

*Senate Budget and Fiscal Review—Scott D. Wiener, Chair*

## SUBCOMMITTEE NO. 4

## Agenda

**Senator Christopher Cabaldon, Chair**

**Senator Roger W. Niello**

**Senator Lola Smallwood-Cuevas**



**Tuesday, June 10, 2025  
9:00 a.m.  
State Capitol – Room 113**

Consultant: Elisa Wynne, Timothy Griffiths & Jessica Uzarski

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#### Public Comment

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street,

Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

**ITEMS FOR VOTE ONLY****0110/0120/0130 Senate, Assembly, Legislative Analyst's Office****Issue 1: Senate, Assembly, LAO Support**

**Budget Proposal.** Adjust the Legislature's budget from the January budget pursuant to Proposition 140 (1990), in line with the State Appropriations Limit Adjustment of 6.76 percent, for a total ongoing adjustment of \$28.9 million General Fund.

**Staff Recommendation:** Approve as proposed.



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**0509 Governor's Office of Business and Economic Development****Issue 1.5: Withdrawal of CalCompetes Grant Program Proposal**

**Budget Proposal.** The Governor's May Revision withdrew the Governor's January 2025 Budget proposal to appropriate \$60 million in 2025-26 General Fund to the CalCompetes Grant program.

**Staff Recommendation:** Accept the withdrawal.

**Issue 2: State Contribution to National Semiconductor Technology Center's Design and Collaboration Facility**

**Budget Proposal.** The Governor's January 2025 Budget Proposal sought \$25 million in one-time 2025-26 General Fund to contribute to capital expenditures associated with the development of the National Semiconductor Technology Center's Design and Collaboration Facility in Sunnyvale, California.

**Status:** The Subcommittee heard this issue on March 27, 2025 and held it open.

**Staff Comments.** See this Committee's March 27, 2025 agenda for further discussion of the pros and cons of providing this funding.

**Staff Recommendation.** Approve the proposal.

**Issue 3: Extend the California Regional Initiatives for Social Enterprises Program**

**Budget Proposal.** The Governor's January 2025 budget requested an appropriation of \$17 million in one-time 2025-26 General Fund to extend operation of the California Regional Initiatives for Social Enterprises (CA RISE) program for two more years.

**Status:** The Subcommittee heard this issue on March 27, 2025 and held it open.

**Staff Comments.** See this Committee's March 27, 2025 agenda for further discussion of the pros and cons of providing this funding.

**Staff Recommendation.** Reject the proposal.

**Issue 4: Elimination of the Performing Arts Equity Payroll Program**

**Budget Proposal.** The Governor's May Revision proposes to revert the unspent balance of \$11.5 million from the Performing Arts Equitable Payroll Fund back to the General Fund, effectively eliminating the Performing Arts Equitable Payroll grant program.

**Status:** The Subcommittee heard this issue on May 19, 2025 and held it open.

**Staff Comment:** See the Subcommittee's May 20, 2024 hearing agenda for additional information about the history of the program.

**Staff Recommendation.** Reject the proposal.

**Issue 5: Reinstatement of Original Zero Emission Vehicle Program Encumbrance Deadline**

**Budget Proposal.** Through a reappropriation, the Governor's May Revision requests to reinstate the original encumbrance date of June 30, 2026 for \$2 million in funding for the Zero Emissions Vehicle (ZEV) Program at the Governor's Office of Business and Economic Development (GO-Biz).

**Status:** The Subcommittee heard this issue on May 19, 2025 and held it open.

**Staff Recommendation.** Approve the proposal

**Issue 6: Authority to Provide State Match for Federal Grant to the State Trade Expansion Program**

**Budget Proposal.** The Governor's May Revision requests the adoption of provisional budget language authorizing the Department of Finance to increase the 2025-26 General Fund appropriation to the Governor's Office of Business and Economic Development (GO-Biz) by up to \$650,000 in order to meet the federal matching requirement for State Trade Expansion Program (STEP) awards.

**Status:** The Subcommittee heard this issue on May 19, 2025 and held it open.

**Staff Recommendation.** Approve the proposal.

**Issue 7: Increased Reimbursement Authority for Outsmart Disaster Program**

**Budget Proposal.** The Governor's May Revision sought expanded 2025-26 reimbursement authority in the amount of \$230,000 to receive federal reimbursements for the Outsmart Disaster Program with the Office of the Small Business Advocate (CalOSBA) at the Governor's Office of Business and Economic Development (GO-Biz).

**Status:** The Subcommittee heard this issue on May 19, 2025 and held it open.

**Staff Recommendation.** Approve the proposal.

**Issue 8: Reappropriation of Containerized Ports Interoperability Program Administrative Funds**

**Budget Proposal.** The Governor's May Revision requests to reappropriate \$700,000 to the Governor's Office of Business and Economic Development (GO-Biz) for administrative costs associated with the Containerized Ports Interoperability Program.

**Status:** The Subcommittee heard this issue on May 19, 2025 and held it open.

**Staff Recommendation.** Approve a reappropriation of \$350,000 and revert the remainder back to the General Fund as savings.

**Issue 9: Reappropriation of Women's Business Center Enhancement Program Administrative Funds**

**Budget Proposal.** The Governor's May Revision requests to reappropriate \$240,000 to the Office of the Small Business Advocate (CalOSBA) within the Governor's Office of Business and Economic Development (GO-Biz) for administrative costs associated with the Women's Business Center Enhancement Program.

**Status:** The Subcommittee heard this issue on May 19, 2025 and held it open.

**Staff Recommendation.** Approve the proposal.

**Issue 10: Climate Catalyst Revolving Loan Fund Extension Trailer Bill Language**

**Budget Proposal.** The Governor's January 2025 Budget Proposal includes budget trailer bill language that indefinitely extends the period in which the California Infrastructure and Economic Development Bank (IBank) board may approve financing out of the Climate Catalyst Revolving Loan Fund. The proposed budget trailer bill language also makes other conforming and technical changes to the statutes governing Fund operations.

**Status:** The Subcommittee heard this issue on March 27, 2025 and held it open.

**Staff Recommendation.** Adopt placeholder trailer bill language.

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**0511 GOVERNMENT OPERATIONS AGENCY****Issue 11: California Education Interagency Council and Associated Trailer Bill Language**

**Request.** The Government Operations Agency (GovOps) requests \$5.0 million General Fund in 2025-26 and ongoing to establish the Office of the California Education Interagency Council to bring together TK- 12 education, higher education, and state economic and workforce development agencies to improve planning and coordination across state government.

The Department of Finance has requested to withdraw this proposal.

**Staff Comment.** This Governor’s proposal included Trailer Bill language related to implementation.

**Staff Recommendation.** Approve legislative proposal of \$5.0 million General Fund in 2025-26 and ongoing to establish the Office of the California Education Interagency Council. Reject trailer bill language associated with the Governor’s Budget request.

**Issue 12: Cradle-to-Career Data System: Career Passport Resources**

**Request.** The Government Operations Agency (GovOps), Office of Cradle-to-Career Data System (C2C) is requesting 1.0 new position, \$687,000 General Fund in fiscal year 2025-26, and \$187,000 General Fund in fiscal year 2026-27 and ongoing, to manage workload related to the Cradle-to-Career Data System. Approval of this request will provide C2C with a dedicated resource to support the development of the Career Passport.

**Staff Recommendation.** Approve as budgeted.

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**0515 Business, Consumer Services, & Housing Agency****Issue 13: Resources for the Governor’s Plan to Reorganize the Business, Consumer Services, and Housing Agency**

**Budget Proposal.** The Governor’s May Revision requests \$4 million in 2025-26, \$6.2 million in 2026-27, and \$6.1 million annually after that from the General Fund to pay for implementation of the Governor’s proposed reorganization of the Business, Consumer Services, and Housing Agency (BCSH).

**Status:** This Subcommittee took testimony about the underlying agency reorganization proposal on March 27, 2025 for informational purposes only. The Subcommittee heard this resource request on May 19, 2025 and held it open.

**Staff Comments.** This request asks the Legislature to approve the resources for the Governor’s BCSH Reorganization Plan before the Legislature has made the decision to approve, reject, or modify the plan itself. The Legislature could defer its decision about resources for the reorganization until after it determines how to respond to the Reorganization Plan. The Administration counters that its proposed timeline for implementation of the Governor’s Reorganization Plan begins in July 2025. Thus, the Administration asserts, any delay in approval of resources for the reorganization will delay its implementation.

**Staff Recommendation.** Reject the proposal without prejudice. In other words, defer consideration of what resources to allocate to the reorganization of BCSH until after the Legislature has decided whether to approve, reject, or modify the plan for restructuring the agency.

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**0650 GOVERNOR'S OFFICE OF LAND USE & CLIMATE INNOVATION****Issue 14: Allocation of Climate Bond Funding to Extreme Heat and Community Resilience Programs**

**Budget Proposal.** The Governor's January 2025 Budget, as modified by the May Revision, proposes to allocate part of the money from the 2024 Climate Bond (Proposition 4) to three programs at the Governor's Office of Land Use and Climate Innovation (GO-LCI) over the next several years, as detailed below.

**Background:** In 2024, California voters passed Proposition 4, a bond measure directing \$10 billion to projects addressing climate change. The Governor's January 2025 Budget included a multiyear proposal for spending this money across several state departments and programs. This Agenda Item takes up just part of that broader proposal: funding for three programs administered by GO-LCI: the Extreme Heat and Community Resilience (EHCR) program, the Transformative Climate Communities (TCC) program, and Community Resilience Centers (CRC). Details about each program are in this Subcommittee's March 27, 2025 Agenda.

**Status:** This Subcommittee heard this issue on March 27, 2025 and held it open. The Subcommittee heard the May Revision to the Administration's proposal on May 19, 2025 and held that open as well.

**Staff Comments.** The proposal regarding these three programs administered by GO-LCI is part of a broader Administration proposal for how to spend the Climate Bond funds. Senate Budget Subcommittee Two on Resources, Environmental Protection, and Energy has jurisdiction over the other elements of this broader proposal.

**Staff Recommendation.** Conform to actions related to Proposition 4 taken in Subcommittee Two on Resources, Environmental Protection & Energy.

**Issue 15: Phase-Out of the California Education Learning Lab**

**Budget Proposal.** The Governor's January 2025 Budget proposed to maintain the California Education Learning Lab (CELL), but to transfer its operations from GO-LCI to the Government Operations Agency. The May Revision instead eliminates CELL over the course of two years, resulting in \$5.3 million in General Fund savings in 2025-26 and \$4 million in ongoing General Fund savings annually after that. The May Revision proposal retained \$250,000 in General Fund for CELL during the phase-out period to cover remaining grant oversight and management tasks.

**Status:** The Subcommittee heard this issue on May 19, 2025 and held it open.

**Staff Comments.** At the May 19, 2025 hearing, the Legislative Analyst's Office proposed fully cutting CELL in 2025-26, instead of the Administration's proposed phase-out period. As some

CELL grants will remain active after June 30, 2025, however, maintaining at least residual staffing to monitor and closeout these grants does appear justified.

**Staff Recommendation.** Reject the proposed 2025-26 cuts to the program but approve the \$4 million reduction to the annual General Fund appropriation to CELL beginning in 2026-27.

#### Issue 16: Technical Adjustments

**Budget Proposal.** The Governor's May Revision sought several technical adjustments to the budget for the Governor's Office of Land Use and Climate Innovation (GO-LCI).

**Background:** The specific technical adjustments requested were as follows:

- A. The 2024 Budget Act reorganized the former Governor's Office of Planning and Research (OPR). The core functions of the former OPR moved to GO-LCI while CalVolunteers, the Office of Community Partnerships and Strategic Communications, and the Youth Empowerment Commission transferred to a new entity: the Governor's Office of Service and Community Engagement (GO-Serve). However, GO-Serve still relies upon GO-LCI for administrative support. To account for that support, GO-LCI requested \$3.35 million in ongoing reimbursement authority.
- B. GO-LCI coordinates with the United States Military to ensure state land-use, regulatory, and energy policy are compatible with military operations and needs. GO-LCI anticipates receiving \$2.9 million in receives federal grants for this purpose in 2025-26. GO-LCI requested a corresponding increase in its Federal Trust Fund authority.
- C. Through CEQAnet, GO-LCI operates as a clearinghouse for the required documents that development proponents proponents and agencies must file to comply with their obligations under the California Environmental Quality Act. (CEQA). The 2022 Budget Act includes resources to support modernization and upgrades to CEQAnet. That initiative is ongoing, but the encumbrance period ends on June 30, 2027. This proposal sought an extension of that encumbrance period through June 30, 2027.
- D. Correction of two 2024 Budget Act solutions scoring errors through reappropriation for until June 30, 3027 of (1) \$9.8 million of the amount appropriated for the Regional Climate Collaboratives Program the 2022 Budget Act and (2) \$10 million of the amount appropriated for Integrated Climate Adaptation and Resilience Planning Grants in the 2022 Budget Act.

**Staff Comment:** Due to an error, the Finance Letter associated with this request only seeks \$2.28 million for the Federal Trust Fund increase, rather than the intended request – reflected in the corresponding Budget Change Proposal and here – of \$2.9 million.

**Status:** The Subcommittee heard this issue on May 19, 2025 and held it open.

**Staff Recommendation.** Approve as proposed.



**Issue 17: Statutory Adjustment Updating the Definition of “Vulnerable Communities” for Purposes of the Integrated Climate Adaptation and Resilience Program**

**Budget Proposal.** The Governor’s May Revision proposes the adoption of budget trailer bill language that would tie the definition of “vulnerable communities” for purposes of the Integrated Climate Adaptation and Resilience Program (ICARP) to the most recent program resource guide published by the Governor’s Office of Land Use and Climate Innovation (GO-LCI).

**Status:** The Subcommittee heard this issue on May 19, 2025 and held it open.

**Staff Recommendation.** Adopt placeholder budget trailer bill language.

**Issue 18: Statutory Authority to Require Submission of General Plan Progress Reports in Standardized Formats**

**Budget Proposal.** The Governor’s May Revision proposes the adoption of budget trailer bill language that would authorize the Governor’s Office of Land Use and Climate Innovation (GO-LCI) to require local governments to submit Annual Progress Reports on their General Plan implementation using standards, forms, and definitions set by GO-LCI.

**Status:** The Subcommittee heard this issue on May 19, 2025 and held it open.

**Staff Recommendation.** Adopt placeholder budget trailer bill language.

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**0680 GOVERNOR'S OFFICE OF SERVICE & COMMUNITY ENGAGEMENT****Issue 19: New Spending to Expand College Corps and Make It Permanent**

**Budget Proposal.** The Governor's January 2025 Budget sought a \$5 million one-time General Fund augmentation for the College Corps program in 2025-26 (for a total 2025-26 General Fund appropriation of \$68 million); followed by annual appropriations of \$84M in General Fund to the program after that.

**Status:** The Subcommittee heard this issue on March 27, 2025 and held it open.

**Staff Recommendation.** Reject the proposal.

**Issue 20: Elimination of the Climate Action Corps**

**Budget Proposal.** Through a Finance Letter associated with the May Revision, the Administration proposes to cut \$9.3 million in future Greenhouse Gas Reduction Fund from the Climate Action Corps, effectively eliminating the program going forward.

**Status:** Disposition of GGRF resources generally falls within the purview of Senate Budget Subcommittee Two on Resources, Environmental Protection and Energy. The Governor's proposed future allocation of GGRF resources was heard in that Subcommittee. The issue is mentioned here because the Climate Action Corp is administered by GO-Serve, which ordinarily falls within the oversight of this Subcommittee.

**Staff Comments.** Although this proposal does not directly result in General Fund savings because the program is currently funded through the GGRF, the proposed cut opens up these resources within the GGRF to cover other priorities currently paid for out of the General Fund. Thus, this proposal indirectly results in General Fund savings.

**Staff Recommendation.** Conform to actions related to disposition of the GGRF taken in Subcommittee Two on Resources, Environmental Protection & Energy.

**Issue 21: Saving Through Reductions to the Office of Community Partnerships and Strategic Communications**

**Budget Proposal.** The Legislative Budget proposes to achieve \$15 million in General Fund savings in 2025-26 by reverting the remaining state operations appropriation for the Office of Community Partnerships and Strategic Communications (OCPSC) within the Governor's Office of Service and Community Engagement (GO-Serve).

**Background:** 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. Of this time-limited annual total, \$15 million was for state administration of the program, while OCPSC was to disburse the remaining \$50 million balance to the community-based organizations with which it partners. To address fiscal challenges, however, the 2024 Budget Act pulled back the \$50 million for grant funding in 2024-25 and 2025-26, leaving just the \$15 million for state administration.

This proposal would now trim back the final \$15 million for 2025-26, effectively closing the office one year earlier than would otherwise take place based on the length of the original appropriation.

**Status:** The Subcommittee has not heard this proposal previously.

**Staff Recommendation.** Approve the proposal.

## **Issue 22: Savings from Reduction of the Youth Job Corps**

**Budget Proposal.** The Legislative Budget proposes to achieve savings of approximately \$17 million in General Fund annually starting in 2025-26 by reducing the annual appropriation for the Youth Job Corps program by 25 percent.

**Background:** The Youth Job Corps provides structured employment and related wraparound services with a focus on youth (ages 16-30) who are: (a) low-income; (b) in or transitioning from foster care; (c) engaged with the mental health or substance abuse system; or (d) justice involved. The program operates through population-based grants to California’s largest cities and competitive grants to other local jurisdictions. Grantees have discretion for design of their local programs and may hire youth directly or contract with community based organizations.

The program was established in 2021 as a two-and-a-half year pilot using federal funds. In 2023, the Governor proposed a new, ongoing state General Fund allocation of \$78.1 million to continue the program indefinitely. After initially considering a more modest amount for the program, the Legislature ultimately acquiesced to the full proposal, though the annual allocation was reduced by \$10 million in the 2024 Budget Act to help address the deficit.

In light of the continuing deterioration in the budget condition, this proposal would further reduce funding for the program going forward.

**Status:** The Subcommittee has not previously heard this issue.

**Staff Comments.** See the Subcommittee’s March 7, 2024 and March 16, 2023 hearing agendas for further discussion of the pros and cons of funding the Youth Job Corps program.

**Staff Recommendation.** Adopt the proposal.

<b>Issue 23: Corrections to General Fund Solutions</b>
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**Budget Proposal.** The Governor’s May Revision requested adjustments to correct two scoring errors in the 2024 Budget Act.

**Background:** The 2024 Budget Act contained scoring errors associated with two items. To correct these errors the May Revision seeks: (1) to revert to the General Fund savings associated with solutions coming out of the Regional Climate Collaboratives Program, the ICARP Climate Adaptation and Resilience Planning Grants, and the ICARP Extreme Heat and Community Resilience Grant Program that were approved as part of the 2024-25 budget but incorrectly scored in the 2024 Budget Act; and (2) to reappropriate \$10 million of the amount appropriated in the 2022 Budget Act for the Extreme Heat and Community Resilience Program, until June 30, 2027, that was incorrectly reverted in the Budget Act of 2024.

**Status:** The Subcommittee has not previously heard this issue.

**Staff Recommendation.** Adopt the proposal.

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**0840 STATE CONTROLLER****Issue 24: Accounting Book of Record and Annual Comprehensive Financial Report (ACFR) FISCAL Implementation**

**Request.** The Governor's budget requests \$9,124,000 (\$5,566,000 General Fund and \$3,558,000 Central Service Cost Recovery Fund) for consulting services to support the State Controller's Office (SCO) Book of Record functionality migration to FISCAL.

**Staff Recommendation.** Approve as budgeted.

**Issue 25: California State Payroll System (CSPS) Project**

**Request.** The Governor's budget requests, for the State Controller's Office (SCO) requests the following resources to support CSPS as it begins design, development, configuration, and implementation of the new personnel, payroll and travel expense management system for the state civil services and exempt employees, state court, and California State University employees.

- **2025-26:** 20.0 permanent positions and \$117,016,000 (\$71,381,000 General Fund (GF) and \$45,635,000 Central Service Cost Recovery Fund (CSCRF))
- **2026-27 and ongoing:** \$3,803,000 (\$2,321,000 GF and \$1,482,000 CSCRF)

**Staff Recommendation:** Approve as budgeted.

**Issue 26: Annual Comprehensive Financial Report (ACFR) Engagement Team**

**Request.** The Governor's Budget requests, for the State Controller's Office (SCO), the following contracted resources needed to provide Generally Accepted Accounting Principles (GAAP) financial reporting assistance to various state departments to restore and sustain on-time publication of the state's Annual Comprehensive Financial Report (ACFR). 2025-26: \$4,000,000 (\$2,440,000 General Fund (GF) and \$1,560,000 Central Service Cost Recovery Fund (CSCRF))

**Staff Recommendation:** Approve as budgeted.

**Issue 27: Unclaimed Property Management System Replacement (UPMSR) Project Funding Realignment**

**Request.** The Governor’s budget requests, for the State Controller’s Office (SCO), \$1,025,000 in 2025-26, \$729,000 in 2026-27, \$785,000 in 2027-28, \$842,000 in 2028-29, \$900,000 in 2029-30 from the Unclaimed Property Fund for the Unclaimed Property Management System Replacement (UPMSR) Project to support the ongoing maintenance and operations costs of the new system.

**Staff Recommendation:** Approve as budgeted.

**Issue 28: 2024 State School Facilities Fund Technical Adjustment**

**Request.** The Governor’s budget requests, for the State Controller’s Office, Item 0840-001-6094 be added in the amount of \$300,000 ongoing for program administrative costs related to the School Facilities Program.

**Staff Recommendation:** Approve as budgeted.

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**0855 GAMBLING CONTROL COMMISSION****Issue 29: Indian Gaming Special Distribution Fund Trailer Bill Language**

**Request.** The Governor’s May Revision Budget requests Indian gaming special distribution fund related trailer bill language.

**Background.** The Trailer Bill language is intended to address technical clean-up and structural insolvency problems.

**Staff Recommendation.** Adopt placeholder trailer bill language.

**Issue 30: California Gambling Control Commission Budget Bill Language**

**Request:** The California Gambling Control Commission (Commission) requests to establish provisional language to adjust budget authority between the Special Distribution Fund (SDF) and the Gambling Control Fund (GCF).

**Staff Recommendation:** Adopt placeholder budget bill language adding a requirement of a written order and appropriate notice to the Joint Legislative Budget Committee substantially similar to the following:

“The Department of Finance may not order a transfer unless the order is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of approval, or prior to whatever lesser time the chairperson of the joint committee, or the chairperson’s designee, may determine.”

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**0870 OFFICE OF TAX APPEALS**

<b>Issue 31: Reimbursement Authority</b>
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**Budget Proposal.** The May Revision includes an increase in reimbursement authority by \$30,000 ongoing to the Office of Tax Appeals to share Fresno office space with the Ca Dept of Human Resources

**Staff Recommendation.** Approve as budgeted.



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**0890 SECRETARY OF STATE****Item 32: Help America Vote Act – 2025 Election Security Federal Grant Award**

**Request.** The Governor’s Budget requests, for the Secretary of State, \$647,000 Federal Trust Fund in 2025-26 to accept and expend the grant award, and \$130,000 General Fund in 2026-27.

**Staff Recommendation.** Approve as budgeted.

**Issue 33: Office of State Publishing Warehouse and Voter Registration Card Printing Costs**

**Request.** The Governor’s Budget requests, for the Secretary of State, an augmentation of \$2.143 million General Fund in 2025-26, 2026-27, and 2027-28 for the associated Department of General Services, Office of State Publishing lease cost for the storage of paper used for the publication of the state Voter Information Guide and the costs for assuming the printing of the Voter Registration Cards.

**Staff Recommendation.** Approve as budgeted.

**Issue 34: Voter Information Guide Fund – Special Item of Expense**

**Request.** The Governor’s Budget requests, for the Secretary of State, a new program be created to fund the election-related activities of parallel monitoring, printing and mailing of Voter Information Guides, Voter Registration Cards and Voter Notification Cards, and election night reporting and to transfer the associated \$15.1 million General Fund (\$10.6 million of baseline funding and the \$4.5 million included at Governor’s Budget) from the Elections program to the Special Items of Expense program.

**Staff Recommendation.** Approve as budgeted.

**Issue 35: Reappropriation: Voting System Replacement for Counties**

**Request.** The Governor’s Budget requests, for the Secretary of State, the reappropriation of \$10.2 million General Fund in 2025-2026 to continue the support of counties’ efforts to upgrade or replace voting system equipment.

**Staff Recommendation.** Approve as budgeted.

**Issue 36: Business Filing Processing Times Report**

**Request:** Business Filing Processing Times Report: Provision 1 of Item 0890-001-0228 requires the SOS to provide the Department of Finance and the Joint Legislative Budget Committee a quarterly report on the performance of its Business Programs Division (BPD). The reporting requirement was adopted in 2013 after a significant delay in processing times came to light. The report is no longer necessary. Since 2013, the SOS has made reforms to BPD and tracks point-in-time processing times. The information is publicly available on the SOS's website and provides processing dates for the types of requests submitted, how the request is submitted and when requests are received. This information provides more accurate and up-to-date information than the monthly report submitted to the Legislature.

**Staff Recommendation.** Approve deletion of Provision 1 of Item 0890-001-0228.

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**0950 STATE TREASURER****Issue 37: Jesse Unruh Building Relocation Costs**

**Request.** The Governor's budget requests, for the State Treasurer's Office (STO), one-time general fund of \$735,000 for relocation costs associated with its transition back to its permanent headquarters, the Jesse Unruh Building. Provisional language is also requested to allow for additional costs, if required

**Staff Recommendation.** Approve as budgeted.

**Issue 38: Operating Expenses and Equipment**

**Request.** The Governor's budget requests, for the STO Information Technology Division (ITD), an ongoing appropriation and corresponding funding augmentation of \$520,000 (\$312,000 General Fund and \$208,000 Central Services Cost Recovery Fund) to its operating expenses and equipment budget to address a described gap between recurring IT operational expenses and the current allocated operating expense and equipment budget. This request states that it is intended to resolve a significant budgetary gap resulting from underfunding in the current operating expense and equipment allocation, and further states the goal of retaining essential security technologies and tools, supporting ITD's efforts in cloud computing and modernization.

**Staff Recommendation.** Approve as budgeted.

**Issue 39: Personal Services Budget**

**Request.** The Governor's budget requests, for the STO-ITD, an ongoing appropriation augmentation and corresponding funding increase of \$536,000 (\$322,000 General Fund and \$214,000 Central Services Cost Recovery Fund) to fully fund personal services costs for all 42.5 authorized positions.

**Staff Recommendation.** Approve as budgeted.

**Issue 40: California Hope, Opportunity, Perseverance and Empowerment (HOPE) for Children Trust Account Program Board**

**Request.** The Governor’s May Revision proposals includes a request to transfer \$50 million from the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Fund to the General Fund.

**Staff Recommendation:** Modify Governor’s proposal and approve a transfer of \$40 million from the Hope Children Trust Account to the General Fund.

**Issue 41: Jesse Unruh Building Rent Increase**

**Request.** The State Treasurer’s Office requests a General Fund increase of \$512,000 for FY 2025-26, followed by an increase of \$1,575,000 in FY 2026-27 and ongoing, to address the annual rent increase resulting from the renovation of its state-owned headquarters, the Jesse Unruh Building located at 915 Capitol Mall, Sacramento.

**Background.** This request is associated with rent increases from the State Treasurer’s Office return to its renovated headquarters.

**Staff Recommendation:** Approve as Budgeted.

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**0954 SCHOLARSHARE INVESTMENT BOARD****Issue 42: CalKIDS Program Administration and Implementation Funding Workload Adjustment**

**Request:** The Governor’s budget proposes \$566,000 ongoing General Fund for three new full-time positions at Scholarshare Investment Board to help administer the CalKIDS program.

**Staff Recommendation:** Approve as budgeted.

**Issue 43: Preparation Service Notification Trailer Bill Language**

**Request:** The Governor’s budget requests, for the Scholarshare Investment Board, trailer bill language related to program notifications on tax preparation software platforms.

**Trailer Bill Language**

Trailer bill language requiring tax preparation software providers to notify taxpayers about CalKIDS has been proposed. The proposal states that all tax preparation software providers that submit California state returns to the Franchise Tax Board would need to include this notification.

**LAO Comments:** The LAO submitted its analysis and recommendations related to this trailer bill language to budget staff on May 6, 2025. The LAO recommends rejecting the proposal for several enumerated reasons including limited notification scope, duplicative notification, potential confusion, and potential risks related to increasing time to file.

**Staff Recommendation:** Reject.

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**0968 TAX CREDIT ALLOCATION COMMITTEE****Issue 44: Supplemental State Low-Income Housing Tax Credits**

**Budget Proposal.** The Legislative Budget proposes to include \$500 million in supplemental state Low-Income Housing Tax Credits (LIHTC) in the 2025 Budget Act.

**Status:** The Subcommittee heard this issue on February 27, 2025 for informational purposes only.

**Staff Comments.** Because it involves tax credits, not appropriations, this proposal does not score against the 2025-26 General Fund. However, it would reduce future General Fund revenues.

**Staff Recommendation.** Approve the proposal.

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**0971 CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY****Issue 45: Position Authority Augmentation**

**Budget Proposal.** The Governor's budget includes 7.0 permanent positions for California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA) using existing funding from a 2022-23 Budget Change Proposal which provided support and technical assistance for the California Hub for Energy Efficiency Financing (CHEEF) program. The proposal notes that increased staffing resources will enhance the support for CAEATFA's demanding infrastructure needs. All requested positions will be funded with existing appropriation authority.

**Staff Comments.** This item was previously heard on April 24<sup>th</sup>, 2025 and was held open.

**Staff Recommendation.** Approve as budgeted.

**0981 CALABLE****Issue 46: Administration of the California Achieving a Better Life Experience Act Board**

**Budget Proposal.** The Governor's budget includes \$182,000 General Fund ongoing for one Associate Governmental Program Analyst (AGPA). This position would support the development and implementation of a marketing, outreach, and public education program for individuals who will be newly eligible for CalABLE accounts beginning January 1, 2026.

**Staff Comments.** This item was previously heard on April 24<sup>th</sup>, 2025 and was held open.

**Staff Recommendation.** Approve as budgeted.



## 1111 DEPARTMENT OF CONSUMER AFFAIRS

### Issue 47: Business Modernization Cohort 2 – Maintenance and Operations

**Request.** The Governor’s Budget requests, for the Department of Consumer Affairs, an increase in expenditure authority of \$2.652 million in 2025-26 and ongoing to continue maintenance and operations for the Business Modernization Cohort 2 (“BMC 2”).

**Staff Recommendation.** Approve as budgeted.

### Issue 48: Pro Rata Adjustments re: Control Sections 4.05 and 4.12

**Request.** The Governor’s May Revision proposal requests, for the Department of Consumer Affairs, the following increases or decreases to redistribute the Department of Consumer Affairs’ existing baseline Pro Rata related to Control Section 4.05 and 4.12 efficiencies.

- Item 1111-001-0069 be decreased by \$11,000
- Item 1111-001-0108 be increased by \$7,000
- Item 1110-001-0152 be decreased by \$9,000
- Item 1111-001-0264 be increased by \$9,000
- Item 1111-001-0280 be increased by \$7,000
- Item 1111-001-0295 be increased by \$2,000
- Item 1111-001-0310 be decreased by \$6,000
- Item 1111-001-0319 be decreased by \$12,000
- Item 1111-001-0326 be increased by \$7,000
- Item 1111-001-0376 be increased by \$11,000
- Item 1111-001-0704 be decreased by \$5,000
- Item 1111-001-0706 be decreased by \$8,000
- Item 1111-001-0735 be increased by \$394,000
- Item 1111-001-0741 be increased by \$10,000
- Item 1111-001-0757 be decreased by \$17,000
- Item 1111-001-0758 be increased by \$11,000
- Item 1111-001-0759 be increased by \$18,000
- Item 1111-001-0761 be decreased by \$293,000
- Item 1111-001-0763 be decreased by \$23,000
- Item 1111-001-0767 be decreased by \$7,000
- Item 1111-001-0770 be decreased by \$16,000
- Item 1111-001-0771 be increased by \$2,000
- Item 1111-001-0773 be increased by \$40,000
- Item 1110-001-0775 be decreased by \$5,000
- Item 1111-001-0777 be decreased by \$1,000
- Item 1111-001-0779 be decreased by \$12,000
- Item 1111-001-3017 be decreased by \$12,000
- Item 1111-001-3069 be increased by \$2,000
- Item 1111-001-3140 be decreased by \$18,000

- Item 1111-002-0166 be decreased by \$19,000
- Item 1111-002-0239 be decreased by \$44,000
- Item 1111-002-0305 be decreased by \$67,000
- Item 1111-002-0400 be decreased by \$4,000
- Item 1111-002-0421 be increased by \$127,000
- Item 1111-002-0582 be increased by \$10,000
- Item 1111-002-0717 be increased by \$16,000
- Item 1111-002-3108 be decreased by \$10,000
- Item 1111-002-3122 be decreased by \$18,000
- Item 1111-002-3438 be decreased by \$47,000
- Item 1111-002-9250 be decreased by \$9,000

In addition, the Governor's May Revision Proposal Requests that the following Items be decreased as indicated below for a total of \$29,000 ongoing to adjust the Department of Consumer Affairs' existing baseline Pro Rata costs to boards and bureaus based on the changes to the Business, Consumer Services, and Housing Agency's budget related to Control Section 4.12 efficiencies.

- Item 1111-001-0069 be decreased by \$1,000
- Item 1111-001-0704 be decreased by \$1,000
- Item 1111-001-0735 be decreased by \$6,000
- Item 1111-001-0741 be decreased by \$1,000
- Item 1111-001-0758 be decreased by \$2,000
- Item 1111-001-0761 be decreased by \$2,000
- Item 1111-001-0767 be decreased by \$1,000
- Item 1111-001-0770 be decreased by \$1,000
- Item 1111-001-0773 be decreased by \$1,000
- Item 1111-001-0779 be decreased by \$1,000
- Item 1111-002-0239 be decreased by \$1,000
- Item 1111-002-0305 be decreased by \$1,000
- Item 1111-002-0421 be decreased by \$7,000
- Item 1111-002-0582 be decreased by \$1,000
- Item 1111-002-3438 be decreased by \$2,000

**Staff Recommendation:** Reject without prejudice.

**Issue 49: BCSH/BCSA Reorganization Related Adjustments**

**Request:** The Governor’s Reorganization Plan requests, for the Department of Consumer Affairs, Technical Adjustments for the New Business and Consumer Services Agency—It is requested that the following items be decreased as indicated below for a total of \$69,000 ongoing to reflect the changes to the Department of Consumer Affairs’ existing baseline costs to support the creation of the BCSA.

- Item 1111-001-0069 be decreased by \$3,000
- Item 1111-001-0152 be decreased by \$1,000
- Item 1111-001-0310 be decreased by \$1,000
- Item 1111-001-0319 be decreased by \$1,000
- Item 1111-001-0704 be decreased by \$3,000
- Item 1111-001-0706 be decreased by \$1,000
- Item 1111-001-0741 be decreased by \$3,000
- Item 1111-001-0758 be decreased by \$6,000
- Item 1111-001-0759 be decreased by \$1,000
- Item 1111-001-0761 be decreased by \$8,000
- Item 1111-001-0767 be decreased by \$4,000
- Item 1111-001-0770 be decreased by \$1,000
- Item 1111-001-0773 be decreased by \$2,000
- Item 1111-001-0775 be decreased by \$1,000
- Item 1111-001-0777 be decreased by \$1,000
- Item 1111-001-0779 be decreased by \$2,000
- Item 1111-001-3017 be decreased by \$1,000
- Item 1111-002-0239 be decreased by \$2,000
- Item 1111-002-0305 be decreased by \$3,000
- Item 1111-002-0400 be decreased by \$1,000
- Item 1111-002-0421 be decreased by \$18,000
- Item 1111-002-0582 be decreased by \$2,000
- Item 1111-002-0717 be decreased by \$1,000
- Item 1111-002-3438 be decreased by \$2,000

**Staff Recommendation:** Reject without prejudice.

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**1115 DEPARTMENT OF CANNABIS CONTROL****Issue 50: Budget Change Proposal re: Enforcement Fund Shift.**

**Request.** The Governor’s May Revision budget proposal requests, for the California Department of Cannabis Control (DCC), an increase in expenditure authority of \$2.29 million from the Cannabis Control Fund and 3.5 positions in 2025-26: \$2.92 million and 13.0 positions in 2026-27, \$4.04 million and 20.0 positions in 2027-28, and \$3.98 million in 2028-29 and ongoing. The Department is also requesting statutory changes to transfer existing expenditure authority associated with its illicit enforcement activities of \$56.62 million and 171.0 positions in 2025-26 and \$70.95 million in 2026-27 and ongoing from the Cannabis Control Fund to the Cannabis Tax Fund. In addition, the Department is requesting an increase in expenditure authority of \$4.83 million Cannabis Tax Fund and 5.5 positions in 2025-26, \$2.07 million and 7.0 positions in 2026-27, and \$2.06 million and 7.0 positions in 2027-28 and ongoing for increased enforcement support. In addition, the Governor’s May Revision also includes trailer bill language related to expanded enforcement authority and Proposition 64 Amendments primarily related to enforcement.

**Background.** The Department of Cannabis Control (Department), established in July 2021 through the enactment of Chapter 70, Statutes of 2021 (AB 141), unified the regulatory frameworks of three distinct cannabis programs, which includes the Bureau of Cannabis Control from the Department of Consumer Affairs, the CalCannabis Cultivation Licensing Division from the California Department of Food and Agriculture, and the Manufactured Cannabis Safety Branch from the California Department of Public Health. The proposal states that this consolidation aimed to centralize oversight, streamline licensing, and bolster program expertise to regulate California’s commercial cannabis industry more effectively.

**Staff Recommendation:** Reject without prejudice.

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**Issue 51: Proposition 64 Amendments to Improve Enforcement Efforts Trailer Bill Language**

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**Request.** The Governor’s May Revision has requested, for the Department of Cannabis Control, trailer bill language regarding Proposition 64 Amendments related to enforcement efforts.

**Background.** The Administration’s requested trailer bill language within the Revenue and Tax Code Section 34019 (1) allows disbursement from the Cannabis Tax Fund of “reasonable costs” for maintaining and operating the California Cannabis Track and Trace System, and conducting civil and criminal enforcement against commercial cannabis activity, and (2) modifies the Board of State and Community Corrections (BSCC) grant-making authority, by setting eligibility for local jurisdictions which allow establishment of cannabis retail stores or local jurisdictions with a population lower than 3,500 which allow establishment of cannabis delivery serving both medicinal and adult use customers.

**Trailer Bill Issue (1) – Disbursement of Cannabis Tax Fund amounts for Enforcement.** As discussed in Item 50, this section of Trailer Bill Language is intended to allow a fund shift with permits enforcement related activities to be funded from the Cannabis Tax Fund. For LAO comments on this proposal, see Item 50.

**Trailer Bill Issue (2) – Grant-Making Modifications.** The LAO provided the following comments in regards to the Grant-Making Trailer Bill Language.

“The “BSCC Proposition 64 Public Health and Safety Grant Program Trailer Bill Language” would increase the number of local governments that are eligible for BSCC Proposition 64 Public Health and Safety Grant program. Specifically, would allow jurisdictions that ban cannabis cultivation to be eligible for grants if they allow cannabis storefronts or—in cases where their population is under 3,500--cannabis delivery.

**Recommendation: Modify.** We recommend setting the small jurisdiction threshold at 10,000 residents, as the proposed 3,500 threshold is too low to expand eligibility meaningfully.”

**Staff Recommendation:** Reject without prejudice.

**Issue 52: Expanded Enforcement Authority Trailer Bill Language**

**Request.** The Governor’s May Revision has requested, for the Department of Cannabis Control, trailer bill language regarding Expanded Enforcement Authority.

**Background.** The “Expand Department of Cannabis Control Enforcement Authority” trailer bill language provides the Department of Cannabis Control with authority to seal a building or premises if compliance and enforcement staff discover illegal activity on premises.

**Staff Comment:** This proposal raises questions of law and policy, including issues related to constitutional rights, more appropriately considered through the policy bill process.

**Staff Recommendation:** Reject and defer to legislative policy process.

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**1700 CIVIL RIGHTS DEPARTMENT****Issue 53: CA vs. Hate Resource Line Contracting Exemption**

**Budget Proposal.** The Governor’s May Revision sought the inclusion of language in the budget exempting the Civil Rights Department from ordinary state contracting requirements in relation to the one-year extension of contract to operate the CA v. Hate resource line.

**Status:** The Subcommittee took up this issue during its May 19, 2025 hearing and held it open.

**Staff Comments.** Committee members and the Legislative Analyst’s Office raised concerns during the May 19, 2025 hearing that the dynamic leading to this budget proposal could repeat itself if this program is again proposed for extension next year. There was general agreement that, if the Administration contemplates extending the program next year, it should open the contract to bidding with enough time to prevent service disruptions.

**Staff Recommendation.** Adopt the proposal with amendments clarifying that the exemption will not apply in the event that the program is extended into 2026-27.

**Issue 54: Reinstatement of Previously Approved Funds**

**Budget Proposal.** The Governor’s May Revision requested to reinstate \$1.7 million in ongoing General Fund and hiring authority for eight positions at the Civil Rights Department (CRD) that were omitted from the Governor’s January 2025 Budget in error.

**Status:** The Subcommittee took up this issue during its May 19, 2025 hearing and held it open.

**Staff Recommendation.** Approve as proposed.

**Issue 55: Enhanced Enforcement, Investigation, and Mediation Extension**

**Budget Proposal.** The Legislative Budget proposes \$1.4 million in one-time 2025-26 General Fund to the Civil Rights Department (CRD) for the purpose of extending the Enforcement, Investigation, and Mediation Enhancement program through June 30, 2026.

**Status:** The Subcommittee heard this issue on May 8, 2025 for informational purposes only.

**Staff Comments.** See the Subcommittee’s May 8, 2025 hearing agenda for further details on this issue.

**Staff Recommendation.** Approve as proposed.

**Issue 56: Community Reconciliation Unit Extension**

**Budget Proposal.** The Legislative Budget proposes \$883,000 in one-time 2025-26 General Fund to the Civil Rights Department (CRD) for the purpose of extending the work of the Community Reconciliation Unit (CRU) through June 30, 2026.

**Status:** The Subcommittee heard this issue on May 8, 2025 for informational purposes.

**Staff Comments.** See the Subcommittee's May 8, 2025 agenda for further details about this issue.

**Staff Recommendation.** Approve as proposed.



**1701 Department of Financial Protection and Innovation****Issue 57: Trailer Bill Language - Programmatic Fee and Assessment Adjustments**

**Request.** The Governor’s Budget has proposed Trailer Bill Language for the Department of Financial Protection and Innovation (“DFPI”), increasing certain programmatic fees and assessments.

**Staff Recommendation.** Adopt placeholder trailer bill language and adopt placeholder budget bill language related to required reporting and language related to the issuance and collection of assessments.

**1703 PRIVACY PROTECTION AGENCY****Issue 58: Data Broker Deletion Request Opt-Out Platform**

**Request.** The California Privacy Protection Agency (CPPA) requests an increase in expenditure authority of \$2.477 million Data Broker's Registry Fund in 2025-26, \$2.34 million in 2026-27 and 2.0 positions phased-in over two years to meet the CPPA's responsibilities under Chapter 709, Statutes of 2023 (SB 362), known as the California Delete Act.

**Staff Recommendation.** Approve as budgeted.

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**1750 CALIFORNIA HORSE RACING BOARD****Issue 59: Cuts Related to Golden Gate Fields Closure**

**Request.** It is requested that Item 1750-001-3153 be decreased by \$308,000 and 3 positions in fiscal year 2025-26 and \$369,000 in 2026-27 and ongoing to align operational expenditures with a loss of regulatory activities associated with the permanent closure of the Golden Gate Fields racing and training facility.

**Staff Recommendation.** Approve as budgeted.

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**2240 HOUSING & COMMUNITY DEVELOPMENT DEPARTMENT****Issue 60: Homeless Housing, Assistance, and Prevention Program Funding**

**Budget Proposal.** The Legislative Budget proposes to appropriate \$500 million from the General Fund in 2026-27 support of the Homeless Housing, Assistance, and Prevention (HHAP) program.

**Status:** The Subcommittee heard this issue on February 27, 2025 for informational purposes only.

**Staff Recommendation.** Approve the proposal and adopt placeholder budget trailer bill language to govern administration of this new HHAP allocation.

**Issue 61: Affordable Housing Production Program Investment**

**Budget Proposal.** The Legislative Budget proposes to appropriate \$120 million in one-time 2025-26 General Fund to the Housing and Community Development Department's flagship affordable housing program, the Multifamily Housing Program (MHP).

**Status:** The Subcommittee heard this issue on February 27, 2025 for informational purposes only.

**Staff Recommendation.** Approve the proposal.

**Issue 62: Savings from Reduction in Encampment Resolution Fund Spending**

**Budget Proposal.** The Legislative Budget proposes to achieve savings by eliminating the currently budgeted \$100 million one-time 2025-26 General Fund appropriation to the Encampment Resolution Fund.

**Status:** This issue was heard for informational purposes only as part of the Subcommittee’s March 13, 2025 hearing on state support for local efforts to address homelessness.

**Staff Comments:** See the Subcommittee’s March 13, 2025 hearing agenda for further details about the ERF program.

**Staff Recommendation.** Approve the proposal.

**Issue 63: Savings from Reversion of Unspent Balances in Affordable Housing Production Funding Programs**

**Budget Proposal.** The Governor’s May Revision proposed to revert unexpended balances that were not committed to projects from three affordable housing production programs back to the General Fund. The total amount available to revert is \$37.5 million—\$31.7 million in uncommitted funds and \$5.8 million that was returned from projects during the 2024-25 fiscal year. The total available to revert from the 2021 Infill Infrastructure Grant Program is \$13 million, which is comprised of \$7.2 million in uncommitted funds and \$5.8 million in funds that were returned from projects this fiscal year.

**Background.** The May Revision would take back \$14.5 million previously appropriated to the Infill Infrastructure Grant Catalytic Program; \$10 million from the Commercial Property Pilot Program, and \$13 million from the 2021 Infill Infrastructure Grant program, including a technical adjustment to include the \$5.8 million that was returned from projects in the 2024-25 fiscal year that had not been scored as savings to avoid overstating savings to the General Fund.

**Status:** The Subcommittee heard this proposal on May 19, 2025 and held it open.

**Staff Recommendation.** Approve the proposal.

**Issue 64: Staffing and Resource Augmentations to Support Accountability Initiatives**

**Budget Proposal.** The Governor’s May Revision requested augmentations to the Housing and Community Development Department (HCD) budget of \$902,000 in General Fund and three positions in 2025-26 and 2026-27, as well as \$560,000 annually after that to support “various

accountability activities, including codes and standards activities; litigation; Accessory Dwelling Unit compliance-monitoring workload; and public records act compliance.”

**Status:** The Subcommittee heard this proposal on May 19, 2025 and held it open.

**Staff Recommendation.** Approve the proposal.

<b>Issue 65: Increased Trust Fund Authority to Receive and Administer Federal Community Development Block Grant – Disaster Recovery Award</b>
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**Budget Proposal.** The Governor’s May Revision requested increased Federal Trust Fund authority for the Housing and Community Development Department (HCD) to receive \$417 million in additional Community Development Block Grant – Disaster Recovery funds for long-term recovery efforts related to 2023 and 2024 winter storms, flooding, and mudslides.

**Status:** The Subcommittee heard this proposal on May 19, 2025 and held it open.

**Staff Comments.** As the CDBG-DR award comes from federal resources, this proposal does not impact the state’s General Fund.

**Staff Recommendation.** Approve the proposal.

<b>Issue 66: Technical Adjustments</b>
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**Budget Proposal.** The Governor’s January 2025 Budget requested to extend certain expenditure and liquidation deadlines associated with the Homekey and Community Development Block Grant – Disaster Recovery (CDBG-DR) programs administered by the Department of Housing and Community Development (HCD).

**Status:** The Subcommittee heard this proposal on May 19, 2025 and held it open.

**Staff Recommendation.** Approve the proposal.

**Issue 67: Statutory Exemption of Proposition 1 Housing Projects from Vote Requirement**

**Budget Proposal.** The Governor’s May Revision proposed the adoption of budget trailer bill language to exempt projects funded through Proposition 1 of 2024 from the California Constitution’s Article 34 requirement to subject approval of specified affordable housing development projects to a public vote.

**Status:** The Subcommittee heard this proposal on May 19, 2025 and held it open.

**Staff Recommendation.** Adopt placeholder budget trailer bill language.

**Issue 68: Affordable Housing Program Consolidated Default Reserve Fund**

**Budget Proposal.** The Governor’s January 2025 Budget proposed the enactment of budget trailer bill language that would consolidate the existing default reserve funds from several of the Housing and Community Development Department’s (HCD’s) affordable housing loan programs into a single, continuously appropriated backstop against the loss of affordable housing due to loan payment defaults.

**Status:** The Subcommittee heard this proposal on February 27, 2025 and held it open.

**Staff Comments.** See the Subcommittee’s February 27, 2025 hearing agenda for further discussion of this issue.

**Staff Recommendation.** Adopt placeholder budget trailer bill language.



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**Issue 69: Modifications to the California Environmental Quality Act**

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**Budget Proposal.** The Legislative Budget proposes the adoption of placeholder budget trailer bill language to implement changes to the California Environmental Quality Act (CEQA) process consistent with SB 607 (Wiener, 2025) and AB 609 (Wicks, 2025).

**Background:** CEQA outlines a process that public agencies must follow to analyze the environmental impacts of development projects, including many housing project, under their discretionary review. Under specified circumstances, CEQA requires reduction or mitigation of those impacts before the public agency may approve the project.

Adopts placeholder trailer bill language to implement changes to the CEQA process related to infill housing and other infrastructure included in AB 609 (Wicks) and SB 607 (Wiener).

SB 607 (Wiener, 2025) and AB 609 (Wicks, 2025) propose a series of changes to the CEQA process related to infill housing and other infrastructure projects. These changes are generally intended to make such projects easier, faster, and less costly to build.

**Status:** The Subcommittee has not previously heard this proposal. Versions of this proposal were heard as follows. AB 609 (Wicks) was heard in the Assembly Natural Resources Committee on April 21, 2025, in the Assembly Housing and Community Development Committee on April 30, in the Assembly Appropriation Committee on May 14, 2025, and on the Assembly Floor on May 19, 2025. SB 607 (Wiener) was heard in in the Senate Environmental Quality Committee on April 23, 2025, in the Senate Local Government Committee on April 30, 2025, and in the Senate Appropriations Committee on May 19 and 23, 2025.

**Staff Comment.** Though not formally part of the May Revision, the Governor expressed general support for this proposal during his press conference setting forth the content of the May Revision.

**Staff Recommendation.** Adopt placeholder budget trailer bill draft language to implement changes to the CEQA process consistent with AB 609 (Wicks) and SB 607 (Wiener).

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**Issue 70: Climate-Aligned Housing Policy**

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**Budget Proposal.** The Governor’s May Revision proposed the adoption of a series of statutory changes intended to promote additional housing production.

**Status:** The Subcommittee heard this proposal on May 19, 2025 and held it open.

**Staff Recommendation.** Reject the proposal without prejudice and defer consideration of the underlying proposals to the policy process.

**Issue 71:** Affordable Housing Equity Extraction

**Budget Proposal.** The Governor’s January 2025 Budget proposed the enactment of budget trailer bill language that would permit affordable housing developers, with HCD approval, to take out loans against the equity on HCD-funded projects to pay for preservation, rehabilitation, and/or development of other affordable housing initiatives.

**Status:** The Subcommittee heard this proposal on February 27, 2025 and held it open.

**Staff Comments.** See the Subcommittee’s February 27, 2025 hearing agenda for further discussion of this issue.

**Staff Recommendation.** Reject the proposal without prejudice and defer consideration of the underlying proposals to the policy process.

**2245 CALIFORNIA HOUSING FINANCE AGENCY****Issue 72: Capitalization of the California Dream for All Shared Appreciation Loan Fund**

**Budget Proposal.** The Legislative Budget proposes to infuse the California Dream for All (CDfA) Fund with \$300 million in new capital from the General Fund in 2025-26 to support additional rounds of shared appreciation loans to first-time, first generation homeowners.

**Status:** The Subcommittee heard this issue on February 27, 2025 for informational purposes only.

**Staff Comment.** See the Subcommittee hearing agenda for February 27, 2025 for further details about the CDfA program.

**Staff Recommendation.** Approve the proposal.

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**3100 EXPOSITION PARK****Issue 73: California Science Center: Phase III Air and Space Center Facility Core Operations**

**Request.** The Governor’s Budget requests, for the California Science Center, \$664,000 General Fund and 5 permanent positions in 2025-26, increasing to \$915,000 in 2029-30 and ongoing to provide the minimum level of resources needed to operate the state-approved Phase III Facility consistent with the Science Center’s lease obligations.

**Background.** The Food and Agricultural Code Section 4103.5 authorized the California Science Center (the “Science Center”) to enter into a 30-year lease with the California Science Center Foundation (Foundation) for the purpose of the Foundation developing, designing, constructing, equipping, furnishing, and funding the Phase III Project (an expansion of the Science Center). The authorized lease was executed in 2020.

According to the proposal, according to the Phase III lease agreement and the 50-year joint operating agreement (JOA), the Science Center is responsible for all building and exhibit maintenance and repairs, utilities, taxes, and assessments. The request by the Administration is therefore intended to provide resources required to maintain the building on an ongoing basis. Facilities operations and maintenance include recruitment and phased hiring of state employees in custodial and facility operations classifications, a minimum level of ongoing resources for facility maintenance supplies and contracting services, and recruitment of contracted staff to support specialized functions.

The 2024 Budget Act previously included \$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 were also intended to provide essential funding for facilities operations, utilities, and staff to maintain the Phase III facility.

**Staff Recommendation.** Approve as budgeted.

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**7502 DEPARTMENT OF TECHNOLOGY****Issue 74: New Spending for accountability.ca.gov Website**

**Budget Proposal.** The Governor’s May Revision sought \$185,000 in General Fund in 2025-26 and again in 2026-27 for the California Department of Technology (CDT) to maintain, update, and refine the Accountability.ca.gov website.

**Background:** Launched in spring 2025, the Accountability.ca.gov website currently pulls together housing, homelessness, and behavioral health data and presents it in a unified dashboard. Visitors can break the data down by jurisdiction, thus providing a sense of local performance in relation to these metrics.

CDT reports that it developed the website using existing staff and technology resources. Going forward however, CDT seeks the funding in this proposal “to ensure continued success and allow CDT time to determine if ongoing resources will be needed.” The proposal also contemplates expanding accountability.ca.gov to cover government programs beyond housing, homelessness, and behavioral health. Proposed expenditures include: infrastructure and web hosting costs as well as “consultants and specialized developers to assist with expanding the scope and functionality of Accountability.ca.gov to include new data integration pipelines, interactive mapping, and expanded government efficiency metrics while also providing flexibility to scale resources based on evolving priorities from the Governor’s Office.”

**Status:** The Subcommittee heard the issue of accountability for homelessness spending and examined some of the source data for accountability.ca.gov on March 13, 2025 for informational purposes but has not previously heard this specific proposal.

**Staff Recommendation.** Approve the proposal.

**Issue 75: Office of Information Security’s Advisory Services Program Virtual Chief Information Security Officer Service**

**Request.** The January Governor’s Budget requested, for the California Department of Technology (CDT) - Office of Information Security (OIS), \$500,000 in General Fund authority in Fiscal Year 2025-26 and on-going to support OIS’ Advisory Services Program (ASP) virtual Chief Information Security Officer (vCISO) program. This request will provide OIS-ASP with the necessary resources to perform information security recommendations and remediation services to all state entities and support their information security programs.

This proposal was withdrawn in the May Revision, with item 7502-001-0001 being reduced by \$500,000 in fiscal year 2025-26, and ongoing, to remove the establishment of the Virtual Chief Information Security Officer Service originally proposed in the Governor’s Budget.

**Staff Note:** This item was previously approved as budgeted on April 3, 2025 with a vote of 2-1. The Governor’s May Revision Proposals requests withdrawing this item.

**Staff Recommendation.** Approve as budgeted in the May Revision, in accordance with the Administration's proposal to withdraw this request.

<b>Issue 76: Digital ID Statewide Service Offering</b>
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**Request.** The Governor's Budget requests, for the California Department of Technology (CDT), \$972,000 in General Fund for Fiscal Year 2025-26 and 2026-27, and \$472,000 General Fund for 2027-28 and ongoing, to support existing positions and maintain and scale product offerings to additional state agencies/departments.

**Staff Recommendation.** Approve as budgeted.

<b>Issue 77: Collaborative Tools</b>
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**Request.** The Governor's May Revision proposal requests, for the California Department of Technology (CDT), \$327,000 General Fund (GF) in Fiscal Year (FY) 2025-26 and \$202,000 ongoing to support increased demands on essential cloud-based collaboration and design tools critical in supporting statewide technology initiatives, including high-priority efforts directed by CDT, the Government Operations Agency, and the Governor's Office.

**Staff Recommendation.** Approve as budgeted.

<b>Issue 78: Compliance and Security Incident Reporting System (Cal-CSIRS) Replacement</b>
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**Request.** The Governor's May Revision proposal requests, for the California Department of Technology, \$2.03 million in General Fund (GF) in Fiscal Year (FY) 2025-26 and \$316 thousand in FY 2026-27 (ongoing) for the Office of Information Security (OIS) to replace the end-of-life and end of support California Compliance and Security Incident Reporting System (Cal-CSIRS), a critical information security system for California used to report and track critical cyber risks and incidents. OIS was notified that the current Cal-CSIRS solution is being retired, creating an urgent need for a replacement.

**Staff Recommendation.** Approve as budgeted.

**7504 OFFICE AND DATA AND INNOVATION****Issue 79: Data and Innovation Services Revolving Fund**

**Request.** The Governor's budget requests, for the Office of Data and Innovation (ODI) \$7.2 million one-time Special Services Revolving Fund and \$2 million in reimbursements. It is also requested that provisional language be added to allow expenditures upon approval by the Secretary of the Government Operations Agency.

**Staff Recommendation.** Approve as budgeted.

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**7600 DEPARTMENT OF TAX AND FEE ADMINISTRATION (CDTFA)****Issue 80: Tobacco Programs and AB 3218 / SB 1230 Implementation**

**Budget Proposal.** The Governor’s budget includes \$3.5 million in 2025-26 from the Cigarette and Tobacco Products Compliance Fund (Compliance Fund) for CDTFA to implement AB 3128 (Chapter 849, Statutes of 2024) and SB 1230 (Chapter 462, Statutes of 2024), which enact the Unflavored Tobacco Product List (UTL) and include enforcement authority for flavored tobacco products and tobacco product flavor enhancers. Resources for implementation work of \$3.3 million in 2024-25 and \$2 million in 2025-26, in addition to this proposal, have been identified and are able to be absorbed by CDTFA.

CDTFA notes that they will evaluate the actual impact resulting from the legislation, particularly regarding enforcement, and in the future will recommend and request the necessary resources such as fee adjustments and additional spending authority.

**Staff Comments.** This item was previously heard on April 24<sup>th</sup>, 2025 and was held open.

**Staff Recommendation.** Approve as budgeted.



**Issue 81: Generation and Handling Fee Shortfall Reform**

**Budget Proposal.** The May Revision includes \$500,000 in reimbursement authority in 2025-26 and ongoing for the California Department of Tax and Fee Administration (CDTFA) to maintain administrative services related to the Department of Toxic Substances Control's Generation and Handling Fee Structure.

**Staff Recommendation.** Approve as budgeted.

**Issue 82: SB 1215 Electronic Waste Recycling Fee Program**

**Budget Proposal.** The May Revision includes \$1.1 m and 5.0 positions in 2025-26, \$862,000 and 0.5 positions in 2027-28, and \$1.4 m and 0.5 positions in 2028-29 and ongoing for workload at CDFTA associated with the Electronic Waste Recycling Fee Program. In 2025-26 and 2026-27 the workload is funded with a loan from the CalRecycle Electronic Waste Recovery and Recycling Acct, Integrated Waste Management Fund. Starting in 2027-28, the workload is anticipated to be fee funded.

**Staff Recommendation.** Approve as budgeted.

**Issue 83: SB 54 Plastic Pollution Prevention and Packaging Producer Responsibility Act**

**Budget Proposal.** The May Revision includes \$698,000 and 0.5 positions in 2025-26, \$609,000 and 1 position in 2026-27, and \$230,000 and one position in 2027-28 and ongoing for workload at CDTFA associated with the Plastic Pollution Prevention and Packaging Producer Responsibility Act. In 2025-26 and 2026-27, the workload is funded with a loan from the CalRecycle Ca Beverage Container Recycling Fund. Starting in 2027-28, the workload is anticipated to be fee funded.

**Staff Recommendation.** Approve as budgeted.

**Issue 84: Sales and Use Tax Remittances by Used Car Dealers**

**Budget Proposal.** The May Revision includes trailer bill language that allows CDTFA and DMV to jointly agree to exempt large used car dealers from the AB 85 Program which requires reporting of sales information. The trailer bill also addresses duplicative reporting requirements for dealers that unnecessarily increase workload at CDTFA.

**Staff Comments.** This item was previously heard on May 19th, 2025.

**Staff Recommendation:** Approve placeholder trailer bill language.

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**7730 FRANCHISE TAX BOARD****Issue 85: Military Retirement Exclusion**

**Budget Proposal.** The Governor's budget includes trailer bill language to provide tax relief for California families with members who served in the military and to improve the state's competitiveness in attracting and retaining military retirees to the state. Specifically, this proposal would, beginning in tax year 2025 and through tax year 2029, exclude from income for state tax purposes up to \$20,000 in:

- (1) Retirement pay received by a taxpayer from the federal government for services in the uniformed services; and
- (2) Annuity payments received by a qualified taxpayer pursuant to a Department of Defense Survivor Benefit Plan.

The income exclusion is available for individuals or heads of household with up to \$125,000 in income and joint filers who do not exceed \$250,000 in adjusted gross income.

**Staff Comments.** This item was previously heard on April 24<sup>th</sup>, 2025 and was held open.

**Staff Recommendation.** Approve as budgeted, adopt placeholder trailer bill language.

**Issue 86: Wildfire Settlement Tax Relief**

**Budget Proposal.** The Governor’s budget includes a proposal to exclude from gross income all wildfire settlement payments paid from 2025 through 2029 for the purpose of state taxation, irrespective of when the fire occurred.

**Staff Comments.** This item was previously heard on April 24<sup>th</sup>, 2025 and was held open.

**Staff Recommendation.** Amend Governor’s proposal to also exclude from gross income wildfire settlement payments paid starting in 2021 for wildfire disasters.

**Issue 87: Enterprise Data to Revenue (EDR 2) Project**

**Budget Proposal.** The Governor's budget requests \$107.1 million General Fund and the full time equivalent of 42.0 permanent positions, and 4.0 limited-term positions for the Franchise Tax Board (FTB) for the fifth-year implementation of the Enterprise Data to Revenue (EDR2) project, which is the second phase of the Tax System Modernization (TSM) plan. The resources received from this proposal will allow FTB to continue supporting the optimization of business processes throughout the EDR2 life cycle.

**Staff Comments.** This item was previously heard on April 24<sup>th</sup>, 2025 and was held open.

**Staff Recommendation.** Approve as budgeted.

**Issue 88: Enterprise Data to Revenue (EDR 2) Project Unplanned Costs**

**Budget Proposal.** The May Revision includes authority for the FTB to use existing funds for unplanned work for EDR 2 in 2024-25 and 2025-26. Specifically, budget bill language is requested to extend the encumbrance period for \$21.3 million in Item 7730-001-0001, Budget Act of 2024 from June 30, 2025 to June 30, 2026. These funds will be used for vendor compensation payments, and necessary project work not originally anticipated.

**Staff Recommendation.** Approve as budgeted.



**Issue 89: High Speed Printer Re-appropriation**

**Budget Proposal.** The May Revision includes authority to extend the encumbrance period for funds needed to replace the high speed printer systems and software for FTB. Specifically, this would extended the encumbrance period of \$2.3 million in funds for this purpose from June 30, 2025 to June 30, 2026.

**Staff Recommendation.** Approve as budgeted.

**Issue 90: Asset Forfeiture Spending Authority Increase**

**Budget Proposal.** The Governor’s budget includes an increase in spending authority for the Asset Forfeiture Account for Fiscal Year (FY) 2025-26. FTB is requesting to increase the spending authority from \$740,000 to \$2,500,000 to purchase permissible resources for FTB’s Criminal Investigation Bureau (CIB) activities that support their strategic goals

**Staff Comments.** This item was previously heard on April 24<sup>th</sup>, 2025 and was held open.

**Staff Recommendation.** Approve as budgeted.

**Issue 91: Film Tax Credit**

**Budget Proposal.** The Governor’s budget includes a trailer bill proposal that increases the annual credit amount for the Motion Picture Tax Credit 4.0 to \$750 million.

**Staff Comments.** This item was previously heard on March 26th, 2025 and was held open.

**Staff Recommendation.** Approve as budgeted, adopt placeholder trailer bill language.

**Issue 92: Renters Tax Credit**

**Legislative Proposal.** Reform the Renter's Tax Credit to increase the renter's tax credit amounts, starting in 2027 subject to appropriation in future budget legislation. Specifically, would raise the credit for filers with no dependents to \$250 from \$60 (single filers) and \$120 (joint filers). For filers with dependents would raise the credit to \$500 from \$60 (single filers) and \$120 (joint filers).

**Staff Recommendation.** Approve proposal and adopt placeholder trailer bill language

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**7760 DEPARTMENT OF GENERAL SERVICES****Issue 93: California Building Standards Commission Workload Adjustment**

**Request.** The Governor's Budget requests, for the Department of General Services - California Building Standards Commission, \$582,000 Building Standards Administration Special Revolving Fund and 2 permanent positions in 2025-26 and ongoing to continue meeting the legislative requirements ratified by AB 209, AB 1738, AB 2075, AB 2232, AB 2446, AB 2863 (Chapters 251, 687, 346, 777, 352, and 809 of the Statutes of 2022, respectively).

**Staff Recommendation.** Approve as budgeted.

**Issue 94: Chattel Slavery: Formal Apology Memorialization (AB 3089)**

**Request.** The Governor's Budget requests, for the Department of General Services - Real Estate Services Division, \$500,000 General Fund one-time in Fiscal Year 2025-26 for the purposes of memorializing a plaque in the State Capitol Building as an apology for perpetuating the harms African Americans faced, including through segregation, public and private discrimination, and unequal disbursement of state and federal funding. Chapter 624, Statutes of 2024 (AB 3089) requires the Department of General Services to establish a schedule for the design, construction, and dedication of the plaque, implement procedures to solicit designs for the plaque, devise a selection process for the choice of the design, and establish a program for the dedication of the plaque.

**Staff Recommendation.** Approve as budgeted.

**Issue 95: Native American Memorial Maintenance**

**Request:** The Legislature's Plan includes, for the Department of General Services, \$200,000 General Fund one-time for maintenance of the Native American Memorial at the California State Capitol.

**Staff Recommendation:** Approve as budgeted.

**Issue 96: Facilities Management Division Building Operations and Support**

**Request.** The Department of General Services, Facilities Management Division (FMD), requests \$5,962,000 Service Revolving Fund and 45 positions in 2025-26, and ongoing, to manage, operate, and maintain the reopening of Building 018 in Sacramento once renovations are complete.

**Staff Recommendation.** Approve as budgeted.

**Issue 97: Office of Human Resources Workload Adjustment**

**Request.** The Department of General Services, Office of Human Resources, requests \$1.4 million Service Revolving Fund for 6 existing positions and 3 new positions in 2025-26 and ongoing to support human resources administrative services and to bring staffing in line with the department's growth.

**Staff Recommendation.** Approve as budgeted.

**Issue 98: Permanent eMarketplace Staffing**

**Request.** The Department of General Services, Procurement Division requests \$340,000 Service Revolving Fund and 2 positions in 2025-26 and ongoing to continue implementation and maintain support activities of the statewide eMarketplace solution.

**Staff Recommendation.** Approve as budgeted.

**Issue 99: Sustainable Schools Program to Advance Climate-Resilient Schools**

**Request.** The Department of General Services, Division of State Architect (DSA) requests \$2 million from the Public School Planning, Design, and Construction Review Revolving Fund (Fund 0328) and 7 positions in 2025-26 and ongoing to implement a comprehensive sustainable schools' program to develop California Green Building Standards Code requirements and ensure Energy Code compliance in California's K-12 schools and community colleges.

**Staff Recommendation.** Approve as budgeted.

**Issue 100: New Parking Facilities**

**Request.** The Governor's Budget requests, for the Department of General Services, Office of Fleet and Asset Management requests \$1.535 million Motor Vehicle Parking Facilities Money Account in FY 2025-26 and \$1.019 million in FY 2026-27 and ongoing to support the opening of two parking facilities in Sacramento.

**Staff Recommendation.** Approve as budgeted.

**Issue 101: Updates to the Facility Inspection Tool**

**Request.** The Department of General Services requests \$50,000 one-time General Fund in 2025-26 with a two-year encumbrance period to implement the California State Auditor recommendations to update the Facility Inspection Tool.

**Staff Recommendation.** Approve as budgeted.

**Issue 102: CDCR/DGS Surplus Property Disposal Trailer Bill Language**

**Request:** The Governor’s budget includes proposed statutory changes to streamline the disposal of CDCR property by DGS. Specifically, it would allow DGS to sell, lease, exchange, or otherwise dispose of excess state real property under the jurisdiction of CDCR, with specified requirements related to the Department of Finance and the Joint Legislative Budget Committee. The proceeds would be available to improve the likelihood of successful redevelopment of the property.

**Staff Recommendation:** Adopt placeholder trailer bill language, conforming with action taken in Senate Budget Subcommittee 5.

**8260 CALIFORNIA ARTS COUNCIL****Issue 103: California Arts Council Staffing Resources**

**Request.** The Governor’s January Budget requested, for the California Arts Council (“CAC”), \$153,000 General Fund in 2025-26 and ongoing to support one new permanent position to provide critical support for human resources in the Operations Unit.

The Governor’s May Revision Budget requested that this item be withdrawn, with a corresponding decrease of \$153,000 and 1 position in fiscal year 2025-26 and ongoing.

**Background.** The CAC was established in 1976 as a state agency to strengthen access to arts, culture, and creative expression in California. CAC fulfills its mission through programs and partnerships that aim to support, through a practice of artistic quality and equity, the state's varied arts and cultural sector.

**Staff Recommendation.** Approve as budgeted in the May Revision, in accordance with the Administration’s proposal to withdraw this request.



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**8570 CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE****Issue 104: Meadowview Biological Control Office Repairs and Laboratory Replacement**

**Request.** The Governor’s January Budget requested, for CDFA, \$242,000 General Fund in Fiscal Year 2025-26 for the preliminary plans phase for repair and replacement of the Meadowview Biological Control Program office and laboratory facilities.

The Governor’s May Revision proposal further requested that Item 8570-301-0001 be increased by \$353,000 one-time General Fund for the Meadowview Biological Control Office Repairs and Laboratory Replacement project. This increase is being requested as the Governor’s Budget request did not provide sufficient authority for the revised preliminary plans cost estimate created by the Department of General Services.

**Staff Note:** The Governor’s January Budget Change Proposal for this item was approved by Senate Budget Subcommittee 4 on May 1, 2025, with a vote of 3-0.

**Staff Recommendation.** Approve as budgeted in the May Revision.

**Issue 105: Security and Infrastructure Remediation**

**Request.** The Governor’s Budget requests, for the California Department of Food and Agriculture (“CDFA”), \$2,478,000 General Fund (GF) and 5 positions in Fiscal Year (FY) 2025-26, \$4,064,000 GF and 5 positions in FY 2026-27, and \$3,564,000 GF and 5 positions in FY 2027-28 and ongoing to manage, implement, and maintain remediation efforts to address real-time and critical security vulnerabilities and to provide urgent and ongoing management and monitoring of related new critical security services.

**Staff Recommendation.** Approve as budgeted.

**Issue 106: Turlock North Valley Animal Health Laboratory Replacement Operational Support**

**Request.** The Governor’s Budget requests, for CDFA, \$1,607,000 General Fund in Fiscal Year 2025-26 and \$3,313,000 in Fiscal Year 2026-27 and on-going, to fund increased operational costs associated with the new Turlock North Valley Animal Health Laboratory scheduled for completion in December 2025 to prevent, detect, and respond to animal health disease outbreaks, enhance food safety, and protect public health.

**Staff Recommendation.** Approve as budgeted.

**Issue 107: Farm to School**

**Request.** The Governor’s Budget requests, for CDFA’s Farm to School Program and the Office of Environmental Farming and Innovation (OEFI), one-time funding of \$24,900,000 in General Fund for Fiscal Year 2025-26 to advance the California Farm to School Network, the California Farm to School Incubator Grant Program, Climate Smart Technical Assistance and further the recommendations of the Farm to School Roadmap for Success. The CDFA Farm to School Program and OEFI request 10 percent of the grant fund allocations for administration and external program evaluation, and also requests a three-year encumbrance period with two additional years to liquidate.

**LAO Comment:** The LAO recommended rejecting \$3 million General Fund related to Climate Smart Technical Assistance Grants in a report posted to their website on February 18, 2025, stating:

“We recommend the Legislature reject the Governor’s proposal to provide \$3 million for climate smart technical assistance grants. In our assessment, while the grants may help producers adopt beneficial practices, they do not directly support implementation of farm to school practices. Additionally, their broad scope makes it difficult to identify the specific benefits they might yield. In the context of limited General Fund resources, we do not find that this proposal meets the high bar for ensuring funding is well targeted and focused on achieving specified policy objectives.”

**Staff Recommendation.** Approve \$21,900,000 in General Fund for 2025-26 one time for the Farm to School Network and Incubator Grant Program. Reject \$3 million in General Fund for 2025-26 associated with the Climate Smart Technical Assistance Grants.

**Issue 108: Climate Bond Expenditure Plan (Proposition 4)**

**Request.** The Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Proposition 4 or the Climate Bond), approved by voters in November 2024, authorizes \$10 billion to protect communities and nature from the impacts of climate change, such as drought, flooding, wildfire, extreme heat, and sea level rise; to reduce or remove carbon pollution where possible; and in some cases address existing environmental challenges exacerbated by climate change. The Governor’s budget proposes \$2.7 billion in Climate Bond funds in 2025-26.

**Staff Comments:** This item was heard on May 1, 2025 and held open.

**Staff Recommendation.** Conform to action taken in Senate Budget Subcommittee 2.

**Issue 109: Animal and Human Health Emergency Infrastructure**

**Request.** The Governor’s May Revision budget proposal requests, for the California Department of Food and Agriculture (CDFA), \$6.085 million General Fund (GF), and \$5 million Federal Trust Fund (FF) 2025-26, \$5.4 million GF and \$5 million FF in 2026-27, \$5.4 million GF and \$5 million FF in 2027-28, and \$5.29 million GF, \$5 million FF, and \$147,000 Department of Food and Agriculture Fund (Ag Fund) in 2028-29 and ongoing and 29.0 permanent positions to effectively respond to current and continued threats to animal and human health due to outbreaks of various animal health diseases including strains of the Highly Pathogenic Avian Influenza (Bird Flu) in California.

**Staff Recommendation:** Modify the Governor’s proposal and approve \$3 million General Fund (GF), and \$5 million Federal Trust Fund (FF) 2025-26, \$3 million GF and \$5 million FF in 2026-27, \$3 million GF and \$5 million FF in 2027-28, and \$3 million GF, \$5 million FF, and \$147,000 Department of Food and Agriculture Fund (Ag Fund) in 2028-29 and ongoing and 15.0 permanent positions.

**Issue 110: Office of Pesticide Consultation and Analysis - Consultative Workload and Grants**

**Request.** The Governor’s May Revision budget proposal requests, for the California Department of Food and Agriculture’s Office of Pesticide Consultation and Analysis (OPCA), \$1.5 million Department of Food and Agriculture Fund (Ag Fund) authority in 2025-26 and 2026-27, and \$900,000 in 2027-28 and ongoing to address increased research costs, to implement activities identified in the Sustainable Pest Management (SPM) Roadmap, and to perform increased consultative work for the Department of Pesticide Regulation (DPR), as required by Assembly Bill (AB) 2113 (Chapter 60, Statutes of 2024).

**Staff Recommendation:** Approve as budgeted.

**Issue 111: Various Technical Adjustments**

**Request.** The Governor’s May Revision Budget requests, for the California Department of Food and Agriculture (CDFA):

- Reappropriations of various one-time funds increased reimbursement authority of \$132,000 in 2025-26 and ongoing, which includes a rescheduling of \$226,000 Department of Food and Agriculture Fund (Ag Fund) reimbursement authority to the General Fund and will provide sufficient budgetary authority to complete various projects and administer existing and new grant awards. This proposal also includes a language-only Item to effectuate the Governor’s Budget proposal, Dairy Marketing Branch and Milk Pooling Branch Remaining Milk Producer/Processor Assessments.

- Item 8570-001-0001 be amended by increasing reimbursements by \$358,000 ongoing and Item 8570-001-0111 be amended by decreasing reimbursements by \$226,000 ongoing to meet the current operational needs and project obligations of the Plant Health and Pest Prevention Services Division.
- Item 8570-401 be added to provide the Department authority to fully expend the remaining milk handler assessments from the Dairy Marketing Branch on research projects that benefit California dairy farmers and the remaining handler/processor assessments from the Milk Pooling Branch on Quota Program activities.
- Item 8570-490 be added to extend the encumbrance period until June 30, 2026, and liquidation period until June 30, 2029, to provide additional time for the following programs to support ongoing projects and administer awards for grants (see Attachment 2):
- \$2,346,000 General Fund in the 2022 Budget Act be reappropriated to re-award grant funds as a result of a project cancellation and extend the availability of support funds for the Office of Agricultural Resilience and Sustainability.
- \$123,000 General Fund in the 2022 Budget Act be reappropriated to extend the availability of funding to continue the administration of active grants in 2025-26.
- \$169,000 General Fund from the 2022 Budget Act be reappropriated to extend the availability of funding to continue the administration of active grants in 2025-26.
- \$1,468,000 General Fund from the 2022 Budget Act be reappropriated to extend the availability of support funds for the Office of Agricultural Resiliency and Sustainability (OARS) to continue the administration of active grants in 2025-26.
- \$2,971,000 General Fund from the 2024 Budget Act be reappropriated for the ET 2 IT Project to support baseline project implementation and staff costs in 2025-26.
- \$741,000 Greenhouse Gas Reduction Fund (GGRF) from the 2021 Budget Act be reappropriated for the Healthy Soils Program to extend the availability of funds to administer the remaining active projects and continue monitoring beyond the current liquidation deadline.
- \$8,034,000 GGRF from the 2022 Budget Act be reappropriated to extend the availability of support funds for the OARS to continue the administration of active grants in 2025-26.
- \$286,000 GGRF from the 2022 Budget Act be reappropriated to extend the availability of funds to administer the remaining active projects in the Livestock Enteric Methane Emission Reduction Research Program and continue monitoring beyond the current liquidation deadline.

- \$17 million GGFR from the 2024 Budget Act be reappropriated to extend the availability of funds to administer the AMMP and DDRDP projects and continue monitoring beyond the current liquidation deadline.
- \$372,000 California Emergency Relief Fund from the 2022 Budget Act be reappropriated to extend the availability of funding to administer grants in 2025-26. This Program includes direct relief payments for historically underserved and small producers impacted by floods and droughts.
- Item 8570-491 be added to extend the encumbrance period until June 30, 2027, to provide additional time for the following programs to support ongoing projects and administer awards for grants (see Attachment 3):
- \$900,000 General Fund from the 2021 Budget Act be reappropriated to support baseline project implementation and staff costs in 2025-26. This is to support infrastructure for emergency evacuation, shelter, base camps during emergency events, and critical deferred maintenance.
- \$15,000 General Fund from the 2022 Budget Act be reappropriated to fully award the remaining funding for the Proactive Integrated Pest Management (IPM) Solutions research grant program.

**Staff Recommendation:** Approve as budgeted.

#### **Issue 112: Needles Border Protection Station Reappropriation**

**Request.** The California Department of Food and Agriculture (CDFA) requests the reappropriation of the Acquisition and Preliminary Plans funding for the Needles Border Protection Station (BPS) relocation project, located in San Bernardino County. Of the total of \$10,371,000 General Fund authority that was authorized for the Acquisition and Preliminary Plans phases of this project, CDFA requests \$1,370,000 be reappropriated.

**Staff Recommendation:** Approve as budgeted.

#### **Issue 113: Center for Analytical Chemistry Reversion**

**Request.** It is requested that Item 8570-495 be added to revert \$2,867,000 one-time General Fund that was originally appropriated in the 2022 Budget Act for capital outlay costs to repurpose the Center for Analytical Chemistry facilities (see Attachment 2). The project was canceled due to costs that were higher than originally anticipated in the early stages of the project.

**Staff Recommendation:** Approve as budgeted.

**8620 FAIR POLITICAL PRACTICES COMMISSION****Issue 114: 2024 Chaptered Legislation Resources**

**Request.** The Governor’s Budget requests, for the Fair Political Practices Commission (the “FPPC”), \$555,000 General Fund for 2025-2026 and ongoing and three permanent positions to implement recently passed legislation.

**Staff Recommendation.** Approve as budgeted.

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**8820 COMMISSION ON THE STATUS OF WOMEN AND GIRLS****Issue 115: Ongoing Support for Administrative Staff**

**Request.** The Governor’s Budget requests, for the California Commission on the Status of Women and Girls, 3 positions in 2025-26 and ongoing and \$570,000 General Fund in 2026-27 and ongoing to convert 3 limited-term positions to permanent to address significantly increased workload requirements due to program growth, and an increased number of contract obligations, and existing legislative mandates.

**Staff Recommendation.** Approve as budgeted.

**8860 Department of Finance****Issue 116: One-Time Funding to Contract for State Government Processes Review and Improvement.**

**Request:** The May Revision includes \$20 million in one-time General Fund for the Department of Finance to contract with consultants to assist and advise the director and Department of Finance on analyzing and creating process improvements within state government.

**Staff Comments.** This item was previously heard on May 19th, 2025.

**Staff Recommendation:** Approve proposal, amend budget bill language to remove contracting process exemptions, specify that contracts and contract amendments are subject to 30 day review by the Joint Legislative Budget Committee, require biannual reporting to the Legislature and specify that funds must be expended by December 31, 2025.



**8880 DEPARTMENT OF Fi\$CAL****Issue 117: Federal Background Checks Trailer Bill Language**

**Request.** The Governor’s May Revision proposals include, for the Department of Fi\$Cal, trailer bill language relating to state and federal criminal background checks of certain described persons.

**Staff Recommendation:** Reject and defer to legislative policy process.

**3790 DEPARTMENT OF PARKS AND RECREATION****Issue 118: Federal Background Checks Trailer Bill Language**

**Request.** The Governor's May Revision proposals include, for the Department of Parks and Recreation, trailer bill language relating to state and federal criminal background checks of certain described persons.

**Staff Recommendation:** Reject and defer to legislative policy process.

**7600 DEPARTMENT OF TAX AND FEE ADMINISTRATION****Issue 119: Federal Background Checks Trailer Bill Language**

**Request.** The Governor's May Revision proposals include, for the Department of Tax and Fee Administration, trailer bill language relating to state and federal criminal background checks of certain described persons.

**Staff Recommendation:** Reject and defer to legislative policy process.

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**8885 COMMISSION ON STATE MANDATES**

<b>Issue 120: May Revision Proposals</b>
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**Request:** The Governor's Budget requests the following technical changes.

- Item 8885-295-0001 be amended to add the County of Los Angeles Citizen Redistricting Commission mandate to the funded mandates list.
- Item 8885-295-0001 be amended to specify the reimbursement period for the California Regional Water Quality Board, Santa Ana Mandate (09-TC-03).
- Item 8885-295-0001 be amended to add the following mandates to the suspended state mandate list:
  - California Regional Water Quality Control Board, San Diego (11-TC-03)
  - California Regional Water Quality Control Board, San Diego (10-TC-11)
  - California Regional Water Quality Control Board, Santa Ana (10-TC-07)
  - California Regional Water Quality Control Board, Santa Ana (09-TC-03)
- Item 8885-295-0001 be increased by \$2,193,000 ongoing and Item 8885-295-0044 be increased by \$454,000 ongoing to reflect revised state mandate estimates.

**Staff Recommendation:** Approve as budgeted.

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**8940 MILITARY DEPARTMENT****Issue 121: State Active Duty Pay – May Revision Adjustment**

**Request.** The Governor’s May Revision Budget further requests, for the California Military Department, an ongoing increase of \$1,018,000 (\$292,000 General Fund, \$721,000 Federal Trust Fund, \$4,000 Behavioral Health Services Fund, and \$1,000 reimbursement authority) to align the pay of its State Active Duty (SAD) service members to the pay of service members of similar grade in the federal armed forces, and to provide funding for increases for salary driven benefits (SDB) because of the SAD pay and allowance increases.

The Governor’s January Budget previously requested, for the California Military Department (CMD), \$4,064,000 (\$1,891,000 General Fund, \$1,990,000 Federal Trust Fund authority, \$66,000 Mental Health Services Fund, and \$117,000 Reimbursement authority) to align the pay and allowances of its State Active Duty (SAD) employees to those of service members of similar grade in the federal armed forces, and to provide funding for increases for salary driven benefits because of the State Active Duty pay and allowance increases. The Governor’s Budget also requests provisional language to allow for CMD to be augmented to cover increased pay rates which go into effect in 2025-26.

**Staff Note:** The above January request was previously approved on March 20, 2025 by a vote of 3-0.

**Staff Recommendation.** Approve as budgeted in the May Revision.

**Issue 122: Task Force Rattlesnake – May Revision Augmentation**

**Request.** The Governor’s May Revision Budget requests, for the California Military Department (CMD), \$90,000 General Fund (GF) ongoing to align the pay of its Emergency State Active Duty (ESAD) service members to the pay of service members of similar grade in the federal armed forces, and to provide funding to cover increased costs of Industrial Disability Leave (IDL).

The Governor’s January Budget previously requested, for the California Military Department, \$3,647,000 ongoing General Fund to address annual pay adjustments, cost of living based benefit stipends, and the increased costs of Industrial Disability Leave for Task Force Rattlesnake.

**Staff Note:** The above January request was previously approved on March 20, 2025 by a vote of 3-0.

**Staff Recommendation.** Approve as budgeted in the May Revision.

**Issue 123: Office of the Staff Judge Advocate**

**Request.** The Governor’s Budget requests, for the California Military Department, \$697,000 General Fund and three permanent positions (two Attorney III and one Legal Secretary) in 2025-26 and \$697,000 GF ongoing to meet the demands of significantly increased legal workload and reduce departmental risk and liability with public works, contracting, human resources and educational programs.

**Staff Recommendation.** Approve as budgeted.

**Issue 124: Deferred Maintenance**

**Request.** The Governor’s Budget May Revision Budget requests, for the California Military Department, that Item 8940-001-0001 be decreased by \$4.75 million one-time in fiscal year 2025-26. It is also requested that Provision 11 be amended to allow for an augmentation of up to \$4.75 million if the California Military Department receives federal funds for three deferred maintenance projects (see Attachment 1). To the extent federal funds are received, the Department would be required to share in the cost of the deferred maintenance projects.

The Governor’s January Budget previously requested, for the California Military Department, a \$4.8 million one-time General Fund in 2025-26 and provisional language that allows for a General Fund augmentation by an additional \$6.3 million if CMD does not receive a federal match for deferred maintenance issues at the Azusa, Sacramento-Okinawa, and Fresno-Hammer Field armories.”

**Staff Recommendation.** Approve as budgeted in the May Revision, in accordance with the Administration’s augmentation of this request.

**Issue 125: Consolidated Headquarters Staffing – Phase 4**

**Request.** The Governor’s Budget requests, for the California Military Department, two positions and \$351,000 General Fund in 2025-26, with \$347,000 ongoing, to enhance its capacity to effectively manage the facility systems at the Consolidated Headquarters Complex.

**Staff Recommendation.** Approve as budgeted.

**Issue 126: Los Alamitos: Battalion Headquarters Readiness Center**

**Request.** The Governor's Budget requests, for the California Military Department, an appropriation of \$750,000 from the Armory Fund to perform a planning study for a new Battalion Headquarters Readiness Center at the Joint Forces Training Base in Los Alamitos, California. The 1-160th Infantry Battalion's Headquarters & Headquarters Company (1-160 HHC) is currently located in the 70-year-old Inglewood Armory. The new Readiness Center will be approximately 48,800 square feet and will support individual and collective training, administrative requirements and responsibilities, automation and communications, as well as the logistical requirements for the California Army National Guard specified to the 1-160 HHC.

**Staff Recommendation.** Approve as budgeted.

**Issue 127: Los Alamitos: STARBASE Classroom Building**

**Request.** The Governor's Budget requests, for the California Military Department, an appropriation of \$419,000 for the continuation of the Los Alamitos: STARBASE Classroom Building Project. The mission of STARBASE is to increase the interest and improve the knowledge and skill of at-risk youth in science, technology, engineering, and mathematics as well as to increase their self-esteem, respect for peers, and sense of responsibility. This project will address waiting lists by providing classroom space to accommodate 900 additional students annually.

The Governor's May Revision requests that Item 8940-301-0001 be eliminated to withdraw the Governor's Budget proposal of \$419,000 General Fund for the working drawings phase of the STARBASE Classroom Building project.

**Staff Note:** The Governor's May Revision Budget requested that this item be withdrawn.

**Staff Recommendation.** Approve as budgeted in the May Revision, in accordance with the Administration's proposal to withdraw this request.

**Issue 128: Cybersecurity Reimbursement Increase**

**Request.** The Governor's Budget requests, for the California Military Department, an increase of \$8.8 million to its reimbursement authority for expanded use of Interagency Agreements to support the California Office of Emergency Services and the California Department of Technology, as well as to support increased workload to conduct Independent Security Assessments in support of state agencies, state universities and local government.

**Staff Recommendation.** Approve as budgeted.

**Issue 129: Moreno Valley Readiness Center Expansion – Acquisition**

**Request:** The California Military Department (Military) requests an appropriation of \$1,000,000 Armory Fund for the acquisition of vacant property adjacent to the Moreno Valley Readiness Center. The land will provide additional space for the design and planning of a new federally-funded Vehicle Maintenance Shop (VMS) at the Moreno Valley Readiness Center to replace the existing VMS at Riverside.

**Staff Recommendation:** Approve as budgeted.

**Issue 130: Federal Background Checks Trailer Bill Language**

**Request.** The Governor’s May Revision proposals include, for the Military Department, trailer bill language relating to state and federal criminal background checks of certain described persons.

**Staff Recommendation:** Reject and defer to legislative policy process.



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**8955 DEPARTMENT OF VETERANS AFFAIRS****Issue 131: Administrative Services Staffing**

**Request.** The Governor's Budget previously requested, for the California Department of Veterans Affairs, two positions and \$285,000 General Fund in 2025-26 and ongoing to augment staffing resources within the Administrative Services Division to meet the increased demands of the Budget Office.

The Governor's May Revision Budget requested withdrawing the request for two positions and \$285,000 General Fund in 2025-26 and ongoing.

**Staff Note:** Staff Note: This item was previously approved as budgeted on March 20, 2025 with a vote of 2-1.

**Staff Recommendation.** Approve as budgeted in the May Revision, in accordance with the Administration's proposal to withdraw this request.

**Issue 132: Veterans Homes Deferred Maintenance**

**Request.** The Governor's January Budget requested, for California Department of Veterans Affairs, \$819,000 General Fund in 2025-26 and ongoing for deferred maintenance for the Veterans Homes of California.

The Governor's May Review proposal requested that requested that Item 8955-001-0001, associated with the Department of Veteran's Affairs request for Deferred maintenance funding above, be decreased by \$819,000 ongoing.

**Staff Note:** The Governor's May Revision Proposals requested withdrawing this item. The Legislature is taking action to restore this funding in accordance with the urgent need for deferred Maintenance funding at the Department of Veterans Affairs.

**Staff Recommendation.** Approve \$819,000 General Fund in 2025-26 and ongoing for deferred maintenance for the Veterans Homes of California.

**Issue 133: CalVet Electronic Health Record Project Phase 3**

**Request.** The Governor's Budget requests, for the California Department of Veterans Affairs, a one-time augmentation of \$5,225,000 General Fund in 2025-26 for implementation of a new long term care electronic health record system in the Veterans Homes of California and Headquarters and for partial system handover - M&O for Homes in Production costs.

**Staff Recommendation.** Approve as budgeted.

**Issue 134: Federal Background Checks Trailer Bill Language**

**Request.** The Governor's May Revision proposals include, for the Department of Veterans Affairs, trailer bill language relating to state and federal criminal background checks of certain described persons.

**Staff Recommendation:** Reject and defer to legislative policy process.

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**9210 LOCAL GOVERNMENT FINANCING**

<b>Issue 135: Vehicle License Fee Backfill</b>
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**Budget Proposal.** The Governor’s budget does not include a backfill to counties for the Vehicle License Fee (VLF) shortfall when their VLF shortfall exceeds available funding in their Education Revenue Augmentation Fund (ERAF) revenues. The Department of Finance estimates that it would cost \$118.1 million to backfill revenues in the three counties with insufficient ERAF, San Mateo, Alpine, and Mono.

**Staff Comments.** This item was previously heard on April 24<sup>th</sup>, 2025.

**Staff Recommendation.** Provide \$118.1 million one-time General Fund for the VLF backfill.

**Issue 136: Property Tax Backfills for Local Government Related to LA Wildfires (technical)**

**Budget Proposal.** The May Revision includes a new local government financing budget item with \$1,000 and provide provisional language to allow DOF to augment the item to provide property tax backfills for losses incurred for the 2025 Los Angeles County Wildfires. This is technical change in alignment with actions taken earlier in AB 100 (Gabriel), Statutes of 2025.

**Staff Recommendation.** Approve as budgeted.

<b>Issue 137: Property Tax Backfill for Orange County Airport Fire</b>
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**Budget Proposal.** The May Revision includes \$17,000 to reimburse Orange County for property tax losses in the 2024-25 fiscal year due to the 2024 Orange County Airport Fire.

**Staff Recommendation.** Approve as budgeted.

**Issue 138: Emergency General Fund Loans for Local Entities**

**Legislative Proposal.** Provide the Director of Finance with authority to make General Fund loans to local entities. Up to \$1 billion shall be made available for local government entities, including, but not limited to, the county government, cities, special districts, public school and community college districts and offices of education, that are located in Los Angeles County and which have significant responsibilities for recovery from the January 2025 wildfires in that county. Up to \$750 million shall be made available for the San Francisco Bay Area Rapid Transit District, the San Francisco Municipal Transportation Agency, the Peninsula Corridor Joint Powers Board, and the Alameda Contra Costa Transit District for operating expenditures to maintain transit services. The authority for the Director of Finance to make available loans shall expire on June 30, 2027. The loan duration and terms will be established in future legislation.

**Staff Recommendation.** Approve Legislative Proposal

**9860 CAPITOL OUTLAY****Issue 139: Capital Outlay Statewide Planning and Studies Funding**

**Request.** The Governor's Budget requests \$2,000,000 General Fund would for capital outlay statewide planning and studies funding.

**Background.** Funding would be allocated by the Department of Finance to state agencies to develop design, cost, and schedule information for future projects. The Administration states that these studies assist departments and decision makers with the evaluation of project feasibility and future funding needs.

**Staff Recommendation.** Reject.

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**9901 UNSCHEDULED ITEMS OF APPROPRIATION**

<b>Issue 140: Journalism Preservation</b>
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**Request:** The Governor's May Revision Budget includes \$10,000,000 General Fund in 2025-26 for Journalism Preservation as a Special Item of Expense.

**Staff Recommendation:** Approve as budgeted.



**0845 DEPARTMENT OF INSURANCE****Issue 141:** Home Hardening Commission

**Request:** The Legislature's Plan includes, for the California Department of Insurance, \$12,500,000 in General Fund one-time for startup and implementation costs of a Commission on Home-hardening.

**Staff Recommendation:** Approve as budgeted.