:

**New General Fund Allocations to Support California Interagency Council on Homelessness Activities.** The Legislature created Cal-ICH to establish a central hub convening, connecting and coordinating the activities of programs addressing homelessness throughout state government. SB 1380 (Mitchell), Chapter 847, Statutes of 2016. Not long after the establishment of Cal-ICH, the state also tasked it with the administration of three major homelessness grant programs: the Homeless Housing Assistance and Prevention (HHAP) program; the Encampment Resolution Fund (ERF); and the Family Homelessness Challenge Grants (FHCG). The funding for each of these grant programs included set-asides for administrative overhead, but Cal-ICH came to depend on these administrative set-asides to pay for Cal-ICH's other core functions as well. The 2023 Budget Act directed Cal-ICH to begin the process of transferring administration of HHAP, ERF, and FHCG to HCD. Once this transition is over, Cal-ICH will no longer have access to the administrative set-aside it has been using to fund its core programming. To replace this funding, the budget makes new General Fund allocations of \$14.8 million in 2024-25; \$9.5 million in 2025-26; and \$7.8 million annually from 2026-27 on, to maintain 23 existing staff position and the contracts necessary to carry out Cal-ICH's core statutory functions.

### 0968 TAX CREDIT ALLOCATION COMMITTEE (TCAC)

The Tax Credit Allocation Committee (TCAC) is responsible for award of the state's Low Income Housing Tax Credits each year, among other activities.

The 2024 Budget Act includes the following in relation to TCAC:

**Additional Year of State Supplemental Low-Income Housing Tax Credits.** The Low Income Housing Tax Credit (LIHTC) program functions as a mechanism to encourage private investment in affordable housing projects. The credits can support new construction or the rehabilitation of existing properties. In either event, the developer agrees to maintain the properties at affordable rental levels in exchange for the tax credit award. By statute, California allocates a threshold amount to TCAC each year for award. (Revenue & Tax Code Section 23610.5.) The amount of the allocation is adjusted annually for inflation. In 2023, it was around \$122 million. For the past several years, California has also elected to supplement this baseline statutory state LIHTC allocation with an additional \$500 million. In keeping with this pattern, the budget includes another year of state supplemental LIHTC in the amount of \$500 million.

## 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.

The 2024 Budget Act includes the following in relation to CRD:

**Budget and Staffing Augmentations to Implement Recently Enacted Legislation.** The budget includes an ongoing allocation to the Civil Rights Department (CRD) of \$1.7 million in General Fund starting in 2024-25 and the authority to add 11 staff positions in order to implement SB 267 (Eggman), Chapter 776, Statutes of 2023 and SB 848 (Rubio), Chapter 724, Statutes of 2023. SB 267 prohibits landlords from discriminating against tenants on the basis that they pay some or all of their rent using a government rent subsidy such as a Housing Choice Voucher. The new law tasks CRD with receiving complaints of alleged violations, investigating, and, upon an appropriate finding, pursuing claims on behalf of aggrieved tenants. SB 848 requires employers with five or more employees to grant an employee's request for up to five days of unpaid leave following a miscarriage, stillbirth, unsuccessful assisted reproduction, failed adoption, or failed surrogacy. The new law tasks CRD with receiving complaints of alleged violations, investigating, and, upon an appropriate finding, pursuing claims on behalf of aggrieved workers.

**Reduction in Community Conflict Resolution and Conciliation Funding.** The Community Conflict Resolution and Conciliation at CRD provides resources and training to communities facing hate incidents or other conflict over discriminatory practices. The 2022 Budget Act directed \$889,000 in General Fund in 2022-23 and \$883,000 General Fund in 2023-24 and 2024-25 respectively for this purpose. In light of the deficit, the budget eliminates the final year of the funding for these efforts with the understanding that CRD hopes to fund these activities in 2024-25 using savings achieved in other areas.

**Shift of Department Costs from General Fund to Civil Rights Enforcement and Litigation Fund.** When CRD prevails in a case brought under the Fair Employment and Housing Act (FEHA, Government Code Section 12900 et seq.), it may sometimes be entitled to recover its court costs and attorney fees from the civil rights violator. Upon receiving awards in either of these ways, CRD deposits the money into a special fund designated for this purpose: the Civil Rights Enforcement and Litigation Fund. The statute governing the fund authorizes it to be used to "offset the costs of the department" upon appropriation by the Legislature in the annual Budget Act. (Government Code Section 12907(c).) The budget appropriates \$10 million from the balance in the Fund to help pay for CRD operations.

**Expenses Associated with Relocation to May Lee Office Complex.** In 2018, the state undertook an initiative to construct a new, state-of-the-art office complex on Richards Boulevard north of downtown Sacramento. This facility, known at the May Lee Office Complex, is now ready for CRD's occupation. CRD plans to move its headquarters there in July 2024. The budget includes \$1.2 million from the General Fund to cover expenses associated this relocation.

## 2240 HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT (HCD)

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.

The 2024 Budget Act includes the following in relation to HCD:

**Homeless Housing Assistance and Prevention (HHAP) Round 6 Funding and Related Statutory Framework.** HHAP provides large cities, counties, continuums of care, and tribal entities with formula-based funding through which they can address homelessness using a broad variety of strategies and services. HHAP first emerged in 2019 as a new incarnation of the Homeless Emergency Aid Program (HEAP) program. Since that time, there have been five rounds of HHAP and a cumulative total of \$3.97 billion in funding. The budget includes \$1 billion for a sixth round of HHAP as well as trailer bill language that:

- Provides the framework for distribution, use, and oversight of the Round 6 funding.
- Enhances program oversight through the transfer of management authority from Cal-ICH to HCD.
- Empowers the recently formed Housing and Homelessness Accountability, Results, and Partnership (HHARP) Unit at HCD to monitor HHAP grantee's expenditures, track outcomes, work with underperforming grantees on corrective action plans, and enforce compliance.
- Increases the threshold for satisfactory improvement on system performance measures which, if unmet, triggers corrective action.
- Incentivizes urgent deployment of resources by requiring compliance with specified expenditure obligation and spending benchmarks as a prerequisite for disbursement of Round 6 funding.
- Requires housing element compliance as a precondition for cities and counties to receive the second half of their Round 6 HHAP awards.
- Increases the tribal HHAP set aside from two to three percent.
- Clarifies that tribal entities are eligible to apply for supplemental Homekey funding under HHAP.
- Prioritizes homelessness prevention, permanent housing, and operational support for existing interim housing over uses of HHAP funds that do not directly provide housing.
- Maintains HHAP Round 5 requirements that recipients apply as a region and adhere to their regionally coordinated homelessness plans with specific roles and responsibilities assigned to each party as memorialized in the form of a Memorandum of Understanding approved by each respective governing body.
- Includes additional and more frequent reporting requirements.

**Supplemental Homeless Housing Assistance and Prevention (HHAP) Round 5 Funds Dispensation.** Rounds 3 and 4 of HHAP originally included \$360 million in “bonus” funding (\$180 million for each round). This bonus money was actually just money taken out of the initial HHAP allocation and held in reserve. Later, when performance data became available, those recipients who achieved specified homelessness reduction and prevention goals would receive a share of the bonus money while recipients who did not hit their targets would not. The idea was to provide a financial incentive for recipients to perform well. In practice, however, the bonus funding concept proved problematic. With these drawbacks in mind, the 2023 Budget Act revised how the \$360 million in HHAP Round 3 and 4 bonus money was to be handled. Specifically, the 2023 Budget Act directed Cal-ICH/HCD to distribute \$100 million of the Round 3 and 4 bonus money together with the initial HHAP distribution, thus deploying this money more quickly. The 2023 Budget Act then directed Cal-ICH/HCD to disburse the remaining \$260 million in HHAP Round 3 and 4 bonus money beginning in 2024-25. The budget reverts the \$260 million back into the General Fund in connection with an allocation of \$1 billion for a sixth round of HHAP.

**Reversion of Administrative Savings from State Homelessness Programs.** Each allocation to the Homeless Housing Assistance and Prevention (HHAP) program, the Encampment Resolution Fund (ERF), and the Homeless Family Challenge Grants (HFCHG) has included a set-aside for state administration of the program. Until recently, the California Interagency Council on Homelessness (Cal-ICH) has undertaken this administration. The 2023 Budget Act initiated a year long process of transferring administration of these programs to the HCD. In many instances, Cal-ICH did not utilize the full amount of its administrative set-aside to operate the program. In order to help address the deficit, the budget redirects a total of \$149 million from these administrative savings back to the General Fund.

**ERF Resources and Additional Reporting Requirements.** ERF provides grant funding to local entities on a competitive basis for the purpose of addressing specific homeless encampment sites within their jurisdictions. As part of the process of removing the targeted encampments, ERF grant recipients are supposed to transition encampment residents to alternative housing. The budget allocates an additional \$150 million in General Fund for ERF awards and includes trailer bill language mandating further oversight and outcome reporting requirements for the program.

**Transition of Homelessness-Related Grant Administration from the California Interagency Council on Homelessness to the Housing and Community Development Department and Related Staffing Increase Request.** The 2023 Budget Act directed Cal-ICH to begin the process of transferring administration of three major homelessness grant programs: HHAP program; ERF; and the Family Homelessness Challenge Grants (FHCG) to HCD. AB 129 (Ting), Chapter 40, Statutes of 2023. In order to complete this transition, the budget transfers 22 existing positions from Cal-ICH to HCD. This is the core Cal-ICH staff that has operated the HHAP, ERF, and FHCG grant programs. The budget also adds 17 more staff to help carry out HHAP grant operations and to build out the Governor’s proposed Housing and Homelessness Accountability and Results Partnership Unit (HHARP), an expansion of the existing Housing Accountability Unit. The budget further includes trailer bill language to reflect the transition and provide other technical, non-substantive clean-up.

**Reductions to the Multifamily Housing Grant Program (MHP).** MHP is HCD’s flagship affordable housing program. Under MHP, HCD provides low-interest, long-term deferred payment loans on a competitive basis to applicants proposing projects consisting of new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households. Until 2022-23,

MHP was funded through the 2018 housing bond, which provided \$277.3 million annually to the program but recent budgets have further augmented MHP resources with General Fund. The 2023 Budget Act contained such a General Fund augmentation for MHP in the amount of \$325 million. In light of the deficit, the budget pulls back \$10 million of this funding.

**Reductions to the Infill Infrastructure Grant (IIG) Program.** The IIG program provides competitive grants to help fund the installation of infrastructure necessary for the construction of high-density affordable and mixed-income housing in locations designated as infill. Thus, IIG does not necessarily fund the production of housing units directly. Rather it provides the necessary funding to enable infill housing projects that might not be financially viable otherwise. Prior to 2019, IIG was primarily bond-funded. Since 2019, the state has augmented the IIG program with one-time General Fund allocations. Most recently, the 2023-24 Budget Act provided \$225 million to the program. In light of the budget deficit, the budget reverts all \$225 million back to the General Fund as well as an additional \$10 million left over from the 2022-23 budget.

**Reductions to the Regional Early Action Planning Grants (REAP) 2.0.** Distributed through regional government entities, REAP 2.0 funds planning and implementation projects such as the installation of communal infrastructure and the construction of residential complexes. It is intended to facilitate the creation of infill housing, reduce vehicle miles traveled, and affirmatively further fair housing consistent with regional and local plans. The 2021 Budget Act allocated \$600 million to REAP 2.0. In light of the deficit, the budget includes a \$40 million cut to REAP 2.0 and conforming budget trailer bill language.

**Reductions to the CalHome Program.** As described by HCD, the CalHome program “supports homeownership programs aimed at low and very low-income households, and in the case of a disaster, households at or below moderate income, and operated by private nonprofit and local government agencies, to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize use of existing homes.” The 2022 Budget Act authorized \$250 million in General Fund for CalHome in 2022-23. Another \$50 million went to the program under the 2023 Budget Act. In light of continued budgetary challenges, the budget reduces \$152.5 million from those allocations.

**Reductions to the Veterans Housing & Homelessness Prevention Program (VHHP).** VHHP provides “long-term loans for the acquisition, construction, rehabilitation, and preservation of affordable multifamily housing for veterans and their families to allow veterans to access and maintain housing stability.” Though VHHP was historically funded through bonds, the 2022 Budget Act included General Fund augmentations of \$50 million for VHHP in both 2022-23 and again in 2023-24. In light of the deficit, the budget pulls back the \$50 million 2023-24 allocation and reverts an additional \$26.3 million left unspent from the 2022-23 funds as well.

**Reductions to the Foreclosure Intervention & Housing Preservation Program (FIHPP).** SB 1079 (Skinner), Chapter 202, Statutes of 2020, created a procedural mechanism within California’s non-judicial foreclosure system that enables prospective owner-occupants, current tenants, public entities, and specified non-profit housing organizations to acquire residential property by meeting or exceeding the winning foreclosure auction bid. FIHPP is designed to provide a pool of money that qualified non-profit housing entities can use to make purchases using the SB 1079 mechanism. The non-profit organizations must then operate the property as affordable housing for at least 55 years. The 2021 Budget Act directed \$500 million to FIHPP and HCD began the process of building the necessary systems to administer it. In the face of budget shortfalls, however, the 2023 Budget Act included reductions and

delays allocating \$82.5 million to FIHPP in 2023-24, \$85 million in 2024-25, \$100 million in 2025-26, and \$62.5 million in 2026-27. Given continued budgetary challenges, the budget eliminates those future commitments to FIHPP and reverts the remaining \$237.5 million balance less \$1 million spent on program administration already.

**Cuts to the Adaptive Reuse Program.** The Adaptive Reuse Program is a variation of the Infill Infrastructure Grant program also known as IIG-Catalytic. The program funds projects that facilitate conversion of properties to residential use, such as a former office building being transformed into housing. The 2022 Budget Act included \$400 million for the Adaptive Reuse Program. Of that original amount, \$127.5 million remains unallocated. In light of the deficit, the budget reverts that amount back to the General Fund.

**Staffing Increases for Implementation and Administration of the Behavioral Health Infrastructure Bond Act (Proposition 1 of 2024).** In March 2024, California voters approved Proposition 1 by a narrow margin. The proposition consisted of two components: the Behavioral Health Services Act and BHIBA. The BHIBA portion is a \$6.38 billion general obligation bond from which the proceeds will go toward funding for development of a variety of behavioral health treatment, residential care settings, and supportive housing. The intent is to provide appropriate care facilities for Californians experiencing mental health conditions and substance use disorders, a significant fraction of whom are currently unhoused. The budget includes authority to hire the necessary administrative personnel at HCD to administer the resources made available through BHIBA, funded through the bond proceeds. The budget also includes trailer bill language capping the use of bond proceeds for administrative purposes at three percent.

**Additional Staffing to Administer Federally-Funded Programs.** One of HCD's key functions is to operate as the state-level manager of a variety of federally-funded housing programs, including the HOME Project. HCD has a special unit dedicated to administering these programs called Division of Federal Financial Assistance (DFFA). The budget includes authority to hire 10 additional staff in the DFFA unit to address workload challenges. All of the new positions will be funded through the federal programs that DFFA administers. T

**Additional Staffing for Administration of the Permanent Local Housing Allocation Program (PLHA).** SB 2 (Atkins), Chapter 364, Statutes of 2017 imposed a \$75 fee on the recording of certain real estate documents and directed the proceeds into a new Building Homes and Jobs Trust Fund. Thirty percent of the funding goes in state affordable housing production financing programs. The remaining 70 percent supports the PLHA. Most of the PLHA portion of the fund (93 percent) goes to local jurisdictions based on a population-based formula. HCD awards the other seven percent of PLHA as competitive grants to non-entitlement jurisdictions. To help manage the workload from the resulting contracts, the budget includes authority to add four staff positions in 2024-25 and ongoing, paid for out of the Building Homes and Jobs Trust Fund, to monitor the Permanent Local Housing Allocation (PLHA) Program, disburse funds, and report on affordable owner-occupied workforce housing outcomes.

**Encumbrance Deadline Extensions for Homekey 2.0 and Regional Early Action Planning Grants 2.0.** Homekey 2.0 funds state, regional, and local public entities to develop a "broad range of housing types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, manufactured housing, and to convert commercial properties and other existing buildings to permanent or interim housing for the target population." Awardees had until

June 30, 2024 to encumber all of the funding allotted to them under the program. The budget extends this period through June 30, 2026 in order “to allow grantees sufficient time” to meet the program’s expenditure requirements. The Regional Early Action Planning 2.0 (REAP 2.0) grant program provides funding to regional planning entities for housing and transportation-related planning and development projects that are consistent with the region’s sustainable growth plans. The recipient’s encumbrance deadline did not match with the date in the statute. To fix the problem, the budget extends the encumbrance deadline from June 30, 2024, to June 30, 2026.

**Budget Augmentations, Staffing Increases, and Encumbrance Extensions Associated with Federally Funded Housing Programs.** Under the Community Development Block Grant – Disaster Recovery program the federal Housing and Urban Development Department (HUD) provides flexible grants to help cities, counties, and states recover from Presidentially declared disasters. The Governor’s 2024-25 May Revision requested hiring authority for two additional position and an augmentation of \$24.4 million in 2024-25 to enable HCD to implement and award funds from the program that will go to Plumas County to assist in wildfire recovery efforts. The request further asked for the encumbrance period for these funds to be extended through January 16, 2030, and for permission to transfer some of these funds to state operations. The Federal HOME Investment Partnerships Program – American Rescue Program funds developers, non-profit service providers, and Tribal Entities to assist qualified populations including individuals and families who are experiencing or at risk of experiencing homelessness and other vulnerable populations by providing affordable housing and/or supportive services. The budget includes hiring authority for two additional position and an augmentation of \$4 million in 2024-25 to enable HCD to administer the program in California. The budget also extends the encumbrance period for these funds through September 30, 2030, and allows for the transfer of some of these funds to state operations.

**Staff and Budgetary Augmentations to Implement Recently Enacted Legislation.** The budget includes the following staffing and budgetary increases in order to implement housing-related statutes enacted into law in 2023:

- *AB 434 (Grayson), Chapter 740, Statutes of 2023* - Adds specified housing laws to the list of laws that HCD is required to enforce.
  - \$1.1 million in annual General Fund starting in 2024-25.
  - Hiring authority for five additional positions starting in 2024-25.
- *AB 519 (Schiavo), Chapter 743, Statutes of 2023* - Creates an Affordable Housing Finance Workgroup to propose the creation of a consolidated application for affordable housing developers to access state housing funding programs and a coordinated review process for the application.
  - \$1.5 million in 2024-25 and 2025-26 General Fund; \$774,000 in 2026-27 General Fund.
- *AB 529 (Gabriel), Chapter 743, Statutes of 2023* - Allows HCD to propose revisions and clarifications to the California Building Standards Code pertaining to adaptive reuse to the California Buildings Standards Commission (BSC) and makes other changes to state law related to adaptive reuse projects.
  - \$422,000 in annual General Fund starting in 2024-25.
  - Hiring authority for two additional positions beginning in 2024-25.



- *AB 1386 (Gabriel), Chapter 760, Statutes of 2023* - Authorizes entities referring veterans to housing units funded by the Veterans Housing and Homelessness Prevention Program (VHHP) or certain housing units supported by project-based housing vouchers to refer veterans at higher income levels if units are unable to be filled, as specified.
  - Hiring authority for one additional position in 2024-25 and ongoing.
- *AB 1490 (Lee), Chapter 764, Statutes of 2023* - Authorizes an extremely affordable adaptive reuse housing development project to be an allowable use, regardless of the general plan, specific plan, zoning ordinance or regulation, as specified.
  - \$195,000 in annual General Fund starting in 2024-25.
  - Hiring authority for one additional position beginning in 2024-25.
- *AB 1508 (Ramos), Chapter 765, Statutes of 2023* - Requires HCD to incorporate analyses of first-time homebuyer assistance programs, recommendations to increase homeownership opportunities for first-time homebuyers, and a demographic disparities in homeownership attainment in future updates to the Statewide Housing Plan (SHP).
  - \$212,000 in annual General Fund beginning in 2024-25.
  - Hiring authority for one additional position in 2024-25 and ongoing.
- *AB 1633 (Ting), Chapter 768, Statutes of 2023* - Provides that a disapproval under the Housing Accountability Act (HAA) includes a local agency's failure to make a determination of whether a project is exempt from the California Environmental Quality Act (CEQA), abuse of discretion, or failure to adopt certain environmental documents under specified circumstances, and makes several other changes.
  - \$474,000 in annual General Fund beginning in 2024-25.
  - Hiring authority for two additional positions beginning in 2024-25.
- *SB 555 (Wahab), Chapter 402, Statutes of 2023* - Creates the Stable Affordable Housing Act of 2023 for the purposes of studying the development of social housing through a mix of acquisition and new production.
  - \$712,000 in General Fund in 2024-25 and 2025-26; \$227,000 annually from 2026-27 on.
- *SB 745 (Cortese), Chapter 884, Statutes of 2023* - Requires the California Building Standards Commission (BSC) and HCD to develop and propose new mandatory building standards related to water efficiency.
  - \$579,000 in General Fund in 2024-25; \$179,000 in annual General Fund beginning in 2025-26.
  - Hiring authority for one additional position beginning in 2024-25.
- In addition, HCD requested \$1.15 million in annual General Fund and hiring authority for an additional eight positions starting in 2024-25 to provide the general administrative support staffing associated with the implementation of the nine pieces of enacted legislation described above.

**Miscellaneous housing and homelessness allocations.** The budget also:

- Allocates \$575,000 in 2024-25 General Fund to Homes 4 Families for a veterans housing program.
- Provides \$2 million in 2024-25 General Fund to the City of Santa Cruz for one-time, temporary operational support of an emergency homeless shelter, tent camp, and safe parking site from July 1, 2024 through June 30, 2025, when greater receipts from the recently enacted local sales tax will be available for this purpose.
- Allocates \$1 million in 2024-25 General Fund for project review and community engagement related to development of an affordable housing, mixed-income, small business support, and worker-training project at an Employment Development Department surplus property in Los Angeles.

## **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.

The 2024 Budget Act includes all of the following in relation to CalHFA:

**California Dream for All Program Assessment and Future Design.** The California Dream for All program is designed to help low- and moderate-income Californians achieve homeownership for the first time, opening up a key path to building intergenerational wealth. The program offers shared-appreciation loans to eligible first-time, first generation homebuyers so that they can make a 20 percent down payment toward the purchase of their new home. Reaching this down payment threshold unlocks financial benefits for the homebuyers in reduced interest and mortgage insurance payments. Later, when the program participants go to sell their home, the California Dream for All program receives back the money it contributed to the down payment, plus 20 percent of any accrued value in the home, or 15 percent in the case of lower-income households. These amounts then return to the pool of funds that the program can use to assist still more first-time California homebuyers. In this way, the program is intended to be financially self-sustaining. Although the Dream for All program has shown promise, current budget constraints mean it is unlikely that additional General Fund resources will be available in the near term to restock the Dream for All loan pool. One possible solution to this problem involves opening up the program to outside entities. To explore this possibility, the budget includes trailer bill language instructing CalHFA to conduct an evaluation of the current program and develop options for the future design of the program.

### **Housing and Homelessness Budget Bills**

1. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
2. *Budget Acts of 2024 – Senate Bill 108 (Wiener), Chapter 96, Statutes of 2024.*
3. *Housing – Assembly Bill 166 (Committee on Budget), Chapter 48, Statutes of 2024.*

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

Senate Committee on Budget and Fiscal Review

*Members*

Aisha Wahab, Chair  
Maria Elena Durazo  
Josh Newman  
Kelly Seyarto

*Consultants*

Dr. Nora Brackbill  
Dr. 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 billion General Fund and \$2 billion other funds) in 2024-25 for the Judicial Branch, of which \$2.9 billion is provided to support trial court operations.

**Infrastructure, Facilities, and Maintenance.** The budget includes the following resources for courthouse facilities and maintenance:

- *Court of Appeal: New Sixth Appellate District Courthouse.* The budget includes \$89.5 million lease revenue bond authority for the design-build phase of the New Sixth Appellate District Courthouse in Santa Clara County. The project includes the demolition of an existing building and the construction of a new courthouse on a state-owned site, to replace the appellate court's current leased facility. The estimated total project cost is \$92.3 million.
- *Trial Courts Facility Operations and Maintenance.* The budget includes \$3.6 million ongoing General Fund for maintenance of the Stanislaus–New Modesto Courthouse opening in 2024-25.
- *State Court Facilities Construction Fund Backfill.* The budget includes \$40 million in 2024-25 and \$89 million ongoing General Fund backfill for the State Court Facilities Construction Fund.
- *Extension of Liquidation for Deferred Maintenance Projects.* The budget includes provisional language to extend the liquidation period of \$1.6 million General Fund provided in the 2018 Budget Act, and \$6.6 million General Fund provided in the 2019 Budget Act, to June 30, 2025, for the Hayward Hall of Justice and Foltz Criminal Justice Center, due to unforeseen challenges during construction, scope revisions, and extended delays in required inspections by the State Fire Marshal.
- *Sonoma County: New Santa Rosa Criminal Courthouse Supplemental Appropriation.* The budget includes \$11.5 million one-time additional lease revenue bond authority for the construction phase of a new criminal courthouse in Santa Rosa. The funding is needed to address costs due to construction delays and design issues. The total project cost is \$226.9 million, and the courthouse is expected to be completed by March 2025.
- *El Centro Courthouse Reappropriation.* The budget reappropriates \$1.8 million in funding for construction of the El Centro Courthouse in Imperial County.

**Remote Hearings for Civil and Criminal Proceedings.** The budget includes statutory changes to extend specified remote court proceedings for civil, juvenile, and criminal matters until January 1, 2027, and makes other related changes, including:

- Extending minimum technology standards to criminal proceedings and specifying that court reporters shall be able to unmute themselves to communicate with the judicial officer.

- Requiring courts to provide the following to the Judicial Council by October 1, 2025, and the Judicial Council to report to the Legislature by December 31, 2025:
  - Specified data related to criminal remote proceedings, which courts are already required to report annually for civil and juvenile remote proceedings.
  - Certification that each courtroom where remote proceedings are being conducted meets the statutory minimum standards for courtroom technology.
- Reappropriates \$5.1 million from 2023-24 to 2024-25 to implement AB 716 (Bennett), Chapter 526, Statutes of 2021, related to remote access to court proceedings.

**Community Assistance, Recovery, and Empowerment (CARE) Act.** The budget includes the following adjustments to funding for the CARE Act, pursuant to SB 1338 (Umberg), Chapter 319, Statutes of 2022:

- Reverts \$17.6 million in 2023-24 due to savings from CARE Act implementation.
- Adjusts ongoing funding for the implementation of the program, resulting in savings of \$59.1 million in 2024 and \$78.2 million in 2025-26 and ongoing.
- Includes provisional language updating the number of counties eligible to receive grants for legal representation in CARE Act proceedings, allowing for the State Bar to contract for public defender services in a county that does not have a public defender office, and allowing the Office of the State Public Defender to provide legal training and technical assistance if no other qualified organizations have applied.

**Trial Court Trust Fund.** The budget includes the following adjustments related to the Trial Court Trust Fund:

- *Trial Court Trust Fund Unrestricted Fund Balance.* The budget includes a transfer of \$100 million from the Trial Court Trust Fund unrestricted fund balance to the General Fund.
- *Trial Court Emergency Fund.* The budget transfers \$5 million from the Trial Court Trust Fund emergency fund to the General Fund. The budget package also includes statutory changes to reduce the amount the Judicial Council is required to hold in reserve for emergencies from \$10 million to \$5 million, and to specify that the Judicial Council does not have to submit a report on the emergency fund if there are no requests.
- *Trial Court Trust Fund Backfill Adjustment.* The budget includes \$37.3 million ongoing General Fund for the Trial Court Trust Fund, to backfill expected revenue declines.

**Ongoing Reduction to Trial Court Operations.** The budget includes a reduction of \$97 million ongoing for trial court operations, consistent with the 7.95 percent statewide reduction to state operations. The statewide reductions apply to the state-level judiciary, which includes the Supreme Court, Courts of Appeal, Habeas Corpus Resource Center, and the Judicial Council.

**Court-Based Firearm Relinquishment Grant.** The budget includes a reversion of \$9.2 million for court-based firearm relinquishment, bringing the total amount provided for this program from \$40 million to \$31.8 million one-time General Fund. This maintains \$9.4 million for the Judicial Council to award a third round of grants and provide an evaluation of the program, in addition to \$22.4 million that has already been spent. This funding is available for expenditure until December 31, 2026, and the program evaluation is due by September 30, 2026.

**Court-Based Self Help Centers.** The budget includes \$19.1 million General Fund each year for three years for court-based self-help centers. This maintains the current level of funding for self-help centers at \$30 million. This funding was extended on a limited-term basis in 2018-19 and 2021-22.

**Court Interpreter Grant.** The budget maintains \$6.8 million for the Workforce Pilot Program approved in the 2023-24 Budget Act, and reverts the remaining \$20.4 million of the one-time funding for court interpreter grants that was originally provided in 2021.

**Court Reporters in Civil and Family Law Grant.** The budget maintains \$30 million ongoing funding provided to expand the number of court reporters in civil and family law cases, and reverts \$16 million in unspent funding from 2023-24.

**Implementation of Piqui's Law: Keeping Children Safe from Family Violence Act.** The budget includes four positions and \$1.1 million General Fund ongoing and \$150,000 Family Law Trust Fund in 2024-25 and \$210,000 Family Law Trust Fund in 2025-26 to implement the requirements of Piqui's Law: Keeping Children Safe from Family Violence Act pursuant to SB 331 (Rubio), Chapter 865, Statutes of 2023.

**Statutory Statewide External Audit Program.** The budget includes \$1.3 million Trial Court Trust Fund in 2024-25, increasing to \$1.5 million Trial Court Trust Fund in 2028-29 and annually thereafter to support independent, external audits of the trial courts as required by Section 77206 of the Government Code.

**Allocation for Employee Compensation and Staff Benefits.** The budget includes \$15 million General Fund in 2023-24 and 2024-25 to reflect the revised employee compensation adjustment for judges and justices.

**Judicial Council Operational Savings.** The budget includes a reduction of \$5 million in 2023-24 reflecting savings from Judicial Council operations.

**Trial Court Employee Benefit Adjustment.** The budget includes \$36.6 million ongoing General Fund to reflect the updated health benefit and retirement rate changes for trial court employees.

**County Law Libraries Meeting Frequency.** The budget includes statutory changes to allow county law libraries to meet quarterly, instead of monthly.

**Habeas Corpus Resource Center (HCRC).** The budget includes statutory changes to allow the HCRC to provide continuing representation to individuals who are sentenced to life without the possibility of parole if they were previously sentenced to death, and allows this representation to help train attorneys to represent individuals in capital cases, until July 1, 2029.

**Equal Access Fund.** The budget appropriates an additional \$100,000 from the General Fund to the Equal Access Fund.

## **0390 JUDGES RETIREMENT SYSTEM**

**Reappropriation of *Mallano* Judgement Funding.** The budget includes a reappropriation of \$65,000 General Fund to allow CalPERS to continue making payments for the post judgment award in *Robert M. Mallano, Individually, and Behalf of a Class of Similarly Situated Persons v. John Chiang*, Controller of the State of California (Superior Court of California, County of Los Angeles, Case No. BC-533770).

### **Courts Budget Trailer Bills**

1. *Courts – Assembly Bill 170 (Committee on Budget), Chapter 51, Statutes of 2024.*
2. *Budget Acts of 2022 and 2023 – Assembly Bill 106 (Gabriel), Chapter 9, Statutes of 2024.*
3. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
4. *Budget Act of 2024 – Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024.*
5. *Budget Act of 2023 – Senate Bill 109 (Wiener), Chapter 36, Statutes of 2024.*
6. *Budget Act of 2024 – Assembly Bill 157 (Gabriel), Chapter 994, Statutes of 2024.*



# CORRECTIONS AND REHABILITATION

## 0552 OFFICE OF THE INSPECTOR GENERAL

The budget includes total funding of \$51.4 million General Fund for the Office of the Inspector General.

**Medical Inspection Unit Reduction.** The budget includes a reduction of \$1.9 million General Fund in 2024-25 and \$3.9 million in 2025-26 and ongoing for the Medical Inspection Unit. This funding was originally provided in the 2022 Budget Act to support medical inspections and inspection reports on a more frequent basis. The intent of the reduction is to decrease the frequency of medical inspections for delegated prisons, while maintaining a shortened period for non-delegated prisons that are under the control of the Federal Receiver. There are ten prisons that have not been delegated back to the state.

## 5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION (CDCR)

The budget includes total funding of \$14.3 billion (\$13.9 billion General Fund and \$380.4 million other funds) and 60,384 positions for CDCR in 2024-25. The budget assumes an estimated prison population of 90,860 and parolee population of 35,587 in 2024-25.

**Deactivated Facilities.** The budget includes the following adjustments related to deactivated facilities due to the declining prison population:

- *Closure of Chuckawalla Valley State Prison.* Reduction of \$77.6 million (\$77.2 million General Fund) and 436.1 positions in 2024-25 and \$132.3 million (131.6 million General Fund) and 743.2 positions in 2025-26 and ongoing reflecting the closure of Chuckawalla Valley State Prison, which was moved from March 2025 to November 2024.
- *Remove References to Closed Prisons.* Statutory changes to delete obsolete references to closed prisons and make other conforming changes.
- *Administrative Reduction for Prison Closures.* Reduction of \$9.6 million General Fund and 57 positions in 2024-25 and \$11.1 million and 65 positions in 2025-26 and ongoing to reflect administrative workload decreases due to prison closures.
- *Housing Unit Deactivations.* Reduction of \$81.9 million General Fund reflecting the deactivation of 42 housing units across 11 prisons, totaling approximately 4,700 beds.
- *Deactivated Facility Maintenance.* Reduction of \$5 million ongoing General Fund for maintenance of deactivated prisons and juvenile facilities, and provisional language directing CDCR to report on the status of deactivated facilities and the projected timelines for declaring them as surplus properties.
- *Deuel Vocational Institution Excess Appropriation Authority.* Reduction in excess appropriation authority of \$11.9 million in 2023-24 related to the closed Deuel Vocational Institution.

- *Division of Juvenile Justice Facility Maintenance.* Reduction of \$909,000 General Fund provided to maintain closed Division of Juvenile Justice facilities. \$1.7 million was provided for this purpose in 2023-24.

**Facilities and Infrastructure.** The budget includes the following adjustments related to facilities and infrastructure:

- *California Health Care Facility, Stockton: Potable Water Treatment System.* \$959,000 General Fund for a potable water treatment system project at the California Health Care Facility in Stockton.
- *Statewide Correctional Video Surveillance Delay.* Delayed installation of five fixed camera projects costing \$27.2 million General Fund from 2023-24 to 2025-26 and 2026-27, and a reduction of \$882,000 ongoing General Fund and five positions. The budget maintains \$50.4 million General Fund in 2023-24 and associated ongoing resources to implement five other projects.
- *Cancel Managed Access System Expansion.* Reversion of \$8.5 million General Fund in 2022-23 and \$15.3 million General Fund in 2023-24 to cancel the Managed Access System Expansion due to the inefficiency of the intervention, potential for high ongoing costs due to evolving technology, and decreased risk of contraband phones due to the tablet program.
- *CDCR Headquarters Lease Reduction.* Reduction of \$8.5 million General Fund in 2025-26 and ongoing related to CDCR's headquarters lease. CDCR plans to discontinue its lease on 1515 L Street in Sacramento and consolidate offices in various other locations.
- *San Quentin Lease Revenue Bond Authority.* Reduction in bond authority in 2023-24 from \$360.6 million to \$239 million to reflect the project cost, and reappropriation of \$12 million from 2023-24 for various capital outlay projects at San Quentin.

**Reentry Programs.** The budget includes the following resources related to community-based reentry programs:

- *Contract Rates and Inflationary Adjustments.* The budget includes funding to increase contract rates and add annual inflationary adjustments for in-custody community reentry centers and post-release reentry programs to reflect increased costs and inflation, including:
  - \$11.4 million General Fund in 2024-25 growing to \$15.9 million in 2028-29 to increase the contract rates for community reentry centers with contracts expiring in 2024-25.
  - \$2.3 million General Fund in 2024-25 growing to \$3.4 million in 2028-29 for parole reentry contracts that recently expired or will expire in 2024-25.
- *Modifications to Pre-Release Reentry Funding.* The budget includes the realignment of \$102.8 million in reentry expansion funding, originally provided in the 2022 Budget Act, from a separate budget item to the main budget item for reentry centers. CDCR has executed contracts with four providers to add a total of 439 additional beds, and new facilities are slated to come online from October 2024 through January 2026. CDCR has also increased bed capacity for existing reentry

centers, bringing the total number of reentry beds for existing facilities to 1,269 beds. Once full expansion is achieved, CDCR will operate a total of 1,708 reentry beds.

- *Sex Offender Management Program Contract Services.* The budget includes \$26 million General Fund each year for four years (2024-25 through 2027-28) for renegotiated contracts with various sex offender rehabilitation service providers. These contract services are provided to paroled sex offenders who participate in such programs for at least one year upon their release.
- *Specialized Treatment for Optimized Programming (STOP) Medi-Cal Billing.* The budget includes provisional language requiring CDCR to develop a plan to leverage Medi-Cal, where possible, for STOP services. The language also requires CDCR to report on specified data related to STOP by February 1, 2025.

**Health Care.** The budget includes \$4 billion General Fund for health care programs at CDCR. The budget includes the following adjustments:

- *COVID-19 Mitigation Efforts.* The budget reverts \$38.8 million General Fund in 2023-24 and reappropriates \$24.3 million General Fund from 2023-24 to 2024-25 intended for COVID-19 prevention, mitigation, and response activities at CDCR that was unspent, and contains provisional language allowing the Department of Finance to reduce this amount.
- *Employee Health Program Reduction.* The budget includes a reduction of 38 positions and \$7.1 million General Fund in 2024-25 and ongoing for the Employee Health Program. The budget maintains \$7.4 million ongoing for this program.
- *Medical Program Shortfall.* The budget includes \$20 million one-time General Fund to address increased personnel and operational costs within the medical budget.
- *Contract Medical Costs.* The budget includes \$38.5 million General Fund ongoing, a reduction of \$12.1 million reimbursement authority, and a change in methodology to address a structural deficit in funding for contract medical services.
- *California Advancing and Innovating Medi-Cal (CalAIM) Justice-Involved Initiative.* The budget includes seven permanent information technology positions and reimbursement authority of \$16.5 million one-time from Providing Access and Transforming Health one-time funds in 2024-25 to create a Medi-Cal Reimbursement System to support implementation of the CalAIM Justice-Involved Initiative. The budget also includes provisional language to adjust this amount, and requiring CDCR to report on plans for establishing statewide in-reach efforts by April 1, 2025.
- *Pharmaceuticals.* The budget includes a reduction of \$15.4 million General Fund annually for three years for pharmaceutical expenses related to a new contract, bringing the total pharmaceutical budget to \$235.5 million. The budget also includes provisional language allowing the Department of Finance to adjust the budget based on actual funding received through rebates, subject to legislative notification.
- *Provisional Language.* The budget includes provisional language requiring CDCR to work in collaboration with other state agencies, community-based service providers, and other

stakeholders to develop a report by March 1, 2026, focused on alternatives to incarceration for individuals who are advanced in age, disabled, or have significant medical needs.

**Release Clothing and Transportation.** The budget includes \$1.8 million General Fund in 2024-25 for CDCR to provide transportation and clothing to individuals being released from state prison.

**Rehabilitative Investment Grants for Healing and Transformation (RIGHT 2.0).** The budget includes \$2.2 million one-time General Fund for the RIGHT 2.0 Program, which supports the delivery of trauma-informed, rehabilitative, and/or restorative justice programming in-prison by community-based nonprofit organizations.

**Hope and Redemption Program.** The budget includes \$4 million in 2024-25 and \$4 million in 2025-26 to continue the Hope and Redemption Team Program in 2024-25 and 2025-26, which provides in-prison programming led by formerly incarcerated individuals.

**Sexual Assault Behind Bars Working Group.** The budget includes \$100,000 for CDCR and \$400,000 for the Sister Warriors Freedom Coalition General Fund in 2024-25 to continue the Sexual Assault Response and Prevention working group and ambassador program.

**Los Angeles Fire County Fire Camp.** The budget includes a reduction of \$4.8 million General Fund starting in 2025-26 and ongoing that reflects a reevaluation of the fire suppression services contract with Los Angeles County.

**Free Voice Calling.** The budget includes an additional \$7.4 million one-time in 2023-24 and \$8.2 million ongoing, resulting in a total of \$32.3 million General Fund ongoing to implement SB 1008 (Becker), Chapter 827, Statutes of 2022, and provide free voice calling to incarcerated individuals.

**Baseline Reduction.** The budget includes a \$15 million General Fund ongoing baseline reduction for CDCR. The budget also assumes a \$392 million ongoing General Fund reduction for CDCR associated with statewide reductions to state operations and elimination of vacant positions. The budget includes provisional intent language protecting funding for rehabilitative and reentry programming and programs related to family connection.

**Community Corrections Performance Incentive Program.** The budget appropriates \$116.1 million General Fund for the Community Corrections Performance Incentive Program, established by SB 678 (Leno), Chapter 608, Statutes of 2009, to be distributed in the same proportions to county probation departments as the previous fiscal year. The budget also includes language stating the intent of the Legislature to review the allocation methodology and ensure the program is meeting the goal of providing sustainable funding for improved, evidence-based probation supervision practices and capacities that will improve public safety outcomes.

**Increased Attorney Fees for Board of Parole Hearings.** The budget includes \$2.1 million General Fund in 2024-25 and ongoing to maintain updated funding for fees paid to attorneys who represent incarcerated persons at parole hearings.

**Class Action Lawsuit Reporting.** The budget includes provisional language requiring ongoing reporting by CDCR on legal costs associated with their class action lawsuits.

**Coleman Fines.** The budget includes provisional language authorizing the Controller to pay any fines ordered in *Coleman v. Newsom* due to staffing vacancies from the General Fund, and requiring CDCR to report to the Joint Legislative Budget Committee on any fines paid.

**Staff Misconduct Expansion, Year 3.** The budget includes an increase of 33 positions and \$7.5 million General Fund in 2024-25, growing to 63 positions and \$14.4 million in 2025-26 and ongoing, to support CDCR's staff misconduct investigation processes.

**Reduction of TransMetro Bus Contract.** The budget eliminates \$700,000 in 2023-24 and \$2 million General Fund in 2024-25 and ongoing in funding for underutilized bus transportation to prison visits. This funding was added in the 2021 Budget Act, when the third day of in-person visitation was added.

**Data Collection Analysis and Outcomes Funding Reduction.** The budget includes a reversion of \$6 million General Fund one-time that was added in the 2022 Budget Act to analyze parole data.

**Delayed Implementation of The Joint Commission Accreditation.** The budget reflects a delayed timeline for institutions to receive accreditation from The Joint Commission, resulting in savings of \$1.4 million in 2024-25, \$2.4 million in 2025-26, \$3.1 million in 2026-27, \$2.6 million in 2027-28, \$1.7 million in 2028-29, and \$695,000 in 2029-30, all General Fund. The budget maintains \$2.4 million in 2024-25, \$2.0 million in 2025-26 and 2026-27, \$3.5 million in 2027-28, \$4.5 million in 2028-29, \$5.4 million in 2029-30, and \$6.1 million in 2030-31 and ongoing for this purpose.

**Peace Officer Training Reduction.** The budget includes a reduction of \$8.5 million General Fund in 2023-24, \$13.8 million General Fund in 2024-25, and \$22.6 million General Fund ongoing reflecting a reduction in annual training hours for correctional officers from 48 hours to 40 hours, and a discontinuation of the California Reality Based Training Center.

**Correctional Officers.** The budget includes \$4.4 million General Fund and 25 correctional officer positions in 2024-25 and \$8.6 million General Fund and 49 correctional officer positions in 2025-26 through 2029-30 to escort condemned people who are being transferred from death row housing to general population settings at various prisons.

**Workers' Compensation Death Benefits.** The budget includes \$1.5 million General Fund in 2024-25, \$1.8 million in 2025-26, \$2.3 million in 2026-27, \$2.8 million in 2027-28, and \$3.3 million ongoing to fund additional workers' compensation death benefits for the families of deceased peace officers pursuant to AB 621 (Irwin), Chapter 448, Statutes of 2023.

**Utilities Costs.** The budget includes \$23.1 million General Fund in 2024-25 and \$46.2 million ongoing to address the increased costs of utilities.

**Department of Technology and Department of General Services Rate Increase.** The budget includes \$5.8 million General Fund in 2024-25 and ongoing to address fee increases for the California Department of Technology and vehicle insurance assessment increases for the Department of General Services, consistent with increases for other departments statewide.

**Reappropriation of Fleet Asset Funding.** The budget reappropriates \$1.1 million General Fund from the 2021 Budget Act and \$147,000 General Fund from the 2022 Budget Act for fleet assets.

**Amendments to Clemency Statutes.** The budget includes statutory changes to streamline requirements related to clemency cases, including:

- *Capital Case Records.* Removes the requirement for the courts to send hard copies of specified documents and transcripts in capital cases to the Governor’s Office (GO), and instead requires electronic transmittal of specified documents (but not the complete transcript, which the GO may still access if needed).
- *Certificate of Rehabilitation.* Removes the requirement for individuals seeking a certificate of rehabilitation to give notice of the filing to the GO. The GO would still receive a copy of any order granting a certificate of rehabilitation.

**Various Adjustments.** The budget includes various other adjustments, technical changes, and budget solutions in 2023-24 and 2024-25, including:

- Reappropriates funding for the Integrated Substance Use Disorder Treatment Program from 2023-24 to 2024-25 to cover anticipated settlement costs.
- Realigns funding related to employee compensation and a settlement agreement in 2023-24.
- Reduces funding for a contract for parolee urinalysis testing by \$100,000 ongoing General Fund, starting in 2023-24, consistent with the declining parolee population.
- Reverts \$1.9 million General Fund in 2023-24 and ongoing due to lower than anticipated workload related to the implementation of SB 990 (Hueso), Chapter 826, Statutes of 2022.
- Reverts \$5 million in 2023-24 and \$9 million in 2024-25 for COVID-19 related workers compensation funding for CDCR.
- Transfers \$7.3 million of unobligated funds from the now unused Recidivism Reduction Fund to the General Fund.
- Reduces funding by \$365,000 to reflect Prison Industry Authority janitorial savings from the California City Correctional Facility closure.

## JUVENILE JUSTICE

### **0530 OFFICE OF YOUTH AND COMMUNITY RESTORATION (OYCR) 5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION (CDCR) 5227 BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)**

The budget reflects the transition of many juvenile justice administration duties from the Board of State and Community Corrections (BSCC) to the Office of Youth and Community Restoration (OYCR) within the Health and Human Services Agency. For additional information, see Human Services.

**Realignment Block Grant.** The budget includes \$210 million General Fund in 2024-25 for the Juvenile Justice Realignment Block Grant to provide funding to counties to deliver appropriate rehabilitative housing and supervision services for realigned youth. This includes a base amount of \$208.8 million

plus an estimated \$1.2 million growth factor adjustment. The budget also included the following changes related to the block grant formula:

- Specifies that the previous distribution methodology would be continued for the 2024-25 fiscal year.
- Delays the deadline for the Governor and the Legislature to work with stakeholders to establish an ongoing distribution methodology from January 10, 2024, to January 10, 2025.

**Transfer of Juvenile Justice Programs to OYCR.** The budget includes statutory changes to transfer the administration of all juvenile justice grants from BSCC to OYCR, as required by Section 2200 of the Welfare and Institutions Code, and shifts \$13.2 million (\$140,000 General Fund and \$13 million in federal funding) and four positions.

**Technical Changes.** The budget includes various statutory changes to remove obsolete cross-references and make other conforming changes to reflect the closure of the Division of Juvenile Justice at CDCR in June 2023.

### **Corrections and Rehabilitation Budget Trailer Bills**

1. *Public Safety – Assembly Bill 168 (Committee on Budget), Chapter 49, Statutes of 2024.*
2. *Juvenile Justice – Assembly Bill 169 (Committee on Budget), Chapter 50, Statutes of 2024.*
3. *Budget Acts of 2022 and 2023 – Assembly Bill 106 (Gabriel), Chapter 9, Statutes of 2024.*
4. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
5. *Budget Act of 2024 – Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024.*
6. *Budget Act of 2023 – Senate Bill 109 (Wiener), Chapter 36, Statutes of 2024.*
7. *Budget Act of 2024 – Assembly Bill 157 (Gabriel), Chapter 994, Statutes of 2024.*
8. *Budget Acts of 2022 and 2023 – Assembly Bill 158 (Gabriel), Chapter 995, Statutes of 2024.*

## PUBLIC SAFETY

### 0690 CALIFORNIA GOVERNOR'S OFFICE OF EMERGENCY SERVICES (Cal OES)

The 2024 Budget Act includes \$3.4 billion (\$716 million General Fund) and 1,911.8 positions for Cal OES. The budget includes the following adjustments to Cal OES's budget.

**Public Safety Radio Modernization to Support Equal Access to 9-1-1 Services and Equipment Upgrades.** The budget includes \$30.1 million in State Emergency Telephone Number Account Fund authority each year for four years. This expenditure authority will be funded by an estimated increase of five cents to the 9-1-1 surcharge. The funding will be used to complete the California Radio Interoperable System build out, increase the coverage footprint, and expand the network capacity. Of this funding, \$6.4 million will provide 13 limited-term positions and add 12 new positions, and \$23.7 million will be used to purchase equipment.

**Federal Victims of Crime Act (VOCA) Augmentation.** The budget includes \$103 million one-time General Fund to augment federal funding for victim services provided through VOCA.

**Nonprofit Security Grant.** The budget includes \$80 million General Fund per year for two years for the Nonprofit Security Grant, which provides nonprofit organizations that are targets of hate-motivated violence and hate crimes with funding for security enhancements, such as reinforced entries and security systems.

**General Fund Solutions.** The budget includes the following solutions in Cal OES's budget:

- Elimination of \$21 million General Fund for a gun buyback program at Cal OES.
- Elimination of \$15 million one-time General Fund provided in 2023-24 to establish the Seismic Retrofitting Program for Soft Story Multifamily Housing.
- Reversion of up to \$6.6 million from the 2022 Budget Act that was appropriated for the purchase of fire engines and water tenders.
- Reduction of \$12.5 million ongoing General Fund for the Listos California Emergency Preparedness Campaign, reducing by half the \$25 million annual funding authorized in the 2021 Budget Act.
- Reversion of the unencumbered balance of up to \$640,000 for warehousing supplies and trailers authorized in the 2022 Budget Act.
- Reduction of \$9.5 million in 2024-25 through 2027-28 for warehousing and personal protective equipment procurement, storage, and replenishment costs.
- Reversion of \$45 million in unspent funding from 2023-24 for the Community Hardening to Build Disaster Resilient Communities Program, which helped communities leverage the federal



Hazard Mitigation Grant Program through technical assistance and matching funds. \$100 million was originally approved for this purpose in the 2021 Budget Act.

- Reduction of \$12 million in 2023-24 for home hardening that was a part of the wildfire package.

**Relocation of Red Mountain Communications Site, Del Norte County.** The budget includes a net increase of \$3.2 million General Fund to fund increased costs related to the relocation of the Red Mountain Communications Site in Del Norte County, which will be replaced by three new facilities at the following sites: Rattlesnake Peak, Alder Camp, and Big Lagoon. This additional funding will ensure the 199-foot radio towers are strong enough to withstand wind and precipitation maximums in Del Norte and Humboldt Counties.

**State and Local Cybersecurity Grant Program Funding Authority.** The budget includes \$15.8 million one-time federal reimbursement authority reflecting federal funding awarded for the State and Local Cybersecurity Grant Program.

**New Economics for Women.** The budget provides \$2.6 million General Fund to New Economics for Women for the purpose of domestic violence shelter property acquisition, improvements, and operational costs.

**Hayward Fire Department.** The budget includes \$2 million General Fund to the City of Hayward for fire station upgrades.

**Trinity County Emergency Equipment.** The budget includes \$1 million General Fund to the Trinity County Fire Chiefs Association for fire, rescue, and emergency medical services equipment and related expenses in Trinity County.

**Flexible Assistance for Survivors (FAS).** The budget includes statutory changes to extend the FAS program timeline by one year, clarify how cash assistance may be distributed to survivors, and clarify how the California Victim Compensation Board should account for assistance provided under the FAS program.

**California Earthquake Early Warning Program: Contract Encumbrance Period Extension.** The budget includes provisional language to extend the California Earthquake Early Warning Program's funding authority from the current one-year encumbrance period to a two-year encumbrance to accommodate longer timeline projects and contracts. No additional funding is provided.

**Biannual Strategy Implementation Report Technical Adjustment.** The budget includes provisional language to change the Biannual Strategy Implementation Report date from February 1 to May 1 of each year, reflecting the timeline of data availability.

**Prepare California Hazard Mitigation Assistance Program: Extension of Liquidation.** The budget extends the liquidation period for the Prepare California Hazard Mitigation assistance program from 2026 to 2033 due to long federal timelines.

**California Firefighter Cancer Prevention and Research Program (AB 700).** The budget includes two positions and \$666,000 General Fund in fiscal year 2023-24, and two positions and \$619,000

ongoing to support the California Firefighter Cancer Prevention and Research Program established pursuant to AB 700 (Grayson), Chapter 268, Statutes of 2023.

**California State Nonprofit Security Grant Program.** The budget includes one position and \$234,000 General Fund for fiscal year 2024-25 and ongoing to implement the California State Nonprofit Security Grant Program as enacted by AB 1185 (Gabriel), Chapter 566, Statutes of 2023.

## **0820 DEPARTMENT OF JUSTICE (DOJ)**

The 2024 Budget Act includes total funding of \$1.3 billion (\$504 million General Fund) and 6,060.4 positions to support the DOJ. The budget includes the following adjustments.

**Unfair Competition Law Fund Loan.** The budget includes a \$130 million loan from the Unfair Competition Law Fund to the General Fund in 2024-25.

**Controlled Substance Utilization Review and Evaluation System (CURES) Fee Increase.** The budget includes statutory changes to increase the CURES fee from \$9 to \$15 beginning April 1, 2025, to cover the costs of administering the program.

**Records Relief.** The budget includes statutory changes clarifying how DOJ should confirm a requestor's identity and provide confirmation of automatic conviction relief related to criminal records, pursuant to AB 567 (Ting), Chapter 444, Statutes of 2023; extending the automatic retroactive conviction relief available under Section 1203.425 of the Penal Code from January 1, 2005, to January 1, 1973; and delaying specified provisions from July 1, 2024, to October 1, 2024.

**Technical Assistance to Tribal Police.** The budget includes \$5 million for the DOJ to provide technical assistance to local and tribal law enforcement agencies in their efforts to identify and investigate missing and murdered indigenous individuals.

**Technical Change.** The budget includes statutory changes to correct the fee level authorized by Chapter AB 853 (Maienschein), 457, Statutes of 2023, from 0.00045 percent to 0.045 percent.

**Various Proposals to Implement Chaptered Legislation: Chapters 406, 444, 457, 513, 524, 638, 828, Statutes of 2023; Chapter 753, Statutes of 2019; and Various Firearm-Related Legislation.** The budget includes \$17.5 million (\$15.2 million General Fund) in 2024-25, \$20.1 million (\$17.9 million General Fund) in 2025-26, \$16.9 million (\$12.0 million General Fund) in 2026-27, and \$15.6 million (\$10.2 million General Fund) in 2027-28 and ongoing to implement chaptered legislation.

**Firearms Information Technology Systems Modernization (FITSM) Project.** The budget includes an additional \$3.9 million General Fund and eight positions in 2024-25 and \$1.2 million in 2025-26 and ongoing to continue the project approval lifecycle process and address ongoing workload pertaining to the FITSM Project, which replaces 17 firearms and ammunition databases and systems with a unified system. This funding is for the completion of Stage 3 (solutions analysis) and Stage 4 (project readiness and approval) of the state's Project Approval Lifecycle Process.

**Legal Services Rate Increase.** The budget includes updated legal rates that the DOJ charges to departments for legal services. The new hourly rates are \$228 for attorney services, \$213 for paralegal services, and \$202 for auditor and research analyst services. The previous rates were \$220, \$205, and

\$195 respectively, which equates to an increase of approximately 3.75 percent. This is estimated to have an impact of roughly \$7 million statewide, with the largest impacts on the Department of Corrections and Rehabilitation and the Department of Consumer Affairs.

**Small Client Legal Workload.** The budget includes \$4 million General Fund in 2024-25 through 2026-27 to support workload on behalf of small client departments. This retains baseline funding that was authorized for three years in the 2021 Budget Act.

**Tribal Key Employee Licensing Workload.** The budget includes six positions and \$874,000 from the Indian Gaming Special Distribution Fund in 2024-25 and ongoing to maintain the Tribal Key Employee Licensing workload within the Division of Law Enforcement, Bureau of Gambling Control.

**Charitable Trusts Enforcement Workload.** The budget includes three positions and Registry of Charities and Fundraisers Fund spending authority of \$860,000 in 2024-25, \$832,000 in 2025-26, and \$832,000 annually thereafter to support increased workload in the Registry of Charities and Fundraisers. The increased workload is largely due to statutory changes requiring organizations to be in good standing in order to receive donations from platform fundraisers.

**Climate Nuisance Litigation.** The budget includes \$4.7 million Unfair Competition Law Fund in 2024-25 through 2026-27 to support civil action on behalf of the People of the State of California against several major oil companies.

**Division of Medi-Cal Fraud and Elder Abuse.** The budget includes \$7.8 million and 85 positions in 2024-25 and ongoing (\$1.9 million False Claims Act Fund and \$5.9 million Federal Trust Fund) to expand investigations, enforcement activities, and prosecutions using increased yearly federal grant funding. The budget also includes a shift of \$2 million from the General Fund to the False Claims Act Fund for federal matching funds for the Division of Medi-Cal Fraud and Elder Abuse.

**License 2000 System Replacement Project.** The budget includes \$3.1 million (\$1.57 million Indian Gaming Special Distribution Fund and \$1.57 million Gambling Control Fund) in 2024-25 to continue the License 2000 System Replacement Project.

**Reduction to the Division of Law Enforcement and the Division of Legal Services.** The budget includes an ongoing reduction of \$6 million General Fund for the Division of Legal Services, including \$1 million for activities related to federal lawsuits.

**Remote Caller Bingo Interest Loan Repayment.** The budget includes \$299,000 one-time General Fund in 2024-25 and provisional language for the payment of unpaid interest related to the repealed Remote Caller Bingo Program.

**Provisional Language for Settlement Payment.** The budget includes provisional language to allow the Department of Finance to augment DOJ's budget to pay legal settlement costs.

## 5227 BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)

The budget includes total funding of \$754 million (\$229 million General Fund) and 164 positions for BSCC in 2024-25. This includes \$260 million Public Buildings Construction Fund for financing various local correctional facility projects.

**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 \$94.8 million in 2024-25. 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 ten percent for grants for victims' services.

**Cannabis Tax Fund Loan.** The budget includes a loan of \$175 million from the Allocation 3 Cannabis Tax Fund subaccount to the General Fund. This loan will be repaid in 2025-26, 2026-27, and 2027-28, or earlier if the loan impacts programs. The loan does not impact current grantees.

**In-Custody Death Review.** The budget includes \$3.3 million one-time General Fund and 15 positions in 2024-25, and \$7.7 million General Fund and 35 positions ongoing beginning in 2025-26, to establish an In-Custody Death Review Program pursuant to SB 519 (Atkins), Chapter 306, Statutes of 2023.

**Missing and Murdered Indigenous People Grant Program.** The budget includes an additional \$13.25 million General Fund for the Missing and Murdered Indigenous People Grant Program at BSCC, bringing the total allocation in 2024-25 to \$17.25 million General Fund.

**Proud Parenting Grant.** The budget includes a reduction of \$835,000 ongoing General Fund reflecting the elimination of the Proud Parenting Grant Program.

**California Violence Intervention and Prevention (CalVIP) Grant Program.** The budget includes a reduction of \$9 million ongoing General Fund for CalVIP, reflecting anticipated funding for the program through the newly established Gun Violence Prevention and School Safety Fund, pursuant to AB 28 (Gabriel), Chapter 231, Statutes of 2023. This new fund will continuously appropriate up to \$75 million annually to the BSCC to administer and award CalVIP grants.

**Post Release Community Supervision (PRCS) Funding.** The budget includes a reduction of \$4.4 million one-time General Fund for county probation departments. This funding was intended to help counties with a temporary influx of individuals on PRCS due to Proposition 57. The PRCS population has declined to roughly pre-Proposition 57 levels.

**Community Corrections Partnership Plan.** The budget eliminates \$8 million in funding for counties that provide updated Community Corrections Partnership Plans, which covered 2011 realignment implementation, to BSCC each year.

**Medication-Assisted Treatment Grant Program.** The budget includes a reversion of \$10.5 million General Fund in 2023-24 and statutory changes to revert funding intended for competitive grants to counties to use for substance use disorder treatment.

**Vertical Prosecution Grant Funding.** The budget includes a reduction of \$3.6 million General Fund in 2024-25 to account for grant funding that was not applied for.

### **7870 VICTIM COMPENSATION BOARD (VCB)**

VCB provides financial compensation to victims of crime through the Restitution Fund. The budget includes a total of \$163.8 million in 2024-25 for VCB, including \$24.0 million General Fund, \$94.4 million Restitution Fund, \$36.0 million Federal Trust Fund, and \$9.4 million Safe Neighborhoods and Schools Fund. The budget package included the following adjustments for VCB:

**Forced or Involuntary Sterilization Compensation Program (FISCP).** The budget includes statutory language to:

- Extend the appeals deadline to January 1, 2025, for any individual whose application to FISCP was denied.
- Authorize VCB to review previously denied claims or appeals upon request of the claimant with a showing of good cause.
- Require VCB to provide specified reporting by January 1, 2025, pursuant to provision (28) of paragraph (e) of Control Section 19.57 of the 2021-22 Budget Act.
- Extend the program until January 1, 2026, and repeal the statute on July 1, 2026.

**Attorney General Costs for Erroneous Convictions.** The budget includes \$350,000 General Fund in 2024-2025 and ongoing for costs incurred due to increased utilization of the Attorney General's Office for erroneous conviction cases.

**Erroneous Convictions Claims Program.** The budget includes \$1.5 million General Fund in 2024-25 and \$1.4 million General Fund in 2025-26 and 2026-27 to meet the anticipated workload of SB 78 (Glazer), Chapter 702, Statutes of 2023, and to have adequate resources to pay approved erroneous conviction claims.

### **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 2024 Budget Act includes \$112.2 million and 263 positions for POST.

**Reversions.** The budget reverted the following expenditures from POST's budget:

- \$8 million one-time General Fund in 2023-24 that was intended for the implementation of SB 2 (Bradford and Atkins), Chapter 409, Statutes of 2021, but was not spent.
- \$2.9 million in 2023-24 and ongoing General Fund authority for local assistance that was not spent.

### **Public Safety Budget Trailer Bills**

1. *Public Safety – Assembly Bill 168 (Committee on Budget), Chapter 49, Statutes of 2024.*
2. *State Government – Senate Bill 164 (Committee on Budget and Fiscal Review), Chapter 41, Statutes of 2024.*
3. *State Government – Assembly Bill 179 (Committee on Budget), Chapter 997, Statutes of 2024.*
4. *Budget Acts of 2022 and 2023 – Assembly Bill 106 (Gabriel), Chapter 9, Statutes of 2024.*
5. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
6. *Budget Act of 2024 – Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024.*
7. *Budget Act of 2023 – Senate Bill 109 (Wiener), Chapter 36, Statutes of 2024.*
8. *Budget Act of 2024 – Assembly Bill 157 (Gabriel), Chapter 994, Statutes of 2024.*

# LABOR, PUBLIC EMPLOYMENT AND RETIREMENT

## VARIOUS DEPARTMENTS

**Ongoing Reductions to State Operations.** The budget includes an across-the-board reduction to state operations by approximately 7.95 percent beginning in 2024-25 to nearly all department budgets. This reduction includes personnel, operating costs, and contracting. The Department of Finance indicates that it will work with agencies and departments in the Fall on these reductions. The University of California, California State University, and UC College of the Law, San Francisco are not subject to these same reductions in 2024-25 (please see the Higher Education summary for additional details) but are expected to assume 7.95 percent reductions in 2025-26.

**Vacant Position Savings.** The early action budget, AB 106 (Gabriel), Chapter 9, Statutes of 2024, reduced departmental budgets by \$1.5 billion (\$762.5 million General Fund) for savings associated with vacant positions. The final budget makes the one-time reduction permanent and the Department of Finance indicates that it will work with agencies and departments in the Fall on appropriate reductions starting in 2024-25.

**Payroll Deferral.** The budget defers state employees' payroll costs from June 30, 2025, to July 1, 2025. Deferring one month of payroll, estimated at \$3.2 billion (\$1.6 billion General Fund), shifting the associated costs from 2024-25 to 2025-26.

**Trailer Bill: New Employee Orientation.** The budget includes trailer bill language in Assembly Bill 171 (Committee on Budget), Chapter 52, Statutes of 2024, that changes the sunset date for provisions relating to new employee orientations to June 30, 2027. Current law requires, until June 30, 2025, that an exclusive representative be entitled to schedule an in-person meeting at the worksite during employment hours, if a public employer has not conducted an in-person new employee orientation within 30 days, amongst other provisions. This program was included in budget trailer bill legislation SB 191 (Committee on Budget and Fiscal Review), Chapter 67, Statutes of 2022.

## 0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY (LWDA)

**Advanced Industry Workforce Development Tool.** The budget appropriates \$3 million General Fund in 2024-25 for an Advanced Industry Workforce Development Tool that will fund partnerships between the Labor and Workforce Development Agency and higher education institutions to develop artificial intelligence certificate programs in support of worker training.

**Relocation to New Labor Agency Building.** The budget includes \$5.66 million (various special funds) and \$491,000 reimbursement authority in 2024-25, and \$1.06 million (various special funds) and \$148,000 reimbursement authority in 2025-26 split amongst multiple entities within the Labor and Workforce Development Agency to provide limited-term resources for the initial information technology set-up and configuration for the New Labor Agency Building.

**Operational Support Realignment.** The budget includes three positions and \$612,000 reimbursement authority in 2024-25 and ongoing to manage new and existing workloads.

## **7100 EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD)**

**Labor and Workforce Development Fund (LWDF) Loan.** The budget includes a one-time loan of \$125 million from the Labor and Workforce Development Fund to the General Fund.

**Repayment Extension for LWDF Loan from 2020-21 Budget Act.** The budget extends a repayment date to fiscal year 2027-28 for a one-time loan of \$107 million from the Labor and Workforce Development Fund to the General Fund that was previously included in the 2020 Budget Act.

**Unemployment Insurance (UI) Interest Payment and Employment Training Panel Transfer.** The budget includes a one-time payment of \$484 million (\$384 million General Fund and \$100 million Employment Training Fund) to support the state's 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.

**2025-26 Unemployment Insurance (UI) Interest Payment.** The budget includes a one-time \$50 million Employment Training Fund payment to support the state's UI loan interest payment.

**Adjustments.** The budget includes the following programmatic adjustments:

- ***Unemployment Insurance Program Benefit.*** Budget bill Item 7100-101-0871, Budget Act of 2023, pursuant to Provision 3, is increased by \$197.6 million in 2023-24 to align with an estimated increase in unemployment insurance claims. This item is a local assistance item for the Unemployment Insurance Program, payable from the Unemployment Fund—Federal.
- ***Disability Insurance Program Benefits.*** Budget bill Item 7100-101-0588 is increased by \$461.2 million ongoing to align with updated State Disability Insurance program benefit payment estimates. Additionally, Item 7100-101-0588, Budget Act of 2023, pursuant to Provision 2, is increased by \$935.3 million to align with an estimated increase in disability insurance claim payments. This item is a local assistance item for the Disability Insurance Program, payable from the Unemployment Compensation Disability Fund.
- ***Revised Employee Compensation Costs.*** Item 7100-001-0184 is increased by \$117,000; Item 7100-001-0185 is increased by \$491,000; Item 7100-001-0514 is increased by \$67,000; Item 7100-011-0588 is increased by \$566,000; and Item 7100-001-0908 is increased by \$10,000 ongoing to reflect revised employee compensation costs.
- ***EDDNext.*** The budget includes \$326.8 million one-time in 2024-25 (\$163.4 million General Fund) to continue the planning and development of EDDNext, for the third 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.



- **California Jobs First Extension.** The budget reduces total funding for the program by \$150 million General Fund and leaves \$150 million General Fund in remaining support across the 2024-25, 2025-26, and 2026-27 fiscal years. The budget also includes trailer bill language in AB 171 (Committee on Budget), Chapter 52, Statutes of 2024, to amend the fund obligation and expenditure timelines for the implementation phase of the California Jobs First program. The legislation requires grant recipients to demonstrate a plan to fully spend or obligate all funds received by June 30, 2028, and requires all obligations to be paid by June 30, 2030.
- **Emergency Medical Technician (EMT) Training Reduction.** The budget reduces the investment for the EMT Training program by \$10 million and instead maintains the program at \$30 million over two years.
- **Displaced Oil and Gas Worker Fund Reversion.** The budget reverts \$10 million General Fund and maintains \$30 million for the Displaced Oil and Gas Worker Fund program.
- **Fund Shift for Cybersecurity Activities.** The budget shifts \$3 million each year in 2023-24 and 2024-25 from the General Fund to the Unemployment Compensation Disability Fund. This funding assists with fraud mitigation and improvement of cybersecurity efforts at EDD.
- **Workforce Innovation and Opportunity Act (WIOA) Allocations.** The budget includes changes so that Items 7100-001-0869 and 7100-021-0890 increase by \$28.6 million one-time and Items 7120-101-0869 and 7100-101-0890 increase by \$29 million one-time to align Workforce Innovation and Opportunity Act funding authority with estimated federal allocations.

## 7120 CALIFORNIA WORKFORCE DEVELOPMENT BOARD (CWDB)

**Goods Movement Workforce Training Campus Delay.** The budget delays \$40 million General Fund in 2024-25 for the Goods Movement Workforce Training Campus and spreads this funding over the 2025-26 and 2026-27 fiscal years.

**High Road Training Partnerships.** The budget includes \$25 million General Fund across three years (\$8.3 million in 2024-25, \$8.3 million in 2025-26, and \$8.4 million in 2026-27).

**Low Carbon Economy Program.** The budget makes a \$15 million General Fund reduction maintaining \$30 million (\$15 million General Fund and \$15 million Greenhouse Gas Reduction Fund) over two years for the program.

**Reappropriation of Federal Funds.** The budget includes budget bill language to extend the encumbrance and expenditure period for \$9 million to allow the California Workforce Development Board to fund appropriate staff costs throughout the life of federal grants. The item is related to the implementation and operation of the Workforce Innovation and Opportunity Act program. This budget bill language extends the encumbrance and expenditure period from June 30, 2024, to June 30, 2028.

**7300 AGRICULTURAL LABOR RELATIONS BOARD (ALRB)**

**General Counsel Management Upgrades at ALRB.** The budget includes \$89,000 General Fund in 2024-25, and ongoing, to convert two positions to higher-level classifications.

**7350 DEPARTMENT OF INDUSTRIAL RELATIONS (DIR)**

**DIR Staffing.** The budget includes trailer bill language in AB 171 that streamlines several hiring processes until January 1, 2027, including expediting analysis and submission of classification changes, to address staffing emergencies at DIR that have resulted in challenges to the Division of Labor Standards Enforcement and Division of Occupational Safety and Health's abilities to enforce state labor laws.

**Enhanced Protections for Vulnerable Populations Fund Shift.** The budget shifts \$15.6 million General Fund for Enhanced Protections for Vulnerable Populations to the Labor and Workforce Development Fund, which maintains \$16 million over three years for this program.

**"Reaching Every Californian" Campaign Fund Shift.** The budget shifts \$650,000 in 2022-23 and ongoing from the General Fund to the Labor Enforcement and Compliance Fund. This funding was for the "Reaching Every Californian" campaign that focuses on educating employees and employers on California labor laws.

**Apprenticeship Innovation Fund Reduction.** The budget reduces funding for the program by \$40 million General Fund in 2024-25.

**California Workplace Outreach Project (CWOP).** The budget includes a one-time \$30 million Labor and Workforce Development Fund appropriation for CWOP in 2024-25. This program assists with worker outreach and education across different sectors and promotes awareness of and compliance with labor protections that affect California workers in a post-pandemic workplace environment.

**Rural Strategic Engagement Program.** The budget includes \$4.4 million Labor and Workforce Development Fund (LWDF) in 2024-25, 2025-26 and 2026-27 for the Agricultural Labor Relations Board and \$3.4 million LWDF in 2024-25, \$4.0 million in 2025-26, and \$4.3 million in 2026-27 for DIR to educate workers in rural and semi-rural areas on workplace rights, increase access to state services for workers in those areas, and improve state labor enforcement programs.

**Workers' Compensation Appeals Board.** The budget includes \$2.8 million Workers' Compensation Administration Revolving Fund and 13 positions over three years to reduce the backlog at the appeals board.

**Cal/OSHA Data Modernization Project.** The budget appropriates \$25.2 million Labor and Workforce Development Fund in 2024-25 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.

**Electronic Adjudication Management System Modernization.** The budget appropriates \$22.1 million Workers Compensation Administration Revolving Fund in 2024-25 for DIR to support the replacement of the Division of Workers' Compensation's electronic case management and document storage system.

**Public Works Information Technology System.** The budget appropriates \$10.6 million Labor and Workforce Development Fund in 2024-25 for DIR to complete enhancements to the Public Works Information Technology System.

**Public Records Act Oversight Unit.** The budget includes 12 permanent positions and \$2 million in 2024-25, 10 permanent positions and \$3.3 million in 2025-26, and \$3.2 million in 2026-27 and ongoing funded through various special funds to enable DIR and its divisions to respond to requests for public records under the California Public Records Act.

**OSHA 23(g) Federal Funding Increase.** The budget includes an increase of \$1.37 million Federal Trust Fund authority in 2024-25 and ongoing associated with the Occupational Safety and Health Administration (OSHA) 23(g) State Plan Program Federal Grant base increase.

**DIR Chaptered Legislation.** The budget includes resources from various special funds to implement statutory requirements associated with legislation chaptered in 2023 and 2024. The approved resources are as follows:

- \$300,000 Workers Compensation Administration Revolving Fund in each of 2024-25 and 2025-26 to implement Workers' Compensation: Post-Traumatic Stress Disorder— SB 623 (Laird) Chapter 621, Statutes of 2023.
- \$5.2 million special fund in 2024-25, \$4.8 million special fund in 2025-26 and ongoing, and 21.5 permanent positions to implement Fast Food Council— AB 1228 (Holden), Chapter 262, Statutes of 2023, and AB 610 (Holden), Chapter 4, Statutes of 2024.
- \$1.6 million Occupational Safety and Health Fund in 2024-25 and \$1.5 million Occupational Safety and Health Fund in 2025-26 and ongoing and six permanent positions to implement Workplace Violence Prevention— SB 553 (Cortese), Chapter 289, Statutes of 2023.
- \$1.8 million State Public Works Enforcement Fund in 2024-25 and \$1.7 million State Public Works Enforcement Fund in 2025-26 and ongoing and ten permanent positions to implement Affordable Housing on Faith and Higher Education Lands Act of 2023— SB 4, (Wiener), Chapter 771, Statutes of 2023.
- \$706,000 State Public Works Enforcement Fund in 2024-25 and \$190,000 State Public Works Enforcement Fund in 2025-26 and ongoing and one permanent position to implement Public Works: Ineligibility List— AB 1121 (Haney), Chapter 465, Statutes of 2023.
- \$605,000 Labor Enforcement and Compliance Fund in 2024-25 and \$560,000 Labor Enforcement and Compliance Fund in 2025-26 and ongoing and three permanent positions to implement Paid Sick Days Accrual and Use— SB 616 (Gonzalez), Chapter 309, Statutes of 2023.

- \$648,000 Labor Enforcement and Compliance Fund in 2024-25 and \$609,000 Labor Enforcement and Compliance Fund in 2025-26 and ongoing and 2.5 permanent positions to implement Grocery Workers— AB 647 (Holden), Chapter 452, Statutes of 2023.
- \$205,000 Labor Enforcement and Compliance Fund in 2024-25 and \$189,000 Labor Enforcement and Compliance Fund in 2025-26 and ongoing and one permanent position to implement Food Safety: Food Handlers— SB 476 (Limón), Chapter 610, Statutes of 2023.
- \$833,000 Labor Enforcement and Compliance Fund in 2024-25 and \$773,000 Labor Enforcement and Compliance Fund in 2025-26 and ongoing and four permanent positions to implement Labor Code Alternative Enforcement— AB 594 (Maienschein), Chapter 659, Statutes of 2023.

**Trailer Bill: Workers' Compensation Appeals Board (WCAB) Timeline Clarification.** The budget includes trailer bill language in AB 171 that, until June 30, 2026, modifies procedures by which the appeals board must act on a petition for reconsideration of any decisions, orders, or awards related to workers' compensation that are considered final. The changes start the 60-day timeline for reconsideration when a trial judge transmits a case to the appeals board and directs trial judges to provide notice to the parties of the case and the appeals board when a trial judge transmits a case to the appeals board.

**Trailer Bill: Public Works Clean Up.** The budget includes trailer bill language in AB 171 that aligns provisions in AB 130 (Committee on Budget), Chapter 39, Statutes of 2023, with SB 4 (Wiener), Chapter 771, Statutes of 2023, and SB 423 (Wiener), Chapter 778, Statutes of 2023. AB 130 clarified registration requirements for all contractors and subcontractors seeking to be qualified to be awarded contracts for, or engage in the performance of, any work on developments or public works projects and provided the DIR with specified authority to establish and adjust annual registration and renewal fees. SB 4 and SB 423 enacted changes related to different types of housing development projects but were chaptered after AB 130.

## **7501 DEPARTMENT OF HUMAN RESOURCES (CalHR)**

**Trailer Bill: California State Payroll System Bi-Weekly Pay.** The budget includes trailer bill language in AB 171 to revise various statutory provisions to accommodate the implementation of a uniform payroll cycle that is not monthly. Additional non-substantive technical cleanups are included in the trailer bill.

**Trailer Bill: Payroll Deferral.** The budget includes trailer bill language in AB 171 to return to payroll accounting that was in place beginning in 2009-10 through 2018-19 fiscal years.

**Technology Modernization and Security.** The budget includes \$350,000 (\$290,000 in General Fund) in 2024-25 and ongoing (\$290,000 General Fund) to improve cybersecurity operations at CalHR.

**Department Workload for Psychological Screening Program (PSP).** The budget includes two positions and \$433,000 reimbursement authority for fiscal year 2024-25 and ongoing. These resources are to address staffing issues in the PSP.

## 9800 EMPLOYEE COMPENSATION

**Employee Compensation.** The budget assumes the Administration's May Revision structure. In total, the budget includes \$1.23 billion (\$639 million General Fund). Compared to the Governor's budget, the May Revision forecasts a net decrease of \$92.8 million ongoing (\$42.8 million General Fund) for augmentation of employee compensation to reflect updated expenditures for collectively bargained pay increases and health and dental premiums. While these figures include estimated health premium rates, the Administration notes that final health rates are not expected to be adopted by the CalPERS Board of Administration until Summer 2024.

## EMPLOYEE COMPENSATION, PENSIONS, AND RETIREMENT

**CalPERS Supplemental Pension Payment, Early Action.** The budget applies state plans retirement contribution reductions using Proposition 2 debt repayment funding.

**State Employees' Retirement Contributions.** The budget includes \$6.86 billion (\$3.48 billion General Fund) as the statutorily required annual state contribution to California Public Employees' Retirement System (CalPERS) for state pension costs in 2024-25. Included in these costs are \$608.5 million General Fund for California State University retirement costs. This is \$1.7 billion (\$1.3 billion General Fund) lower than the Budget Act of 2023 due to the application of prior Proposition 2 debt repayment funding paid to CalPERS as adopted in the early action budget.

**Teachers' Retirement Contributions.** The budget includes \$4.26 billion General Fund as the statutorily required annual state contribution to California State Teachers' Retirement System (CalSTRS) in 2024-25. The roughly \$320 million increase from the 2023 Budget Act is due to higher-than-anticipated growth in creditable compensation from 2021-22 to 2022-23.

**Proposition 2 Debt Payments.** The budget assumes a roughly \$1.5 billion Proposition 2 debt payment requirement in 2024-25. Of this total, the budget allocates the payment as follows: \$360 million to prefunding retiree health benefits, \$836 million to repay the CalPERS borrowing plan, and \$337 million to pay down CalPERS' unfunded liabilities. In 2024-25, and similarly to 2022-23 and 2023-24, the budget does not include any Proposition 2 debt payment funding to CalSTRS.

**Memoranda of Understanding.** AB 181 (Committee on Budget), Chapter 1001, Statutes of 2024, provides legislative ratification of the memoranda of understanding (MOUs) for Bargaining Units (BU) 5 (California Association of Highway Patrolmen), BU 8 (CAL FIRE Local 2881) and BU 10 (California Association of Professional Scientists). These agreements impact approximately 20,218 full-time equivalent employees represented by the three BUs. It contains salary increases, special salary adjustments for specified classifications, various pay differentials and other compensation benefits. In addition, the measure includes a 2.6 percent general salary increase for state Judges. In total, the budget trailer bill appropriates \$89 million (\$40.7 million General Fund) to implement the MOUs and the Judges' salary increase.

**Control Section 3.61.** The budget amends Control Section 3.61 to authorize the Department of Finance to transfer Proposition 2 debt repayment funding to the California Employers' Retiree Benefit Trust

Fund in the current or prior fiscal year to satisfy the Proposition 2 debt repayment allocation for the relevant fiscal year.

**Labor Budget and Trailer Bills**

1. *Budget Act of 2024 – Assembly Bill 106 (Gabriel), Chapter 9, Statutes of 2024.*
2. *Budget Act of 2024– Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
3. *Budget Act of 2024– Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024.*
4. *Employment Trailer Bill – Assembly Bill 171 (Committee on Budget), Chapter 52, Statutes of 2024.*
5. *State Employment – Assembly Bill 179 (Committee on Budget), Chapter 997, Statutes of 2024.*

# TRANSPORTATION

**0521 CALIFORNIA STATE TRANSPORTATION AGENCY (CALSTA)**  
**2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)**  
**2740 DEPARTMENT OF MOTOR VEHICLES (DMV)**

**Transportation Infrastructure Package.** The budget includes the following amendments to the transportation infrastructure package:

- **Active Transportation Program.** The budget includes \$600 million General Fund over six years (\$100 million annually beginning in 2024-25), though subject to appropriations beginning 2026-27.
- **Competitive Transit and Intercity Rail Capital Program (TIRCP).** The budget delays \$2.1 billion from 2021-22 to \$512 million in 2024-25, \$564 million in 2025-26, \$438 million in 2026-27, and \$611 million in 2027-28. In addition, the budget shifts \$507.2 million from the General Fund to the Greenhouse Gas Reduction Fund (GGRF) across 2023-24, 2024-25, 2025-26, and 2026-27.
- **Formula TIRCP.** The budget delays \$1 billion General Fund from 2024-25 to 2025-26. In addition, the budget shifts \$839 million from the General Fund to GGRF across 2023-24, 2024-25, and 2025-26. In addition, AB 173 (Committee on Budget and Fiscal Review), Chapter 53, Statutes of 2024, expands requirements of the accountability program to the distribution of funds appropriated to the Transportation Agency from the Greenhouse Gas Reduction Fund for the Formula Transit and Intercity Rail Capital Program, among other technical changes to align with the fund and year changes made in the 2024 Budget Act.
- **Zero Emission Transit Capital Program.** The budget delays \$220 million GGRF from 2023-24 to 2024-25, \$230 million from 2024-25 to 2027-28, and \$230 million from 2025-26 to 2027-28.
- **Grade Separations.** The budget restores \$150 million (\$75 million General Fund in 2025-26 and \$75 million State Highway Account in 2026-27). In addition, AB 173 (Committee on Budget and Fiscal Review), Chapter 53, Statutes of 2024, requires the Secretary of Transportation to prioritize funding for grade separation projects that are at risk of losing or failing to secure federal and local funding commitments, or that are at risk of approved project schedule delays, or both.
- **Highways to Boulevards.** The budget reduces \$150 million General Fund in 2021-22, and instead provides \$75 million GGRF (\$25 million in 2025-26 and \$50 million in 2026-27). In addition, AB 173 (Committee on Budget and Fiscal Review), Chapter 53, Statutes of 2024, requires up to 25 percent of available funding to be set aside for planning and remainder for implementation.

- **Port and Freight Infrastructure Program.** The budget includes a delay of \$100 million General Fund from 2024-25 to 2026-27. In addition, AB 173 (Committee on Budget and Fiscal Review) Chapter 53, Statutes of 2024, authorizes agencies to apply to the Secretary of Transportation for a letter of no prejudice that would allow an applicant to expend its own moneys on a project.
- **Port of Oakland.** The budget reduces \$96 million General Fund from 2021-22.
- **Commercial Drive Test Centers.** The budget reduces \$30.6 million General Fund across 2023-24, 2024-25, and 2025-26.

## 0521 CALIFORNIA STATE TRANSPORTATION AGENCY (CALSTA)

**California Office of Traffic Safety Federal Fund Workload.** The budget includes \$452,000 (\$444,300 in Federal Fund and \$7,700 in various State Funds) and three permanent positions for 2024-25 and ongoing to support federal workload increase. The National Highway Traffic Safety Administration (NHTSA), which makes federal funding available to the Office of Traffic Safety (OTS), has several new requirements regarding public engagement and accounting processes. To address these requirements, the OTS is budgeted for two Staff Services Manager I (Specialist) positions and one Associate Government Program Analyst (AGPA) position.

## 2600 CALIFORNIA TRANSPORTATION COMMISSION (CTC)

**Sustainable Data Procurement.** The budget includes \$190,000 (\$89,000 State Highway Account, \$101,000 Public Transportation Account) to implement the provisions of AB 744 (Carrillo) Chapter 541, Statutes of 2023. AB 744 (Carrillo), Chapter 541, Statutes of 2023, requires CTC to convene relevant state agencies to assess the procurement and implementation of analytic software tools to support the state's sustainable transportation, housing, land use, economic, and climate change strategies and goals, and to develop a proposal to procure those types of data tools and to develop a process to either grant access or make funding for this purpose available to state and local agencies by July 1, 2025.

**Vehicle Weight Safety Study.** The budget includes \$734,000 (\$345,000 State Highway Account, \$389,000 Public Transportation Account) to implement the provisions of AB 251 (Ward), Chapter 320, Statutes of 2023. AB 251 requires CTC to convene a task force to study the relationship between vehicle weight and injuries to vulnerable road users and degradation to roads, and to study the costs and benefits of imposing a passenger vehicle weight fee to include consideration of vehicle weight. The bill requires CTC to submit a report to the Legislature by January 1, 2026.

**Administrative Workload Adjustments.** The budget includes \$539,000 in reimbursement authority to support three existing limited-term positions addressing the workload related to climate resiliency, the Local Transportation Climate Adaptation Program (LTCAP), and the Transit Intercity Rail Capital Program (TIRCP). In addition, the budget includes one permanent Attorney IV position to provide legal services.



**2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)**

**Fleet Replacement.** The budget includes \$279.1 million from the State Highway Account for two years to continue replacing its aging fleet and installing zero emission vehicle (ZEV) infrastructure. Of this amount, \$250 million is to replace the equipment, \$22.5 million is for contractors to install ZEV infrastructure, and \$6.6 million is for 50 positions to support these efforts. In addition, AB 173 requires the Department of Transportation to annually report to the Legislature on or before October 1 of each year, beginning in 2025 and ceasing in 2036, regarding the zero-emission vehicles that the department purchases, owns, or leases.

**Institutionalizing the California Integrated Travel Project (Cal-ITP) and Building a Data & Digital Services Division.** The budget includes \$6.9 million from the Public Transportation Account and 37 positions for the Integrated Mobility Program on a three-year limited-term basis. The CIM Program will provide the scheduling software and technical assistance with General Transit Feed Specification (GTFS) as well as work on providing discounts to older adult customers paying directly with a bank card, to streamline discounts and incentives in contactless payments.

**Transportation Infrastructure Workforce Development Program.** The budget includes \$50 million General Fund in authority over four fiscal years starting in 2024-25 to invest in workforce development education and training in collaboration with the California Workforce Development Board (CWDB) and other partners. This implements SB 150 (Durazo), Chapter 61, Statutes of 2023, which requires the Department of Transportation to work in partnership with the CWDB to support California's high road construction careers program.

**Renewable Energy Program Evaluation.** The budget includes \$1.3 million General Fund ongoing for seven positions to complete the program evaluation for renewable energy created by SB 49 (Becker), Chapter 379, Statutes of 2023. SB 49 (Becker), Chapter 379, Statutes of 2023, as enacted requires Caltrans, by December 31, 2025, in coordination with the California Energy Commission, the California Public Utilities Commission, and the California Independent Systems Operator to evaluate the suitability and identify the developable amount of renewable energy and energy storage capacity of the various types of Caltrans-owned rights-of-way.

**Southern California Native American Freeway (SR 210) Partner Coordination.** The budget includes \$474,000 General Fund ongoing for two positions and consultant services for coordinated efforts to recognize historical and cultural importance of California tribes along State Route 210, as stipulated by AB 776 (Holden), Chapter 543, Statutes of 2023.

**Department of Transportation Chief Advisor on Bicycling and Active Transportation.** The budget includes \$211,000 General Fund ongoing for one position to act as the Chief Advisor on Bicycling and Active Transportation that shall serve as the department's primary advisor on all issues related to bicycle transportation, safety, and infrastructure, as required by SB 538 (Portantino), Chapter 617, Statutes of 2023.

**Asset Management State Highway System Data and Information (SB 695).** The budget includes \$442,000 and two positions from the State Highway Account (SHA) to provide State Highway System project data and information on Caltrans' public website, as required by SB 695 (Gonzalez), Chapter 629, Statutes of 2023.

**Intercity Passenger Rail Program.** The budget includes a three-year increase of \$66.1 million in 2024-25, \$72.1 million in 2025-26, and 72.5 million in 2026-27 in Operating Expenses from the Public Transportation Account for the operation of the Intercity Passenger Rail Program, which is allocated to Capitol Corridor Joint Powers Authority (CCJPA), San Joaquin Joint Powers Authority (SJJPA) and Los Angeles – San Diego – San Luis Obispo Rail Corridor (LOSSAN Corridor) Agency to administer and operate their respective services.

**Administration Program Support.** The budget includes \$4.8 million ongoing from the State Highway Account and 38 permanent positions for administration support. This funding will address this increased administrative workload, and improve their hiring, recruitment, training, procurement, and contracting processes.

**Bridge and Tunnel Safety Inspection Resources.** The budget includes \$6.6 million in 2024-25 and \$8.5 million ongoing from the State Highway Account to address new federal bridge inspection and data collection requirements. Caltrans is budgeted for 28 positions to address this additional workload, funding to purchase specialized inspection equipment, as well as operational expenses for travel and vehicle replacement and maintenance.

**California High Speed Rail Reimbursement Authority.** The budget includes \$3.1 million in reimbursement authority in 2024-25 and 2025-26 for services rendered on behalf of the California High Speed Rail Authority (HSRA). More specifically, these resources will provide ongoing legal services to the California High Speed Rail Authority in real property acquisition and management for the Central Valley Madera to Shafter segment.

**Continuation of Proposition 1B Administrative Support.** The budget includes \$1.7 million from various funds in 2024-25 and 2025-26 to continue addressing workload associated with Caltrans' responsibilities under Proposition 1B. This funding is for the remaining active projects, and estimated based on zero-based budgeting practices. 200 projects are still in the implementation phase, and will require monitoring for several more years before they are complete. Therefore, the budget includes 11 positions for two years, to continue implementing Proposition 1B.

**Continuation of Road Charge Pilot Positions.** The budget includes \$1 million from the State Highway Account in 2024-25 and 2025-26 to continue six two-year limited-term positions to implement a road charge revenue collection pilot, as required by SB 339 (Wiener), Chapter 308, Statutes of 2021. This extends previously approved positions for another two years to complete the pilot project, manage the contract services (which ends April 30, 2026), and provide the final report to the Legislature by December 31, 2026.

**Culvert Inspection Program Statewide Crew Augmentation.** The budget includes \$8.1 million in 2024-25, \$9.5 million in 2025-26, and \$8.2 million ongoing from the State Highway Account to improve the frequency of culvert inspections in the State Highway System. More specifically, this funds 50 positions, equipment and tools for culvert inspection, as well as funding for ongoing maintenance and repair costs, to locate, inventory, and inspect the state's culverts and storm drain systems on a routine schedule of five-to-seven years.

**Distributed Programs Abolishment.** The budget includes a shift to a centralized Administration and Equipment Program, instead of a distributed Administration and Equipment Program, as well as a consolidation of funding to the State Highway Account.

**Enterprise Data Governance Technology Solution Implementation.** The budget includes \$7.7 million in 2024-25 from the State Highway Account to implement the Enterprise Data Governance Technology Solution, which is a tool to help Caltrans staff manage data assets consistently and effectively.

**Enterprise Data Storage Expansion.** The budget includes \$12.9 million in 2024-25 to address additional data storage and protection needs and completion of network infrastructure upgrades at designated locations throughout the state. In addition, \$10.2 million is requested beginning in 2025-26 and ongoing for data expansion growth and vendor maintenance support for the network and data storage equipment.

**Equal Employment Opportunity Program Support.** The budget includes \$2.1 million ongoing from the State Highway Account for Equal Employment Opportunity Program (EEO) support and to implement equity related actions, trainings, and departmental policies.

**FI\$Cal Onboarding Planning.** The budget includes \$13.5 million in 2024-25 from the State Highway Account to support the transition and onboarding to the FI\$Cal system. This is a continuation of previously approved resources, and includes 34 limited-term positions for reviewing, analyzing, and updated business and technical gaps, business requirements and business processes, identifying system interfaces, data conversion, testing, training, reporting, cybersecurity, communication, and organizational change management as well as consulting services for organizational change management, data conversion, data reporting, and testing.

**Transportation System Network Replacement.** The budget includes \$4.2 million in 2024-25 from the State Highway Account to replace the Transportation System Network. This includes eight limited-term positions (5.5 for system development and implementation and 2.5 for maintenance and operations) as well as one-time system development cost of \$2 million and a system operations and maintenance cost of \$737,000.

**Wildfire Litigation.** The budget includes \$4.4 million in 2024-25, 2025-26, 2026-27, and 2027-28 from the State Highway Account for wildfire legal defense. Potential litigation expenses may include, but are not limited to depositions, court reporters, reprographic services, aerial photography, jury consultants, trial support, and attorney fees.

**Active Transportation Program.** The budget includes \$5 million General Fund for bike lanes connecting disadvantaged communities to public higher education facilities and job centers.

**Sonoma-Marin Area Rail Transit (SMART).** The budget includes \$4 million General Fund for freight rail operations and capital, and deferred maintenance for the SMART District.

**Pebble Beach Stabilization Project.** The budget includes \$8 million General Fund for the Pebble Beach Stabilization Project in Crescent City, in the County of Del Norte.

**Geyserville ADA Street Safety Project.** The budget includes \$3.8 million General Fund for the Geyserville ADA Street Safety Project in Sonoma County.

## 2665 HIGH-SPEED RAIL AUTHORITY

**Central Valley Segment – Acquisition.** The budget includes a capital outlay appropriation of \$6 million from the High-Speed Rail Property Fund for right-of-way acquisition, using excess parcel proceeds.

**Form to Function Budget Adjustments and Proposition 1A Cap Increase.** The budget includes \$13.5 million (\$13.3 million Greenhouse Gas Reduction Funds and \$279,000 Proposition 1A Bond Funds) and 67 positions to shift consultant resources to state staff on an ongoing basis. In addition, AB 173 (Committee on Budget), Chapter 53, Statutes of 2024, adjusts the administrative cap of Proposition 1A from 2.5 percent (\$225 million) to five percent (\$450 million) of the \$9 billion appropriation as specified in the language of Proposition 1A through Section 2704.08 (h) of the Streets and Highway Code.

## 2667 HIGH-SPEED RAIL AUTHORITY OFFICE OF THE INSPECTOR GENERAL

**Establishing the Office of Inspector General, High Speed Rail.** The budget includes \$2 million from the Public Transportation Account in new funding from transportation special funds (including \$1.4 million on an ongoing basis) to support fourteen ongoing positions to launch the High-Speed Rail Authority (HSRA) Office of the Inspector General (OIG). In addition, AB 173 clarifies statutes concerning the office of inspector general.

## 2670 BOARD OF PILOT COMMISSIONERS (BPC)

**Board of Pilot Commissioners' Business Modernization.** The budget includes \$139,000 in 2024-25 and \$288,000 in 2025-26 from the Board of Pilot Commissioners' Special Fund to complete evaluation and planning efforts for business modernization to support program operation.

## 2720 CALIFORNIA HIGHWAY PATROL (CHP)

**Convert Administrative Positions from Sworn Personnel to Non-Uniformed Personnel.** The budget includes permanent position authority for 34 positions to support CHP's administrative functions.

**Augmentation for Retention of Conflict Counsel.** The budget includes \$4 million from the Motor Vehicle Account (MVA) for retention of outside conflict counsel to represent CHP and its officers in civil litigation cases arising from officer-involved shootings.

**Ebony Alert.** AB 173 (Committee on Budget and Fiscal Review), Chapter 53, Statutes of 2024, expands and revises the determinations a law enforcement agency must make to request an Ebony Alert; requires CHP to activate an Ebony Alert and assist the investigating law enforcement agency if the department concurs with the agency's determination; and requires the California Highway Patrol to report on the evaluation of the Ebony Alert, no later than July 1, 2027.

**Capital Outlay Projects.** The budget includes a number of capital outlay projects for CHP, including:

- **Keller Peak: Tower Replacement – Revert and Fund New.** The budget replaces the existing authority of \$3.2 million with a new appropriation of \$4.9 million from the Motor Vehicle Account for the construction phase of the continuing Keller Peak: Tower Replacement Project.
- **Performance Criteria Funding for Six Area Offices – Cash to Bonds.** The budget replaces existing current year authority of \$13.1 million General Fund with \$13.1 million Public Buildings Construction Fund, for the performance criteria phase of the Gold Run, Redding, Los Banos, Antelope Valley, Barstow, and Porterville Area Office Replacement Projects.

## **2740 DEPARTMENT OF MOTOR VEHICLES (DMV)**

**Budget Augmentation for California Department of Technology Fee Increases.** The budget includes \$17.3 million from the Motor Vehicle Account (MVA) in 2024-25 and ongoing for CDT rate increases for services pertaining to technology project oversight, planning, procurement, and data center.

**Voter Registration: California New Motor Voter Program.** The budget includes \$4.5 million from the General Fund in 2024-25, for one-time costs of \$4.3 million, and an ongoing amount of \$198,000 for one permanent position and legal workload related to AB 796 (Berman), Chapter 314, Statutes of 2021, which amends the California New Motor Voter Program.

**Commercial Driver’s License Information System (CDLIS) Compliance.** The budget includes \$2.4 million from the Motor Vehicle Account in 2024-25, for eleven temporary information technology positions to support the planning, development, and implementation activities for updates to the CDLIS program.

**Digital eXperience Platform (DXP) Project.** The budget includes 90 temporary positions and \$60.3 million in 2024-25 from the Motor Vehicle Account to complete the design, development, and implementation of the vehicle registration phase and to continue the driver licensing phase of the Digital eXperience Platform (DXP) Project.

**Cybersecurity Program Resources.** The budget includes \$7.4 million in 2024-25, \$7.3 million in 2025-26, and \$4.9 million ongoing from the MVA for five permanent positions, information technology (IT) security consulting services, as well as IT security tools and training to improve the Cybersecurity Program.

**Enterprise Content Management (ECM) Project.** The budget includes \$3.3 million from the MVA in 2024-25 to continue implementing a department-wide Enterprise Content Management (ECM) System.

**REAL ID Automated Document Verification.** The budget includes \$7.5 million from the MVA in 2024-25 and \$5.5 million ongoing to support the REAL ID Automated Document Verification (RADV) process, which allows customers to upload the identity and residency documents necessary to apply for a REAL ID Driver License or Identification Card prior to arriving at the field office.

**Capital Outlay Projects.** The budget includes four capital outlay proposals for DMV, including:

- **El Centro: Field Office Replacement – Cash to Bonds.** The budget replaces \$2.5 million General Fund with \$2.5 million from the Public Buildings Construction Fund for the performance criteria phase of the El Centro Field Office Replacement project, which also includes consolidation of the Brawley office and addition of a Commercial Drive Test Center.
- **Oxnard: Field Office Reconfiguration – Cash to Bonds.** The budget replaces the existing authority of \$14.3 million General Fund with \$15.5 million Public Buildings Construction Fund for the construction phase of the Oxnard Field Office Reconfiguration Project.
- **San Francisco: Field Office Replacement – Revert Existing and Authorize Build-to-Suit Lease.** The budget reverts existing design-build authority of \$41.7 million Public Buildings Construction Fund. In addition, AB 173 (Committee on Budget), Chapter 53, Statutes of 2024, authorizes the Department of General Services, with the consent of DMV, to enter into a lease-purchase agreement or lease with an option to purchase agreement for a built-to-suit office facility in the City and County of San Francisco to replace a DMV field office as well as authorizing the project to be a mixed-use development that may include or integrate affordable housing.

### **Transportation Budget and Trailer Bills**

1. *Budget Act of 2024 – Assembly Bill 107 (Gabriel), Chapter 22, Statutes of 2024.*
2. *Budget Act of 2024 – Senate Bill 108 (Wiener), Chapter 35, Statutes of 2024.*
3. *Budget Act of 2023 – Senate Bill 109 (Wiener), Chapter 36, Statutes of 2024.*
4. *Transportation – Assembly Bill 173 (Committee on Budget), Chapter 53, Statutes of 2024.*

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## BUDGET and TRAILER BILLS

<b>Bill Number</b>	<b>Chapter Number</b>	<b>Topic</b>	<b>Date Chaptered</b>
<b>AB 107</b>	<b>22</b>	<b>Budget Acts of 2024 (Gabriel)</b>	<b>6/26/24</b>
<b>SB 108</b>	<b>35</b>	<b>Budget Act of 2024 (Wiener)</b>	<b>6/29/24</b>
<b>AB 157</b>	<b>994</b>	<b>Budget Act of 2024 (Gabriel)</b>	<b>9/30/24</b>
<b>AB 180</b>	<b>995</b>	<b>Budget Act of 2024 (Gabriel)</b>	<b>9/30/24</b>
SB 109	36	Budget Act of 2023 (Wiener)	6/29/24
AB 106	9	Budget Act of 2022 and 2023 (Gabriel)	4/15/24
AB 158	996	Budget Acts of 2022 and 2023 (Gabriel)	9/30/24
AB 154	27	Education Finance: Proposition 98: Suspension	6/26/24
AB 160	39	Medi-Cal Managed Care Organization Provider Tax	6/29/24
AB 161	46	Human Services	7/02/24
AB 162	47	Developmental Services	7/02/24
AB 166	48	Housing	7/02/24
AB 167	34	Taxation	6/27/24
AB 168	49	Public Safety	7/02/24
AB 169	50	Public Safety Juvenile Justice	7/02/24
AB 170	51	Courts	7/02/24
AB 171	52	Employment	7/02/24
AB 173	53	Transportation	7/02/24
AB 176	998	Education	9/30/24
AB 177	999	Health	9/30/24
AB 178	1000	Resources	9/30/24
AB 179	997	State Government	9/30/24
AB 181	1001	State Employment: State Bargaining Units Agreements	9/30/24
AB 218	1002	Resources: Oil and Gas	9/30/24
SB 136	6	Medi-Cal: Managed Care Organization Provider Tax	3/25/24
SB 153	38	Education Finance	6/29/24
SB 155	71	Higher Education	7/02/24
SB 156	72	Resources	7/02/24
SB 159	40	Health	6/29/24
SB 163	73	Early Learning and Childcare	7/02/24
SB 164	41	State Government	6/29/24
SB 174	74	Resources: California Environmental Quality Act	7/02/24
SB 175	42	Taxation	6/24/24



**General Fund Multiyear Forecast  
2024 Budget Act**

(Dollars in Millions)

	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
<b>RESOURCES:</b>					
Prior Year Balance	\$47,119	\$13,443	\$14,078	\$12,093	-\$1,820
Revenues/Transfers	\$190,250	\$207,213	\$209,993	\$214,950	\$223,710
Transfer to Budget Stabilization Account	-\$851	\$0	\$0	\$0	\$0
Withdrawal from the Budget Stabilization Account	\$0	\$4,926	\$7,100	\$0	\$0
<b>Total Resources</b>	<b>\$236,518</b>	<b>\$225,582</b>	<b>\$231,171</b>	<b>\$227,043</b>	<b>\$221,890</b>
<b>EXPENDITURES:</b>					
Proposition 98	\$67,095	\$82,612	\$81,469	\$85,022	\$88,028
Proposition 28 Arts and Music Education	\$938	\$0	\$0	\$0	\$0
Non-Proposition 98	\$154,357	\$128,892	\$137,609	\$143,842	\$154,029
Prop 2 Infrastructure/Deferred Maintenance	\$685	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$223,075</b>	<b>\$211,504</b>	<b>\$219,078</b>	<b>\$228,863</b>	<b>\$242,057</b>
<b>FUND BALANCES:</b>					
	\$13,443	\$14,078	\$12,093	-\$1,820	-\$20,167
Reserve for Encumbrances	\$10,569	\$10,569	\$10,569	\$10,569	\$10,569
SFEU	\$2,874	\$3,509	\$1,523	-\$12,389	-\$30,736
Safety Net Reserve	\$900	\$0	\$0	\$0	\$0
Budget Stabilization Account (Mandatory Deposits)	\$20,760	\$15,834	\$10,533	\$10,533	\$10,533
Budget Stabilization Account (Total Deposits)	\$22,559	\$17,633	\$10,533	\$10,533	\$10,533
Public School System Stabilization Account	\$0	\$1,054	\$1,054	\$1,054	\$1,054
Total Reserves	\$26,333	\$22,196	\$13,110	-\$802	-\$19,149
BSA mandatory balance as a percentage of General Fund Tax Proceeds	10.0%	6.7%	4.0%	3.9%	3.7%
SFEU/Safety Net/PSSSA/Total BSA as a percentage of Total Resources	11.1%	9.8%	5.7%	-0.4%	-8.6%
<b>Operating Surplus/Deficit with BSA Transfer</b>	<b>-\$33,675</b>	<b>\$635</b>	<b>-\$1,985</b>	<b>-\$13,913</b>	<b>-\$18,347</b>

**Note:** Totals may not add due to rounding

## General Fund Revenues 2024 Budget Act

(Dollars in Millions)

	2023-24	2024-25	2025-26	2026-27	2027-28
<b>1 Major Revenues</b>					
2 Alcoholic Beverage Taxes and Fees	417	422	428	434	440
3 Cigarette Tax	43	41	40	38	37
4 Corporation Tax	33,282	42,557	36,558	25,080	20,969
5 Insurance Gross Premiums Tax	3,905	4,016	4,167	4,310	4,451
6 Mobilehome In-Lieu Tax	1	1	1	1	1
7 Personal Income Tax	111,203	116,556	127,902	146,881	157,455
8 Retail Sales and Use Tax	33,320	34,045	35,038	36,105	37,336
<b>9 Total Major Revenues</b>	<b>\$182,171</b>	<b>\$197,638</b>	<b>\$204,133</b>	<b>\$212,848</b>	<b>\$220,689</b>
<b>10 Minor Revenues</b>	<b>6,328</b>	<b>6,540</b>	<b>5,678</b>	<b>2,715</b>	<b>2,844</b>
11 Local Agencies - Miscellaneous Revenue	(155)	(79)	(79)	(79)	(79)
12 Royalties - State Lands	(87)	(91)	(83)	(93)	(89)
13 Investment Income - Pooled Money Investments	(2,817)	(2,067)	(1,046)	(953)	(987)
14 Abandoned Property Revenue	(946)	(1,006)	(1,090)	(1,180)	(1,277)
15 Cost Recoveries - Other (mainly FEMA Reimbursements)	(1,790)	(2,911)	(3,031)	(61)	(62)
16 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	(172)	(104)	(104)	(104)	(104)
17 Other Miscellaneous Minor Revenues	(360)	(281)	(244)	(243)	(244)
<b>18 Revenue Transfers</b>	<b>-263</b>	<b>7,170</b>	<b>7,461</b>	<b>370</b>	<b>376</b>
19 Transfer From Safety Net Reserve	(0)	(900)	(0)	(0)	(0)
20 Transfers to/from BSA	(-851)	(4,926)	(7,100)	(0)	(0)
21 All Other Transfers	(588)	(1,344)	(361)	(370)	(376)
<b>22 Loans</b>	<b>1,163</b>	<b>790</b>	<b>-179</b>	<b>-983</b>	<b>-200</b>
23 Loan Repayments from Loan Repayments Drill	(-688)	(-488)	(-62)	(-798)	(-792)
24 All Other Loans	(1,851)	(1,279)	(-117)	(-184)	(592)
<b>25 Total Minor Revenues/Transfers/Loans</b>	<b>\$7,228</b>	<b>\$14,501</b>	<b>\$12,960</b>	<b>\$2,102</b>	<b>\$3,021</b>
<b>26 Total Revenues/Transfers/Loans</b>	<b>\$189,399</b>	<b>\$212,139</b>	<b>\$217,093</b>	<b>\$214,950</b>	<b>\$223,710</b>

\*Dollars may not add due to rounding

**Proposition 98 Multiyear  
2024 Budget Act**

(Dollars in Millions)

	2022-23 PY	2023-24 CY	2024-25 BY	2025-26 BY1	2026-27 BY2	2027-28 BY3
General Fund	63,179	59,521	69,927	71,214	74,222	76,656
Education Protection Account GF (Less health care share)	4,574	7,573	12,686	10,255	10,799	11,372
<b>Total Prop 98 General Fund</b>	<b>67,753</b>	<b>67,095</b>	<b>82,612</b>	<b>81,469</b>	<b>85,022</b>	<b>88,028</b>
Arts and Music Education (Proposition 28)	0	938	0	0	0	0
Total Prop 98 General Fund w/ Arts and Music Education	67,753	68,033	82,612	81,469	85,022	88,028
Local Property Tax	29,774	31,389	32,670	34,251	36,021	37,905
<b>Total Prop 98 (including supplemental arts payment)</b>	<b>97,527</b>	<b>99,422</b>	<b>115,283</b>	<b>115,720</b>	<b>121,043</b>	<b>125,933</b>
<i>Prop 98 Change to Prior-year</i>	<i>-13,027</i>	<i>1,896</i>	<i>15,860</i>	<i>437</i>	<i>5,323</i>	<i>4,890</i>
<i>Percent Change to Prior-year</i>	<i>-11.78%</i>	<i>1.94%</i>	<i>15.95%</i>	<i>0.38%</i>	<i>4.60%</i>	<i>4.04%</i>
<i>Prop 98 Operative Test</i>	<i>1</i>	<i>2</i>	<i>1</i>	<i>1</i>	<i>3</i>	<i>3</i>
<i>Maintenance Factor Balance</i>	<i>0</i>	<i>8,329</i>	<i>4,623</i>	<i>4,869</i>	<i>5,503</i>	<i>6,801</i>
<b>Settle-Up</b>						
Amounts Applied from Over Appropriations	0	0	0	0	0	0
General Fund Payments for Prior Fiscal Years	0	0	0	0	0	0
<b>Settle-Up Balance</b>	0	0	0	0	0	0
<b>Mandate Balance</b>	785	785	785	785	785	785
<b>Public School Stabilization Account Transfer</b>	272	0	1,054	0	0	0
<b>Public School Stabilization Account Withdrawal</b>	0	-8,413	0	0	0	0
<b>Public School Stabilization Account Balance</b>	<b>8,413</b>	<b>0</b>	<b>1,054</b>	<b>1,054</b>	<b>1,054</b>	<b>1,054</b>

**General Fund Multiyear N98 Expenditures by Agency**  
**2024 Budget Act**  
(Dollars in Millions)

<b>N98 excludes Capital Outlay, Debt Service</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Legislative, Executive	\$9,176	\$4,367	\$4,291	\$3,430	\$3,329
Courts	3,436	3,222	3,372	3,394	3,402
Business, Consumer Services, and Housing	3,541	1,324	267	160	157
Transportation	669	209	150	25	25
Natural Resources	10,299	3,786	3,741	3,785	3,935
Environmental Protection	2,271	214	130	130	129
Health and Human Services	73,408	71,193	76,311	82,072	89,994
Corrections and Rehabilitation	14,895	13,749	13,329	13,349	13,449
Education	19,775	20,170	19,818	21,321	22,200
Labor and Workforce Development	1,356	949	761	812	729
Government Operations	4,592	2,467	2,642	2,704	2,907
General Government	4,834	821	6,183	5,763	7,033
Non-Agency Departments	(2,804)	(1,271)	(1,229)	(1,198)	(1,735)
Tax Relief/Local Government	(595)	(653)	(558)	(558)	(558)
Statewide Expenditures	(1,436)	-(1,103)	(4,396)	(4,007)	(4,740)
<b>Capital Outlay</b>	774	567	335	309	35
<b>Debt Service</b>	5,332	5,856	6,279	6,587	6,704
<b>Total N98 Expenditures</b>	<b>\$154,357</b>	<b>\$128,892</b>	<b>\$137,609</b>	<b>\$143,842</b>	<b>\$154,029</b>

Note: Totals may not add due to rounding

**Debts and Liabilities Eligible for Payments Under Proposition 2**

**2024 Budget Act**

(Dollars in Millions)

	<b>Outstanding Amount at Start of 2024-25 <sup>2/</sup></b>	<b>Use of 2024-25 Pay Down</b>	<b>Proposed Use of 2025-26 Pay Down</b>	<b>Proposed Use of 2026-27 Pay Down</b>	<b>Proposed Use of 2027-28 Pay Down</b>
<b>State Retirement Liabilities</b>					
1 State Retiree Health	82,413	360	375	385	395
2a State Employee Pensions—SB 84 Loan from SMIF		836	590	556	556
2b State Employee Pensions	69,515	337	874	944	1,148
3 Teachers' Pensions <sup>1/</sup>	85,571	0	0	0	0
4 Judges' Pensions	2,646	0	0	0	0
<b>Total</b>	<b>\$240,145</b>	<b>\$1,533</b>	<b>\$1,839</b>	<b>\$1,885</b>	<b>\$2,099</b>

<sup>1/</sup> The state portion of the unfunded liability for teachers' pensions is \$8.391 billion.

<sup>2/</sup> For retiree health and pensions, the amounts reflect latest actuarial report available.

**Prop 2 Rainy Day Fund - 2024-25 and Out Years  
at 2024 Budget Act**

(Dollars in Millions)

	2024-25	2025-26	2026-27	2027-28	
<b>1.5% of General Fund Revenues &amp; Transfers</b>					
1	General Fund Revenues and Transfers (before BSA transfer)	\$204,362 <sup>1/</sup>	\$207,023 <sup>1/</sup>	\$214,950	\$223,710
2	1.5% of General Fund Revenues & Transfers	\$3,065	\$3,105	\$3,224	\$3,356
<b>Capital Gain Revenues (Sec 20(b))</b>					
3	General Fund Tax Proceeds	\$200,107	\$205,580	\$214,211	\$222,093
4	Personal Income Taxes from Capital Gains	\$15,994	\$17,379	\$18,255	\$19,181
5	% of General Fund Tax Proceeds	8.0%	8.5%	8.5%	8.6%
6	8% of General Funds Tax Proceeds	\$16,009	\$16,446	\$17,137	\$17,767
7	Personal Income Taxes from Capital Gains in Excess of 8% General Fund Tax Proceeds	\$0	\$933	\$1,118	\$1,414
8	Prop 98 Share of Capital Gains Tax Revenue above 8%	\$0	\$360	\$573	\$573
9	Non 98 Share of Capital Gain Tax Revenue above 8%	\$0	\$573	\$545	\$841
10	Total Available (Line 2 + Line 9)	\$3,065	\$3,678	\$3,769	\$4,197
11	Debt Repayment (50%)	\$1,533	\$1,839	\$1,885	\$2,099
12	Deposit to Rainy Day Fund (50%)	\$1,533	\$1,839	\$1,885	\$2,099
12.1	Suspension of BSA Deposit	-\$1,533	-\$1,839	-\$1,885	-\$2,099
<b>Fund Balances</b>					
13	<b>Mandatory Balance from Previous Fiscal Year</b> (Does <u>not</u> include discretionary amount)	\$18,549	\$13,623	\$8,322	\$8,322
14	10 percent of GF Tax Proceeds	\$20,011	\$20,558	\$21,421	\$22,209
15	Infrastructure/Deferred Maintenance (Mandatory balance in excess of 10 percent GF Tax Proceeds)	\$0	\$0	\$0	\$0
16	Adjusted Deposit to Rainy Day Fund (Line 12 - Line 15)	\$0	\$0	\$0	\$0
17	Withdrawal from BSA Mandatory Balance	-\$4,926	-\$5,301	\$0	\$0
18	<b>Mandatory Balance</b> <b>(Line 13 + Line 16 + Line 17)</b>	<b>\$13,623</b>	<b>\$8,322</b>	<b>\$8,322</b>	<b>\$8,322</b>
18.1	Mandatory Percentage	6.8%	4.0%	3.9%	3.7%
19	<b>Overage Balance (amount from previous year + Line 15)</b>	<b>\$2,211</b>	<b>\$2,211</b>	<b>\$2,211</b>	<b>\$2,211</b>
19.1	Overage Percentage	1.1%	1.1%	1.0%	1.0%
20	Supplemental Withdrawal	\$0	-\$1,799	\$0	\$0
21	<b>Discretionary Balance</b>	<b>\$1,799</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
22	<b>Total Rainy Day Fund Balance</b> <b>(Line 18+ Line 19 + Line 21)</b>	<b>\$17,633</b>	<b>\$10,533</b>	<b>\$10,533</b>	<b>\$10,533</b>
22.1	Total Balance (Line 22) as a Percentage of General Fund Tax Proceeds (Line 3)	8.8%	5.1%	4.9%	4.7%

<sup>1/</sup> Excludes \$2.9 billion in 2024-25 and \$3 billion in 2025-26 for estimated FEMA cost recoveries for COVID-19 and wildfires/storms.