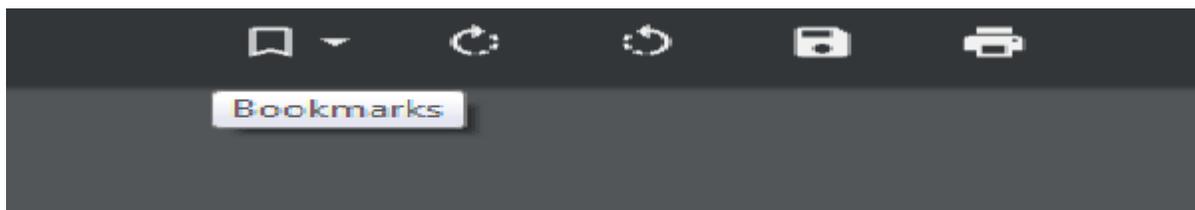


Senate Budget and Fiscal Review

The 2025 Agendas for Subcommittee No. 1 on Education Finance are archived below. To access an agenda or outcomes by a specific date, please refer to “Bookmarks” icon on the screen. Depending on you web browser the bookmarks menu will look different. Below are instructions to help you find the “Bookmarks” icon on Internet Explorer 11, Mozilla Firefox, or Chrome.

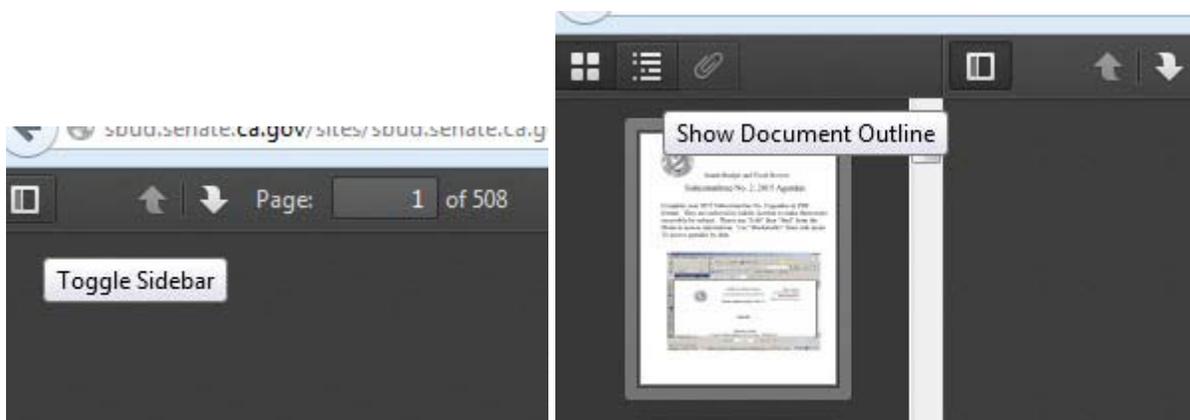
Chrome has access to Acrobat bookmark located in the upper right-hand corner. Microsoft Edge enables specific date access with “Contents” in upper left-hand corner.



Internet Explorer 11 selects Acrobat from box.

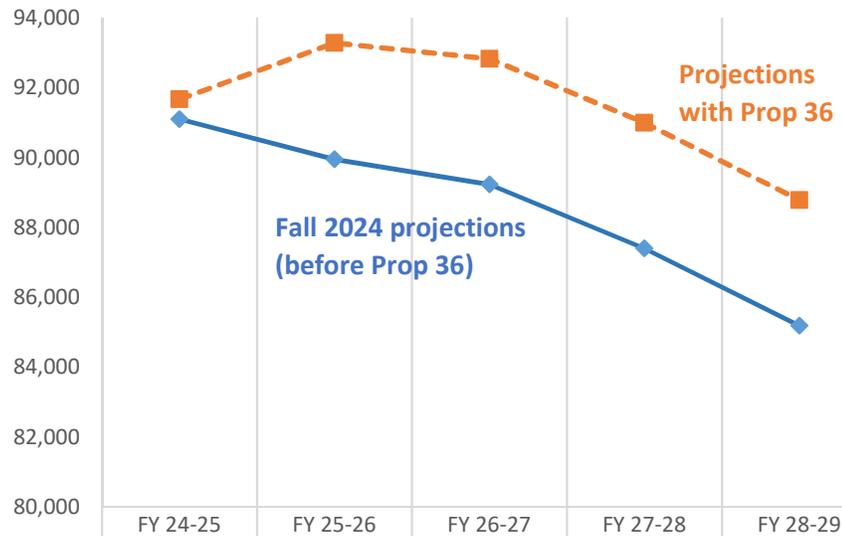


Mozilla Firefox is on upper left corner, click toggle sidebar, and then document outline.



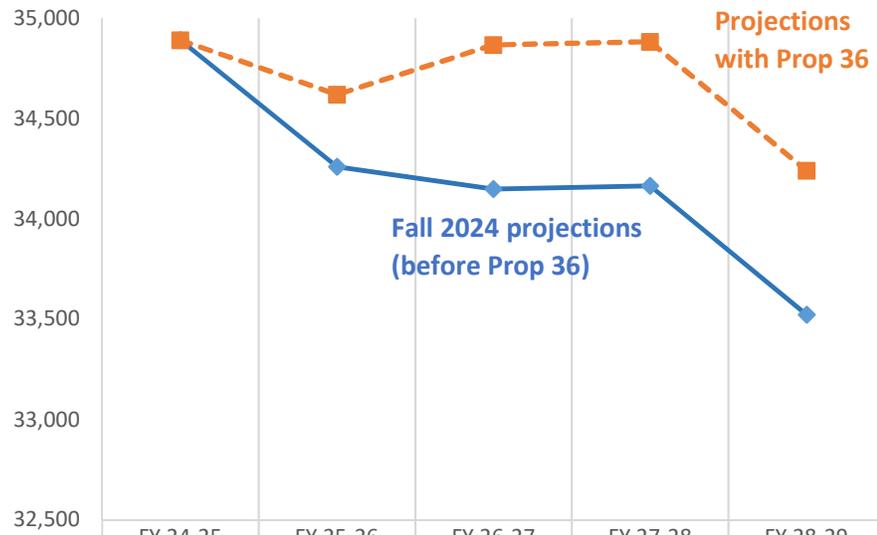
Impact of Proposition 36 on CDCR Population Estimates

INSTITUTION AVERAGE DAILY POPULATION



—◆— Institution ADP Total (Fall 2024 Projected)	91,100	89,953	89,227	87,401	85,190
- -■- - Total Projected Institution ADP w/ Prop 36	91,672	93,278	92,824	90,998	88,787

PAROLE AVERAGE DAILY POPULATION



—◆— Parole ADP Total (Fall 2024 Projected)	34,891	34,260	34,149	34,165	33,522
- -■- - Total Projected Parole ADP w/ Prop 36	34,891	34,620	34,868	34,884	34,241

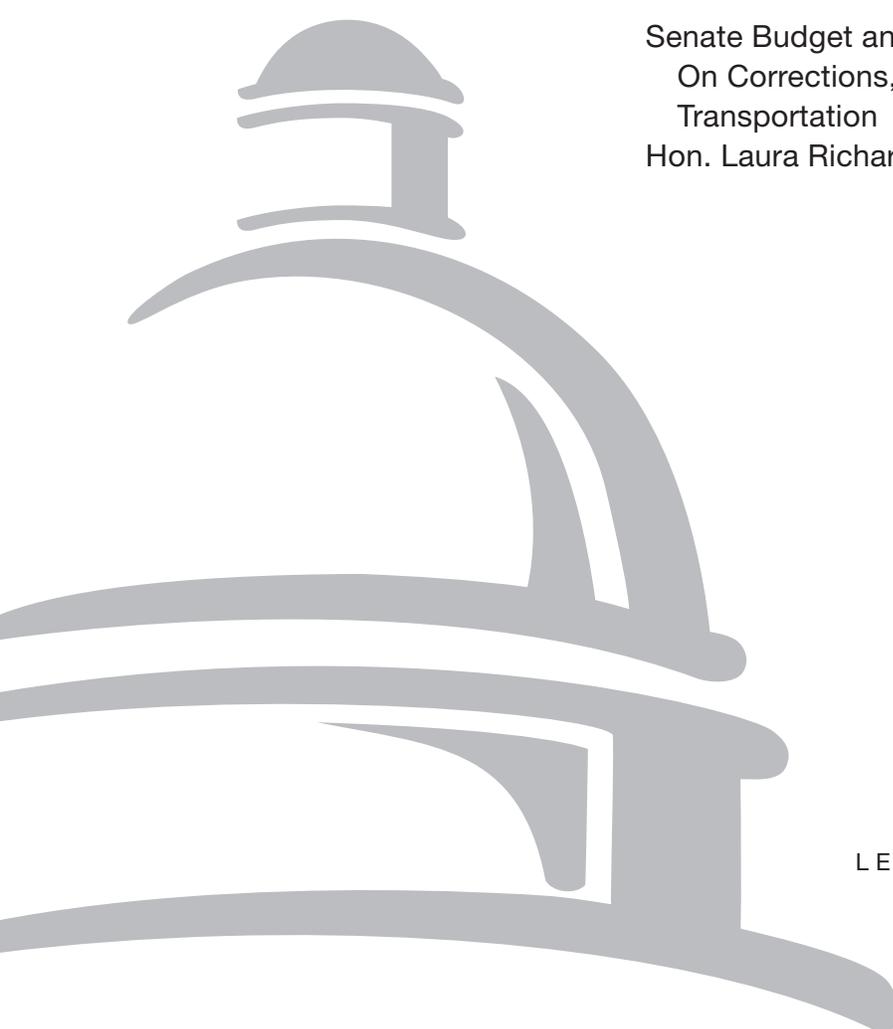
FEBRUARY 25, 2025

Overview of Proposition 36 Fiscal Impacts and Selected Substance Use Disorder Treatment Programs

PRESENTED TO:

Senate Committee on Public Safety
Hon. Jesse Arreguín, Chair

Senate Budget and Fiscal Review Subcommittee No. 5
On Corrections, Public Safety, Judiciary, Labor and
Transportation
Hon. Laura Richardson, Chair



LEGISLATIVE ANALYST'S OFFICE

Overview of Handout

- At the request of staff, we have created this handout, which provides an overview of:
 - Proposition 36, which was approved by the voters in November 2024 and increased punishment for various theft and drug crimes.
 - Our estimates of the major fiscal impacts of Proposition 36 on the state and local governments.
 - Estimated Proposition 36 fiscal impacts included in the Governor’s proposed 2025-26 budget and our assessment of those estimates.
 - Selected substance use disorder (SUD) treatment programs.



Overview of Proposition 36

Increased Punishment for Some Theft and Drug Crimes

- **Turned Some Misdemeanors Into Felonies.** For example, theft of items worth \$950 or less is generally a misdemeanor. Proposition 36 makes this crime a felony if the person has two or more past convictions for certain theft crimes (such as shoplifting, burglary, or carjacking). These changes reversed some of the punishment reductions that were made by Proposition 47 (2014), which converted various lower-level drug and theft crimes from felonies to misdemeanors.
- **Lengthens Some Felony Sentences.** For example, Proposition 36 allows felony sentences for theft or damage of property to be lengthened by up to three years if three or more people committed the crime together.
- **Requires Some Felonies Be Served in Prison.** For example, sentences for selling certain drugs (such as fentanyl, heroin, cocaine, or methamphetamine) can be lengthened based on the amount sold. Prior to Proposition 36, these sentences were served in county jail or state prison depending on the person's criminal history. Proposition 36 generally requires these sentences be served in prison.

Creates New Court Process for Some Drug Possession Crimes

- Allows people who possess illegal drugs to be charged with a "treatment-mandated felony" instead of a misdemeanor if they (1) possess certain drugs (such as fentanyl, heroin, cocaine, or methamphetamine) and (2) have two or more past convictions for some drug crimes (such as possessing or selling drugs).
- These people must generally be offered treatment, such as mental health or drug treatment. Those who finish treatment will have their charges dismissed. Those who do not finish treatment could serve up to three years in state prison.
- This change reversed some of the punishment reductions in Proposition 47.



Overview of Proposition 36

(Continued)

Requires Warning of Possible Murder Charges for Selling or Providing Drugs

- Requires courts to warn people that they could be charged with murder if they sell or provide illegal drugs that kill someone. This warning is given to people convicted of selling or providing certain drugs (such as fentanyl, heroin, cocaine, and methamphetamine). This could make it more likely for them to be convicted of murder if they later sell or provide illegal drugs to someone who dies.



LAO Estimate of Full Implementation Fiscal Impacts

Increases in State Criminal Justice Costs

- ***Increase in State Prison Population.*** Proposition 36 requires some people who previously served their sentences at the county level to now serve them in state prison. Also, it lengthens some prison sentences. In total, the prison population could increase by around a few thousand people. (There are about 90,000 people in prison now.)
- ***Increase in State Court Workload.*** This is because felonies usually take more time to resolve than misdemeanors. Also, treatment-mandated felonies will increase court workload.
- ***Total Increase in State Criminal Justice Cost.*** In total, Proposition 36 will increase state criminal justice costs, likely ranging from several tens of millions of dollars to the low hundreds of millions of dollars annually.

Increases in Local Criminal Justice Costs

- ***Net Increase in County Jail and Community Supervision Population.*** In some ways, Proposition 36 will reduce the jail and community supervision population. This is because some people will go to state prison instead of the county level. In other ways, it will increase this population. This is because some people will spend more time in county jail or on community supervision. Overall, Proposition 36 likely will increase the county population. This increase could be around a few thousand people. (There are about 250,000 people at the county level now.)
- ***Increase in Local Court-Related Workload.*** It will also increase workload for local prosecutors and public defenders. This is because felonies usually take more time to resolve than misdemeanors. Also, treatment-mandated felonies will create workload for county agencies (such as probation or behavioral health departments) responsible for providing services that could be mandated under this provision.
- ***Total Increase in Local Criminal Justice Cost.*** In total, Proposition 36 will increase local criminal justice costs, likely by tens of millions of dollars annually.



LAO Estimate of Full Implementation Fiscal Impacts

(Continued)

Reduces Amount State Must Spend on Certain Grant Programs

- ***Proposition 47 Savings Must Be Spent on Certain Grant Programs.*** Proposition 47 created a process in which the estimated state savings from its punishment reductions must be spent on grant programs for mental health and drug treatment, school truancy and dropout prevention, and victim services. These estimated savings totaled \$95 million last year.
- ***Reduction in Savings Will Reduce Required Spending.*** By undoing parts of Proposition 47, Proposition 36 reduces the state savings from Proposition 47. This will reduce the amount the state must spend on the grant programs. We estimated this reduction would likely be in the low tens of millions of dollars annually.



Funding for Proposition 36 Impacts on the State Prisons, Parole, and Courts

Governor's Proposal

- ***Assumes Prison Population Will Increase by 570 in 2024-25 and 3,300 in 2025-26.*** The administration estimates that Proposition 36 will cause the average daily prison population to be about 570 higher (or 1 percent) than otherwise in 2024-25 and 3,300 higher (or 4 percent) in 2025-26.
- ***Assumes Parole Population Will Increase by 360 in 2025-26.*** The administration estimates that Proposition 36 will have no impact on the average daily parole population in 2024-25 but will cause it to be about 360 higher (or 1 percent) than otherwise in 2025-26.
- ***Does Not Provide Court Funding Specifically for Implementation.*** While the Governor's budget proposes an ongoing \$82 million General Fund increase in discretionary funding for the trial courts, this funding will generally be used to mitigate the impacts of an ongoing \$97 million General Fund reduction from 2024-25 and to address increased costs. There is no proposed funding specifically for Proposition 36 implementation.



Funding for Proposition 36 Impacts on the State Prisons, Parole, and Courts

(Continued)

Assessment

- ***Impact on Prison Population Is Likely Overestimated.*** The administration estimated the impact of Proposition 36 on the prison population by assuming a near full reversal of Proposition 47.
 - On the one hand, this overestimates the impact because Proposition 36 only reversed portions of Proposition 47. On the other hand, it underestimates the impact because it does not include several crimes affected by Proposition 36 but not Proposition 47. On net, we find that this likely leads to overestimation in the near term.
 - We estimate that the impact of Proposition 36 could be less than half of the magnitude of the administration’s estimates, meaning the California Department of Corrections and Rehabilitation (CDCR) could be overbudgeted in the millions of dollars in 2024-25 and tens of millions of dollars in 2025-26. However, any Proposition 36 estimate is subject to major uncertainty.
- ***Not Plausible That There Will Be Impact on Parole Population in 2025-26.*** Only two components of Proposition 36 would increase the parole population. The affected people would have relatively long prison terms so it is not plausible that they could be released to parole before the end of 2025-26. This means that CDCR could be overbudgeted by roughly a few million dollars in 2025-26.
- ***Impact on Courts Unclear.*** Our understanding is that the judicial branch is currently determining how to implement Proposition 36, collecting data, and assessing the impacts of the measure. Without specific Proposition 36 funding, the trial courts would need to prioritize the use of their discretionary funding—possibly resulting in impacts to other court services. However, some workload—to an unknown degree—might be absorbable (such as within existing drug courts). If true, it would reduce the amount of General Fund needed for Proposition 36.



Funding for Proposition 36 Impacts on the State Prisons, Parole, and Courts

(Continued)

Recommendation

- **Direct CDCR to Address Flaws in Its Prison and Parole Population Impact Estimates at the May Revision.** We recommend that the Legislature direct the department to address the flaws in its Proposition 36 population estimates and adjust its population-related funding requests at the May Revision accordingly.
- **Consider Directing Judicial Branch to Report in Spring Budget Hearings on Potential Impacts.** The Legislature could consider directing the judicial branch to report in spring budget hearings on implementation progress and the impacts of Proposition 36. This will allow the Legislature to determine what level of funding—if any—is needed. Any funding provided, however, would come at the cost of other budget priorities given the multiyear deficits facing the state.



Funding for Required State Spending Under Proposition 47

Background

- State Savings From Proposition 47 Required to Be Transferred to Special Fund for Designated Grant Programs.** Proposition 47 requires the administration to annually transfer the savings it attributes to the measure in one fiscal year from the General Fund into the Safe Neighborhoods and Schools Fund (SNSF) in the following fiscal year to be allocated as follows: 65 percent to the Board of State and Community Corrections (BSCC) for mental health and SUD treatment, (2) 25 percent to the California Department of Education for school truancy and drop-out prevention, and (3) 10 percent to the California Victim Compensation Board for trauma recovery services.

Governor’s Proposal

Administration Projects Major Decrease in Proposition 47 Savings Due to Proposition 36

	2023-24 ^a	2024-25 ^b	2025-26 ^c	2026-27 ^c
Estimated State Savings From Proposition 47	\$94,773,000	\$88,331,000	\$30,524,000	\$24,703,000
Decline Relative to 2023-24	—	-6,442,000	-64,249,000	-70,070,000
Percent Decline Relative to 2023-24	—	-7%	-68%	-74%
Estimated Prison Population Reduction Attributable to Proposition 47	3,796	3,464	711	439
Percent Decline Relative to 2023-24	—	-9%	-81%	-88%

^a Estimated savings amount was transferred to the Safe Neighborhoods and Schools Fund (SNSF) in 2024-25.

^b Estimated savings amount is budgeted to be transferred to the SNSF in 2025-26. Reflects Proposition 36 in effect for half of the fiscal year.

^c Estimated savings amount is a projection. Reflects Proposition 36 in effect for the full fiscal year.



Funding for Required State Spending Under Proposition 47

(Continued)

Assessment

- **Effect on Proposition 47 Prison Population Impact Likely Overestimated...** As discussed previously, the administration assumes that Proposition 36 will nearly fully reverse Proposition 47, causing it to overestimate the effect of Proposition 36 as it only reversed portions of Proposition 47.
- **...Causing Proposition 47 Savings to Be Likely Underestimated.** The administration correspondingly underestimates the prison population reduction still attributable to Proposition 47. This means that the \$88.3 million General Fund transfer to the SNSF is likely underestimated by around a few million dollars. The projected 2026-27 and subsequent transfers could be underestimated potentially in the tens of millions annually.

Recommendation

- **Direct Administration to Address Flaws in Proposition 47 Savings Estimate at the May Revision.** We recommend that the Legislature direct the administration in spring budget hearings to address the flaws with its methodology for estimating the savings attributable to Proposition 47 by the time of the May Revision.



Funding for Treatment Costs Under Proposition 36

Background

- ***Creates Treatment-Mandated Felony.*** Proposition 36 allows people who possess illegal drugs to be charged with a treatment-mandated felony instead of a misdemeanor if they (1) possess certain drugs (such as heroin or cocaine) and (2) have two or more past drug convictions.
- ***Requires Substance Abuse and Mental Health Evaluation of Defendants.*** With consent of the defendant, Proposition 36 requires courts to order a substance abuse and mental health evaluation of the defendant conducted by a drug addiction expert.
- ***Requires Assessment of Eligibility for Relevant Benefits.*** Proposition 36 also requires courts to order that a case worker determine whether the defendant is eligible to receive Medi-Cal, Medicare, or any other relevant benefits.
- ***Allows Drug Treatment, Mental Health Treatment, Job Training, or Any Other Conditions the Court Finds Appropriate.*** Proposition 36 specifies that treatment may include drug treatment, mental health treatment, job training, and any other conditions related to treatment or a successful outcome for the defendant that the court finds appropriate.
- ***Specifies BSCC May Allocate Monies From the SNSF for Such Treatment Programs.*** Proposition 36 specifies that BSCC may allocate funds from its share of the SNSF to local governments for treatment-mandated felony programs.

Governor's Proposal

- ***Does Not Include Dedicated Funding for Treatment.*** The Governor's budget does not include dedicated funding for treatment of defendants charged with the treatment-mandated felony.



Funding for Treatment Costs Under Proposition 36

(Continued)

LAO Comments

- ***Most Treatment Historically a County Responsibility.*** Proposition 36 allows for any treatment or conditions that courts find appropriate. Accordingly, the actual treatment provided under Proposition 36 will depend on decisions made by courts. However, much of the treatment that seems relevant is historically provided by counties. For example, as we describe on the next page of this handout, counties are responsible for providing SUD services for Medi-Cal enrollees.
- ***State Not Required to Pay for Increased County Costs.*** When ballot measures generate increased costs for local governments, the state is not required to cover them. The state could choose to provide additional funding, such as to help support the behavioral health system. Doing so, however, would likely come at the cost of other existing state programs, given the multiyear deficits facing the state. If it chooses to consider providing funding, the Legislature may want to ask counties how they plan to treat this population and whether sufficient provider capacity exists.



Overview of Selected SUD Treatment Programs

- ***Drug Medi-Cal Provides SUD Treatment to Medi-Cal Enrollees.*** Counties are responsible for providing SUD services to Medi-Cal enrollees. Nearly all enrollees have access to an enhanced set of services modeled after the American Society of Addiction Medicine criteria for SUD treatment services. These services include case management, withdrawal management, and several forms of medication-assisted treatment. Funding for Drug Medi-Cal is over \$1.2 billion, with about three-quarters of the funding coming from the federal government and the remaining funding primarily coming from local realignment revenue.
- ***Behavioral Health Services Act (BHSA) Funds Variety of Behavioral Health Treatment Services From Millionaire's Tax.*** In March 2024, voters approved Proposition 1 which made broad changes to the Mental Health Services Act that change how counties use *existing* funding from the millionaire's tax on behavioral health services. One major change impacting people with SUD issues was that prior to the BHSA, people had to have co-occurring mental health and SUD challenges to receive services funded from the millionaire's tax. Proposition 1 changed the law so that people with only SUD challenges could receive such services. Counties have some flexibility in how they use BHSA revenues, with SUD treatment being one of many possible services that could be funded. For example, for eligible populations, counties may use BHSA revenues to draw down federal funds for Drug Medi-Cal. The funding can also be used for non-Medi-Cal populations. Notably, Proposition 1 did not increase revenues for county behavioral health services. Revenues for the BHSA are estimated to be \$3.2 billion in 2024-25.
- ***Other Recent State SUD Efforts.*** Additionally, the state has allocated funding to a variety of other programs aimed at improving SUD treatment. For example, the state has used a few hundred million dollars of opioid settlement funds in recent years for the Naloxone Distribution Project, which aims to reduce opioid overdose deaths through the provision of free naloxone, prevention and harm reduction grants, and an education and awareness campaign.



Criminal laws created or amended by Prop 36

Prepared February 2025 by the staff of the Committee on Revision of the Penal Code
Contact: Tom Nosewicz (tnosewicz@clrc.ca.gov) or Rick Owen (rowen@clrc.ca.gov)

Key takeaways

Proposition 36 was approved by California voters in November 2024. The initiative's changes can be grouped into three general categories:

1. Creating a new “treatment-mandated” felony offense for repeat drug possession.
2. Increasing penalties and expanding sentencing enhancements for drug sale offenses, particularly those involving fentanyl.
3. Increasing punishment for certain thefts, including expanding California’s “petty theft with priors” offense.

Details on these changes are below.

1. Drug possession: “treatment-mandated felony”

- **Eligibility and sentencing range.**

Prop 36 established a “treatment-mandated felony” for drug possession that can be charged when the person has two or more prior convictions for possession or sale of drugs such as heroin, cocaine, or cocaine base.¹

This offense is a wobbler, meaning the prosecutor can choose to charge it as either a misdemeanor or felony.² If charged as a felony, the defendant can be sentenced to up to 3 years in county jail for a first offense and 3 years in state prison for any subsequent offense.³ The misdemeanor punishment is 1 year in county jail.⁴

People charged with this offense can elect to plead guilty or no contest to the offense and agree to participate in a treatment program approved by the court after a required evaluation.⁵ If the person successfully completes treatment, the court must dismiss the charge.⁶

Courts cannot sentence a person to incarceration unless the court first determines that the person is either “not eligible or suitable for treatment.”⁷ Prop 36 does not directly address what should occur if treatment is unavailable.

¹ Health & Safety Code § 11395(c).

² Health & Safety Code § 11395(b)(1).

³ *Id.*

⁴ *Id.*

⁵ Health & Safety Code § 11395(d)(1).

⁶ Health & Safety Code § 11395(d)(3).

⁷ Health & Safety Code § 11395(b)(2).

- **Treatment requirements.**

The treatment program has no statutorily prescribed length or conditions and can include drug treatment, mental health treatment, job training, “and any other conditions related to treatment or a successful outcome for the defendant that the court finds appropriate.”⁸

Courts are required to make referrals to programs that provide services at no cost to participants.⁹ The programs must be deemed “credible and effective” by the court, the drug addiction expert, and the parties, including the prosecutor and defense counsel.¹⁰

- **Termination of treatment.**

Courts must hold regular hearings and courts, prosecutors, and the probation department can move to terminate treatment at any time by alleging the person is performing unsatisfactorily in the program, is not benefitting from treatment, is not amenable to treatment, has refused treatment, or has been convicted of a new crime.¹¹

If a person is terminated from treatment, the court must proceed with entry of judgment and sentencing.¹²

2. Drug sales

- **Specified that the drug weight enhancement requires a prison sentence and lowered the weight requirements in fentanyl cases.**

Prop 36 specified that a sentencing enhancement based on the weight of drugs in drug sales cases requires a prison sentence and cannot be served in county jail.¹³

Prop 36 also lowered the weight at which the enhancement applies for fentanyl. The enhancement now begins with an additional 3 years of punishment for 1 ounce of any substance containing fentanyl — down from 1 kilogram — and can extend to 25 years.¹⁴

⁸ Health & Safety Code § 11395(d)(2).

⁹ *Id.*

¹⁰ *Id.*

¹¹ Health & Safety Code § 11395(d)(4).

¹² *Id.*

¹³ Health & Safety Code § 11370.4(e).

¹⁴ Health & Safety Code § 11370.4(c)(1)(A)-(I).

Criminal laws created or amended by Proposition 36

Prepared February 2025 by the staff of the Committee on Revision of the Penal Code

- **Specified that the sentence for being armed with a gun during drug sales offenses is served in prison.**
Before Prop 36, California law specified that an enhancement for being armed with a firearm in the commission of drug sales offenses (which can add up to 5 years to a sentence) was to be served in county jail. Prop 36 specified that these enhancements must be served in state prison.¹⁵
- **Expanded felony offense of possessing drugs with a gun to include fentanyl.**
Preexisting law made it a felony offense, punishable by up to 4 years in prison, to possess certain drugs while also armed with a loaded and operable firearm. Prop 36 added fentanyl to the list of drugs covered by this section.¹⁶
- **Expanded great bodily injury enhancement to injuries caused by drugs.**
Prop 36 established a 4 year enhancement for great bodily injury caused by selling, furnishing, or administering drugs to another.¹⁷ This provision abrogates a California Supreme Court court decision that limited the application of this enhancement for furnishing drugs to another.¹⁸
- **Court must advise about dangers of selling drugs.**
Courts are now required to advise people convicted of certain drug sales offenses that manufacturing, selling, or giving away drugs is “extremely dangerous and deadly to human life,” and that if such conduct results in someone dying, they can be charged with murder.¹⁹ The giving of this advisement could be used as evidence that the person was aware of the risks of their actions in a later prosecution, including for murder.²⁰

¹⁵ Penal Code § 12022(c)(1).

¹⁶ Health & Safety Code § 11370.1

¹⁷ Penal Code § 12022.7(f)(2).

¹⁸ See *People v. Ollo*, 11 Cal.5th 682 (2012).

¹⁹ Health & Safety Code § 11369

²⁰ See generally *People v. Watson*, 46 Cal.2d 818 (1956). See also *People v. Wolfe*, 20 Cal.App.5th 673, 683 (2018).

3. Theft

- **Expanded “petty theft with priors.”**

Prop 36 allows people who commit misdemeanor petty theft to be charged with a felony when they have previously been convicted of two or more theft offenses including petty and grand theft, burglary, and robbery.²¹ There is no limit on how old the prior convictions can be.

The offense is a wobbler, and when charged as a felony is punishable by up to 3 years in county jail for a first offense, and by 3 years in state prison for a subsequent offense.

This new offense is similar to existing law that allows any theft to be charged as a felony in narrower circumstances based on the defendant’s criminal history.²²

- **Expanded aggregation rule.**

Prop 36 expanded the state’s aggregation rule, which allows the value of items stolen during different acts of theft to be added together to reach the \$950 threshold required to charge felony grand theft.²³

In a departure from prior law, there is no requirement that the thefts occur close in time to one another or be part of a common scheme.²⁴

- **Created enhancement for acting in concert.**

Prop 36 created an enhancement adding 3 additional years of incarceration for acting in concert with two or more people to take or damage property during a felony.²⁵

- **Reenacted an expired enhancement for taking or damaging property over \$50,000.**

Prop 36 created a 1 year enhancement for taking or damaging property over \$50,000.²⁶ The enhancement increases to up to 4 years for property value exceeding \$3 million.²⁷ A previous version of this enhancement was allowed to sunset in 2018.²⁸

²¹ Penal Code § 666.1.

²² Penal Code § 666. The offense in § 666 was last updated by Proposition 47 in 2014, which narrowed the circumstances where it could apply. See Section 10 of Proposition 47.

²³ Penal Code § 490.3.

²⁴ Compare Penal Code § 490.3 with Penal Code § 487(e). The Legislature clarified the scope of § 487(e) in 2024. See AB 2943 (Zbur 2024).

²⁵ Penal Code § 12022.65(a).

²⁶ Penal Code § 12022.6(a)(1).

²⁷ Penal Code § 12022.6(a)(4).

²⁸ See Assembly Committee on Public Safety Analysis of AB 484 (Gabriel 2023), 3.

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Thursday, February 27, 2025
9:30 a.m. or Upon Adjournment of Session
State Capitol – Room 112

Consultants: Nora Brackbill and Eunice Roh

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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 DISCUSSION

0250 JUDICIAL BRANCH

Issue 1: Overview and Trial Court Operations

Proposal. The proposed budget includes:

- Restoration of \$42 million of the \$97 million ongoing General Fund reduction to trial court operations that was included in the 2024 Budget Act. The restoration would be funded by excess Trial Court Trust Fund (TCTF) balance in 2024-25, and General Fund thereafter.
- \$40 million ongoing General Fund to account for increased expenses for the trial courts.
- \$28.7 million ongoing General Fund increase for trial court employee health benefits and retirement costs.
- Budget bill language authorizing the Department of Finance (DOF) to transfer any unrestricted TCTF fund balance monies to the General Fund in consultation with Judicial Council.

Panelists

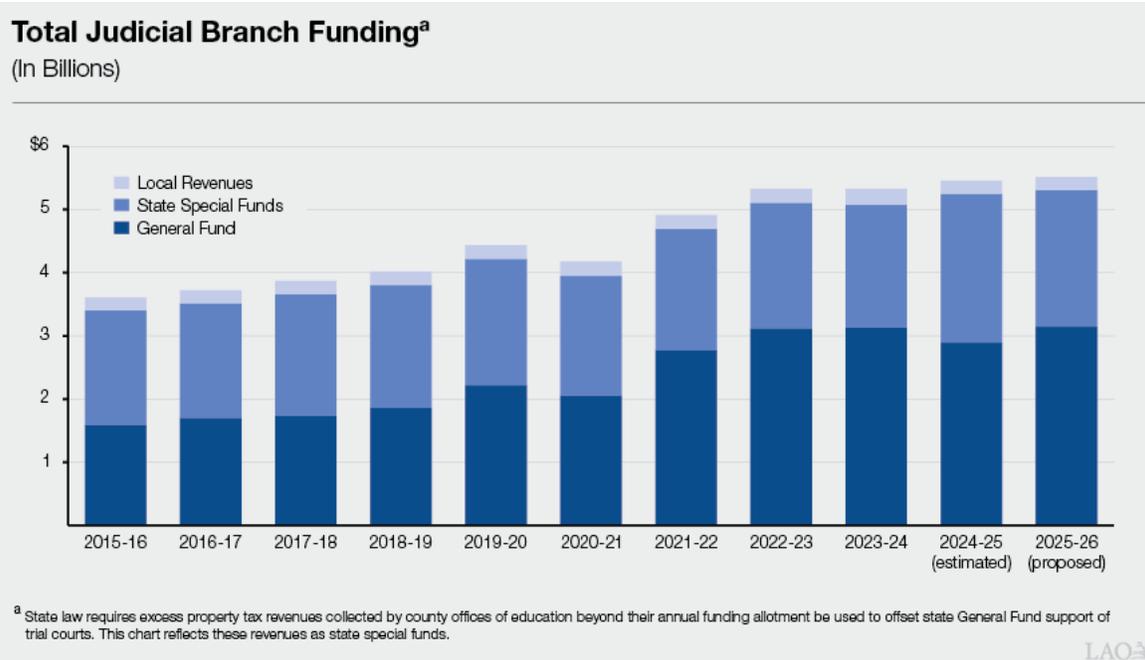
- Michelle (Shelley) Curran, Administrative Director, Judicial Council
- Zlatko Theodorovic, Director, Judicial Council Budget Services
- Judge Ann Moorman, Mendocino Superior Court and Chair of the Judicial Branch Budget Committee
- Anita Lee, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Mark Jimenez, Principal Program Budget Analyst, Department of Finance
- Henry Ng, Staff Finance Budget Analyst, Department of Finance

Background.

The Judicial Branch is responsible for the interpretation of law, the protection of people's rights, the orderly settlement of all legal disputes, and the adjudication of accusations of legal violations. The branch consists of statewide courts (the Supreme Court and Courts of Appeal), trial courts in each of the state's 58 counties, and statewide entities of the branch (Judicial Council, the Judicial Council Facility Program, and the Habeas Corpus Resource Center).

The branch receives support from several funding sources including the state General Fund, civil filing fees, criminal penalties and fines, county maintenance-of-effort payments, and federal grants. Total operational funding for the judicial branch has steadily increased from 2015-16 through 2024-25. The percent of total operational funding from the General Fund has also steadily increased during this period, from 44 percent in 2015-16 to 59 percent in 2023-24. Since 2019-20, most of the judicial branch budget has been supported by the General Fund. This growth is generally due to increased operational costs and decreases in fine and fee revenue.

For 2025-26, the Governor’s budget includes \$5.5 billion from all fund sources to support the judicial branch. This amount includes \$5.3 billion from all state funds (General Fund and special funds), an increase of \$62 million (1 percent) above the revised amount for 2024-25. (These totals do not include expenditures from local revenues or trial court reserves.) Of this amount, about \$3.1 billion (59 percent) is from the General Fund. This is a net increase of \$254 million (9 percent) from the revised 2024-25 General Fund amount. This net increase reflects various changes—including the expiration of a one-time reduction in General Fund support included in the 2024-25 budget to help address the state’s budget problem.



Judicial Branch Budget Summary—All State Funds

(Dollars in Millions)

	2023-24 Actual	2024-25 Estimated	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
State Trial Courts	\$3,840	\$3,957	\$3,985	\$28	0.7%
Supreme Court	50	59	57	-2	-3.4
Courts of Appeal	284	291	297	6	2.1
Judicial Council	310	328	292	-36	-11.0
Judicial Branch Facility Program	576	596	662	66	11.0
Habeas Corpus Resource Center	19	20	20	—	-0.1
Totals	\$5,078	\$5,251	\$5,313	\$62	1.2%

Source: LAO¹

¹ <https://lao.ca.gov/Publications/Report/4959>

Reserves. Trial courts have a limited ability to keep and carry over any unspent funds (also known as “reserves”) from one fiscal year to the next. Specifically, trial courts are only allowed to carry over funds equal to three percent of their operating budget from the prior fiscal year under current law. However, certain funds held in the reserve—such as those that are encumbered, designated for statutory purposes, or funds held on a court’s behalf by Judicial Council for specific projects—are not subject to this cap, meaning they also can generally be carried over. At the end of 2023-24, trial courts reported having \$478 million in reserves. Of this amount, \$389 million (81 percent) is not subject the cap. This amount consists of funds that are encumbered (\$204 million), statutorily excluded (\$118 million), designated for prepayments or other purposes (\$43 million), or held by Judicial Council on behalf of the trial courts for specific projects (\$24 million). This leaves \$88 million (19 percent) in reserves subject to the cap. This is less than the \$105.9 million the trial courts could have retained under the current three percent cap.

Trial Court Operations Funding. While a portion of trial court operations funding is provided for specific programs or purposes (such as court interpreters), a significant portion of the funding is provided on a discretionary basis with little to no restrictions on its use. Upon receiving its allocation, each trial court has significant flexibility in determining how its share of discretionary funding from the state is used. This can result in significant difference in the programs or services offered and the level of service provided across trial courts. For example, some trial courts may choose to use a greater proportion of their funding to increase employee compensation, while others might allocate more funding to provide additional services, such as self-help services. The Judicial Council is generally responsible for allocating funding to individual trial courts.

TCTF Is the Primary Special Fund Supporting Trial Court Operations. The TCTF is the major special fund supporting trial court operations. It receives revenues from various sources—including the state General Fund, civil filing fees, criminal penalties and fines, as well as county maintenance-of-effort payments—for various purposes. Unspent funds allocated for specific purposes are typically returned to the General Fund or kept in the TCTF but restricted to the original specific purpose. However, generally, unspent funds that are not restricted to specific purposes are kept in the TCTF, and may be used for other trial court related purposes.

Recent Budget Action. The 2024-25 budget package decreased General Fund support for trial court operations by \$100 million on a one-time basis and used unrestricted TCTF fund balance monies to fully offset this reduction. The 2024-25 budget package also included an ongoing reduction of \$97 million, consistent with the 7.95 percent statewide operations reductions. Prior to 2024-25, the trial courts received several increases to their general operations budgets, including a \$72 million increase in 2021-22, \$184 million increase in 2022-23, and \$74 million increase in 2023-24.

Operations and Vacancy Reductions. The Budget Act of 2024 included two control sections aimed at improving government efficiencies across state government. Control Section 4.05 authorizes the Department of Finance to reduce state operations expenditures up to 7.95 percent in fiscal year 2024-25 and ongoing, and requires DOF to notify the Joint Legislative Budget Committee how the reduction in state operations expenditures was achieved. Control Section 4.12 authorizes DOF to adjust items of appropriation to achieve savings associated with vacant positions in 2024-25 and propose the elimination of vacant positions to achieve ongoing savings beginning in 2025-26. The

trial courts were not included in Sections 4.05 and 4.12. The Judicial Branch statewide operations budget was reduced by \$15.8 million ongoing General Fund, and no positions were removed. The trial courts faced a corresponding reduction of \$97 million.

Governor's Budget Proposals. The proposed budget includes:

- Restoring \$42 million of the \$97 million ongoing General Fund reduction to trial court operations that was included in the 2024 Budget Act. The restoration would be funded by excess TCTF balance in 2024-25, and General Fund thereafter.
- \$40 million ongoing General Fund to account for increased expenses for the trial courts.
- \$28.7 million ongoing General Fund increase for trial court employee health benefits and retirement costs.
- Budget bill language authorizing DOF to transfer any unrestricted TCTF fund balance monies to the General Fund in consultation with Judicial Council.

LAO Comments.

Administration Likely Overestimates Excess Property Tax Available for General Fund Offset. Each of California's 58 counties has a County Office of Education (COE). A primary source of funding for COEs is the Local Control Funding Formula (LCFF). This formula provides an allotment based on (1) the number and size of the school districts in the county and (2) the number of students attending COE alternative schools. A COE's annual LCFF allotment is supported first with local property tax revenue (which can fluctuate from year to year), with the remainder covered by state Proposition 98 General Fund. Some COEs collect more in property tax revenue than their LCFF allotment. This amount collected above the LCFF allotment is known as excess property tax. State law requires any excess property tax be used to offset state General Fund support of trial courts in the year after the taxes were collected. For example, excess property taxes collected in 2023-24 offset the state's General Fund support of trial courts in 2024-25.

The Governor's budget estimates that \$247.6 million in excess property tax will be available to offset state General Fund support of trial courts in 2024-25 and in 2025-26. The Legislative Analyst's Office's (LAO's) preliminary analysis of property tax revenues projects less excess property tax revenues being available than assumed in the Governor's budget. Specifically, the LAO estimates that roughly \$100 million less—about \$70 million in 2024-25 and at least \$30 million in 2025-26—will be available to offset General Fund support of trial court operations. Under the LAO's estimates, the Legislature would have higher General Fund costs than assumed in the Governor's budget. The LAO will review updated property tax data that will become available in the spring and provide updated estimates at the time of the May Revision.

Requires Trade-Off With Other Budget Priorities. In total, the Governor's budget proposes an \$82 million augmentation to ongoing General Fund spending compared to what was agreed upon in the 2024-25 budget agreement. As discussed above, these additional funds would likely help improve court service levels. However, this approach comes with significant trade-offs for other

parts of the state budget. Given the state's current fiscal position—with a budget that is roughly balanced in 2025-26 and notable deficits projected in the out-years—the state does not have capacity for new ongoing commitments. As a result, in future years, this proposed ongoing spending will likely require trade-offs with other areas of spending and potentially require even further budget solutions, such as reduced spending for other existing state programs.

Provides Judicial Council With Full Allocation Discretion. Both components of the Governor's proposed augmentation provide Judicial Council with complete discretion over (1) what the funds are used for and (2) how the funds are allocated to the trial courts. As noted above, it appears that the workload formula will be used to allocate the \$42 million ongoing funding restoration. However, it is unclear at this time how the \$40 million for increased costs will be allocated. Providing Judicial Council with full discretion on the allocation of such funds limits the Legislature's ability to ensure that the funding is in line with legislative priorities. For example, the Legislature could prioritize using the funding to specifically restore phone or counter hours over filling all vacant positions.

Proposed Budget Bill Language Is Vague, Limiting Legislative Oversight. The proposed budget bill language authorizing the transfer of unrestricted TCTF fund balance monies to the General Fund is a reasonable proposal as such monies would be available for other budget priorities. However, the language is vague as the exact amount would be determined by DOF in consultation with Judicial Council. First, it does not specify what monies are being considered for transfer. For example, it is unclear whether only excess General Fund backfill monies accumulated from prior years would be considered for transfer, or if General Fund savings from judicial salaries or other areas will be considered. This makes it difficult for the Legislature to determine whether it agrees with what monies are being considered for transfer back to the General Fund. Second, the proposed language does not include any requirements for legislative notification. As a result, if a transfer is made (even with more detailed guidance from the Legislature on what should be considered as part of the calculation), the Legislature lacks the opportunity to review how the specific amount was calculated and whether the calculation met its desired parameters. This makes it difficult for the Legislature to ensure that the maximum amount it desires is being transferred back to the General Fund to be used for its budget priorities. The need for such oversight is even more critical given the multiyear deficits facing the state.

LAO Recommendations.

Direct Judicial Branch To Report on Process for Seeking Midyear Adjustments. While the judicial branch eventually sought legislative input before moving ahead with implementing the restoration of the \$42 million reduction in 2024-25, it is concerning that it had first moved to act without legislative oversight. Accordingly, the LAO recommends the Legislature direct the judicial branch to report at budget hearings on its process for making midyear budget adjustments and how it will ensure the Legislature has had the opportunity to weigh in on them.

Consider Trial Court Augmentations in Context of Broader Budget Challenges. The proposed \$82 million augmentation comes with significant trade-offs that the Legislature will need to weigh. On the one hand, the increased trial court funding would likely help improve court service levels, which is a notable benefit. On the other hand, the multiyear deficits facing the state in the coming

years leave no capacity for new ongoing commitments. This means that any approved ongoing funding would likely require the Legislature to reduce spending on other existing state programs or activities. As such, the Legislature should carefully consider the degree to which it prioritizes this funding over its other budget priorities. For any additional funding that is ultimately provided, the Legislature should also consider whether it has certain priorities for how such funding is used. This is particularly important if any ongoing reduction must still be operationalized. For example, the Legislature could determine that the increased General Fund support should be prioritized for the restoration of phone and counter hours or self-help services. Such priorities could be documented in budget bill language and would ensure that the funding is used consistent with legislative priorities.

Modify Proposed Budget Bill Language Authorizing Transfer of Unrestricted TCTF Monies to General Fund. The LAO recommends the Legislature modify the proposed budget bill language authorizing the transfer of unrestricted TCTF fund balance monies to the General Fund in two key ways to increase legislative oversight. First, the LAO recommends the Legislature modify the language to provide guidance on which specific unrestricted TCTF fund balance monies it believes should be considered for transfer or how the calculation should be determined. For example, the language could specify that any excess General Fund backfill monies be returned to the General Fund. This would be reasonable as the funding was provided specifically to maintain trial court operation levels if insufficient fine and fee revenue was deposited into the TCTF. Accordingly, if sufficient fine and fee revenue is available, the excess General Fund monies should be immediately available for other legislative priorities. This same rationale could also apply to savings from General Fund provided for specific purposes (such as trial court judge salaries). Second, the LAO recommends the Legislature modify the language to require that notification be provided to JLBC 30-days before a transfer is made and that such notification include information on how the final transfer amount was determined. These changes would enhance legislative oversight and potentially benefit the General Fund, which will be particularly important given the multiyear deficits facing the state.

Staff Recommendation. Hold open.

Issue 2: Capital Outlay and Facilities

Proposal. The Governor’s budget includes the following resources to the courts for capital outlay and facilities:

- \$23.3 million General Fund in 2024-25 and reappropriation of \$81.8 million General Fund for seven ongoing capital outlay projects.
- \$5.4 million General Fund to continue expanding access to lactation rooms to members of the public (e.g. attorneys and their clients) in addition to courthouse employees.
- \$500,000 ongoing General Fund for statewide planning and studies.

Panelists.

- Tamer Ahmed, Director, Judicial Council Facilities Services
- Zlatko Theodorovic, Director, Judicial Council Budget Services
- Presiding Judge Gus Barrera, San Joaquin Superior Court
- Anita Lee, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Phil Osborn, Staff Finance Budget Analyst, Department of Finance
- Koreen van Ravenhorst, Principal Program Budget Analyst, Department of Finance
- Mark Jimenez, Principal Program Budget Analyst, Department of Finance
- Henry Ng, Staff Finance Budget Analyst, Department of Finance

Background.

The Judicial Branch currently manages around 450 facilities across all 58 counties. Its facility program is responsible for various activities including maintaining these facilities, managing leases, and constructing new courthouses to replace outdated facilities. In a November 2019 assessment of its facilities², the judicial branch identified a need for a total of 80 construction projects—56 new buildings and 24 renovations—totaling \$13.2 billion. These projects were categorized into five groups—and ranked within each group—in the following descending priority order: 18 immediate need projects (\$2.3 billion), 29 critical need projects (\$7.9 billion), 15 high need projects (\$1.3 billion), 9 medium need projects (\$1.6 billion), and 9 low need projects (\$100 million). The status of these projects is listed in the table below. Additionally, in August 2024, the judicial branch identified 22,673 deferred maintenance projects totaling around \$5.2 billion. Of this estimated cost, the state would be responsible for around \$3.8 billion (74 percent). (The remaining amount would generally be the responsibility of counties that share space in court facilities.)³.

² https://courts.ca.gov/system/files/file/lr-2019-jc-reassessment-trial-court-capital-outlay-projects-gov70371_9.pdf

³ <https://courts.ca.gov/system/files/file/deferredmaintenance-fy2025-26.pdf>

SB 847 (Committee on Budget and Fiscal Review), Chapter 45, Statutes of 2018, required the judicial council to reassess its facility needs, and laid out specific criteria. These include:

- The general physical condition of the building;
- Needed improvement to the physical condition of buildings to alleviate the totality of risks associated with seismic conditions, fire and life safety conditions, Americans with Disabilities Act (ADA) requirements, and environmental hazards;
- Court security features within buildings;
- Access to court services;
- Overcrowding; and,
- Projects that replace or renovate courtrooms in court buildings where there is a risk to court users due to potential catastrophic events.

The new courthouse projects proposed for funding ranked in the Immediate Need priority group. See the table below for more information about individual projects.

Proposal	Description
<p>Lactation Rooms</p> <p>Request: \$5.4 million General Fund Total Project Cost: \$20.4 million</p>	<p>The proposed budget includes \$5.4 million General Fund to complete the requirements of AB 1576 (Committee on Judiciary, Chapter 200, Statutes of 2022), as amended by SB 133 (Committee on Budget and Fiscal Review, Chapter 34, Statutes of 2023). AB 1576 required courts to expand access to lactation rooms to members of the public (e.g. attorneys and their clients) in addition to courthouse employees. The 2022 budget included \$15 million for facility modifications related to this requirement, which will cover 104 projects (including 32 that have already been completed). The Judicial Council is requesting an addition \$5.4 million to complete 22 remaining projects.</p>
<p>Statewide: Budget Packages and Advanced Planning</p> <p>Request: \$500,000 General Fund</p>	<p>The proposed budget includes \$500,000 ongoing General Fund for statewide planning and studies. The proposed funding will allow the completion of planning studies and budget packages for capital outlay projects. The planning studies will inform and validate scope, schedule, and budget for projects by developing budget packages, assessing the number of courtrooms needed, and supporting preliminary site searches.</p>

<p>Butte County: Juvenile Hall Addition and Renovation</p> <p>Request: \$5.2 million General Fund Total Project Cost: \$5.8 million</p> <p>Preliminary Plans: Aug 2021 - July 2022 Working Drawings: July 2022 - March 2026 Construction: June 2026 - March 2027</p>	<p>The proposed budget includes \$163,000 for working drawings and \$5.0 million for construction. The project will increase the court space in the existing Butte County Juvenile Hall in the City of Oroville to 2,100 square feet, including renovating 1,500 square feet of existing court space and adding an additional approximately 600 square feet. The project uses the design-bid-build delivery method.</p>
<p>Fresno County: New Fresno Courthouse – Performance Criteria and Reappropriation of Acquisition</p> <p>Request: \$18.1 million new General Fund and reappropriation of \$11.2 million General Fund Total Project Cost: \$946 million</p> <p>Acquisition: July 2022 - June 2025 Performance Criteria: July 2025 - June 2026 Design-Build: July 2026 - January 2032</p>	<p>The proposed budget includes \$18.1 million General Fund for the Performance Criteria phase of the New Fresno Courthouse in Fresno County, and the reappropriation of \$11.2 million from the Acquisition phase. The proposed 36-courtroom courthouse will consolidate three facilities and provide two additional courtrooms, totaling approximately 413,000 square feet. The project will use a design-build delivery method. The project would enable the termination of two county joint-occupancy agreements and one private-entity lease.</p>
<p>Plumas County: New Quincy Courthouse - Reappropriation</p> <p>Request: Reappropriation of \$1.5 million Total Project Cost: \$130.4 million</p> <p>Acquisition: July 2022 - June 2026 Performance Criteria: July 2026 - July 2027 Design-Build: July 2026 - August 2030</p>	<p>The project consists of the construction of a new, three-courtroom courthouse of approximately 54,000 square feet in the town of Quincy, to replace the existing court-occupied space in the historic Quincy Courthouse.</p>

<p>San Diego Hall of Justice - Facility Modification</p>	<p>The proposed budget includes \$9.5 million one-time General Fund to supplement previously approved funding of \$29.9 million in FY 2022–23. This additional funding is necessary to address cost increases for an in-progress facility modification at the San Diego Hall of Justice. The building is owned by the County of San Diego, and is a shared-occupancy building. The state and the county will share the cost of this modification project based on their occupancy percentages. The state is responsible for paying 40 percent of the costs of this modification project. The county-led project has experienced delays and cost escalation, with the project’s estimated cost increasing from \$67.3 million to \$87.3 million. This request also includes a \$2.5 million contingency portion in case there are additional cost increases.</p>
<p>Los Angeles County: New Santa Clarita Courthouse - Reappropriation</p> <p>Request: Reappropriation of \$34.2 million Total Project Cost: \$675.4 million</p> <p>Acquisition: July 2022 - June 2026 Performance Criteria: July 2026 - June 2027 Design-Build: July 2027 - October 2031</p>	<p>The proposed budget includes funding for the construction of a new 24-courtroom courthouse of approximately 278,000 square feet (SF) in the City of Santa Clarita. It requires acquisition of a site of approximately 4.5 acres. The project will replace three existing buildings (two in Santa Clarita and one in Sylmar) and allow for relocation of dockets from other courthouses. The Acquisition phase has been delayed due to an extended site selection process, and is anticipated to be completed in June 2026.</p>
<p>Solano County: New Solano Hall of Justice (Fairfield) - Performance Criteria and Reappropriation of Acquisition</p> <p>Request: \$5.2 million General Fund and Reappropriation of \$12.1 million Total Project Cost: \$333.4 million</p> <p>Acquisition: July 2022 - June 2025 Performance Criteria: July 2025 - June 2026 Design-Build: July 2026 - January 2031</p>	<p>The proposed budget includes \$5.2 million General Fund for the Performance Criteria phase and a reappropriation of \$12.1 million for the Acquisition phase of the New Solano Hall of Justice (Fairfield) in Solano County. The project will provide construction of a new, 12- courtroom courthouse of approximately 141,000 square feet (SF) in the City of Fairfield. The project will require acquisition of a site of approximately three acres. The project will use a design-build delivery method. The project will replace the court space in the existing Solano County Hall of Justice.</p>

<p>San Luis Obispo County: New San Luis Obispo Courthouse - Performance Criteria and Reappropriation of Acquisition</p> <p>Request: \$7.9 million General Fund and Reappropriation of \$22.9 million Total Project Cost: \$352 million</p> <p>Acquisition: July 2022 - June 2025 Performance Criteria: July 2025 - July 2026 Design-Build: July 2026 - January 2031</p>	<p>The proposed budget includes \$7.9 million General Fund for the Performance Criteria phase and a reappropriation of \$22.9 million for the Acquisition phase of the New San Luis Obispo Courthouse in San Luis Obispo County. The project will provide construction of a new, 12 -courtroom courthouse of approximately 145,000 square feet (SF) in the City of San Luis Obispo. The project will require acquisition of a site of approximately 2.5 acres. The project will use a design-build delivery method. The project will replace two facilities.</p>
<p>San Joaquin County: New Tracy Courthouse</p> <p>Request: \$2.9 million General Fund Total Project Cost: \$65.1 million</p> <p>Performance Criteria: July 2025 - November 2026 Design-Build: November 2026 - September 2030</p>	<p>The proposed budget includes \$2.9 million General Fund for the Performance Criteria phase of the New Tracy Courthouse in San Joaquin County. The proposed new courthouse project will provide construction of a new, two-courtroom courthouse of approximately 28,000 square feet (SF) in the City of Tracy. The project will use the design-build delivery method. The project will replace four existing court facilities on the Judicial Council-owned site. The Superior Court of San Joaquin County currently uses a decentralized model, with full-service operations in Stockton and branch locations in Manteca, Lodi, French Camp, and Tracy (which has been closed since 2011 due to budget restraints, and has not been reopened due to the needed replacement). Stockton and Lodi serve north county communities, while Manteca has served the south county communities. French Camp is a juvenile court that serves the entire county.</p>

LAO Comments on the San Joaquin County: New Tracy Courthouse Project.

Proposed Project Generally Reasonable... The selection of the new Tracy courthouse is generally reasonable as it is the next project in line to be funded when following the judicial branch’s 2019 ranked list of facility project needs. This project is an immediate need project (highest-priority category) that would replace four vacant, outdated, and unsafe facilities. Additionally, the identified scope and cost of the project seem reasonable.

...But Would Expand Service Back to Tracy... During the Great Recession, trial courts—along with other state entities—received budget reductions. Trial courts took various actions to operationalize the budget reductions, including closing courtrooms or courthouses as well as reimagining how to deliver services (such as centralizing certain services). The judicial branch indicates that all Tracy branch facilities have been closed since 2011 due to budget constraints from the recession and the poor condition of the existing facilities. Because services are not

currently being provided in Tracy, approval of this new construction project would effectively be expanding service back to Tracy. The San Joaquin Superior Court indicates that it estimates \$1.2 million would be needed annually to operate the new courthouse and believes it has the budget capacity to do so. The new courthouse would provide a benefit to people in San Joaquin County by improving court access for those living in Tracy and shifting workload from other courthouses back to Tracy, which could reduce wait times for services in other parts of the county.

...Rather Than Addressing Needs at Currently In-Use Facilities. As noted above, the judicial branch has extensive need for new or renovated trial court facilities as well as for deferred maintenance projects. Despite the benefits of a new Tracy courthouse, there are no facilities in the immediate needs category that are currently being actively used in San Joaquin County. In contrast, there are still other facilities elsewhere in the state—such as in Kern and Placer Counties—that are being used despite their condition being so poor that they have projects in the immediate needs category. It would be reasonable to consider redirecting this funding to such projects or pressing deferred maintenance needs to address unsafe conditions faced by current staff and court users in such facilities. A new Tracy courthouse could be funded instead at a later date.

LAO Recommendation on the San Joaquin County: New Tracy Courthouse Project.

Consider Redirecting Funding to Other Trial Court Projects. The proposed new Tracy courthouse is next in line to be funded according to the judicial branch’s ranked priority list of facility need and would be provide benefits to those in San Joaquin County. However, service is not currently being provided in the area. Given the extensive unmet facility needs elsewhere, the Legislature could consider whether the proposed funding should be redirected to projects that are next in line to be funded and that address needs at facilities that are currently in use—rather than expanding service back to Tracy—or to address pressing deferred maintenance needs. This would focus resources on facilities with the most pressing unsafe conditions for current staff and court users.

Staff Recommendation. Hold open.

Issue 3: CARE Act Process and Proceedings (SB 42)

Proposal. The Governor’s budget includes \$1 million ongoing General Fund for new trial court operations costs authorized by Senate Bill 42 (Umberg), Chapter 640, Statutes of 2024, which requires changes to the Community Assistance, Recovery, and Empowerment (CARE) Act.

Panelists.

- Don Will, Deputy Director Center for Families, Children & the Courts, Judicial Council
- Audrey Fancy, Principal Manager, Center for Families, Children & the Courts, Judicial Council
- Zlatko Theodorovic, Director, Judicial Council Budget Services
- Anita Lee, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Mark Jimenez, Principal Program Budget Analyst, Department of Finance
- Henry Ng, Staff Finance Budget Analyst, Department of Finance

Background. SB 1338 (Umberg), Chapter 319, Statutes of 2022 created the CARE Program—a new civil court proceeding that will allow specific people to seek assistance for certain adults with severe mental illness. In order to be admitted to the CARE Program, individuals must be over the age of 18 and currently experiencing both a severe mental illness and having a diagnosis of schizophrenia or other psychotic disorders. People in other civil and criminal proceedings—specifically assisted outpatient treatment (AOT, also known as Laura’s Law), conservatorship, or misdemeanor proceedings in which the person has been determined to be incompetent to stand trial—could also be referred by courts to the program. SB 1338 also included requirements for the California Health and Human Services Agency (CalHHS) or Department of Health Care Services (DHCS) to collect data, contract with an independent entity to evaluate the program, and submit reports to the Legislature.

The CARE process begins when a petition is filed to admit a person to the program. The petition can be filed by the individual themselves, or a family member, first responder, county behavioral health provider, or a licensed behavioral health professional who has provided treatment to the person within the past 30 days. The court reviews the petition to assess whether the person clearly and convincingly meets the criteria for admission. If so, the court orders an individualized treatment plan, which can include behavioral health care, stabilization medications, housing, and other supportive services. These services are expected to be delivered by the counties. Participants are entitled to legal counsel for assistance and representation throughout the process. Participants are also permitted to have a “supporter,” an adult providing the participant with decision-making and other assistance throughout the process. The court-ordered CARE plan lasts up to one year, but may be extended one time for up to one additional year under certain conditions.

The CARE Act was implemented in phases, with all counties required to implement the CARE Act by December 1, 2024. The seven counties in Cohort 1 (Glenn, Orange, Riverside, San Diego, San Francisco, Stanislaus, and Tuolumne) began implementation on October 1, 2023. Los Angeles County began implementation on December 1, 2023. Three other counties implemented early: San Mateo on July 1, 2024, Kern on October 1, 2024, and Mariposa on November 1, 2024.

As of October 31, 2024, preliminary reports indicate that 869 petitions have been filed statewide⁴. DHCS, in consultation with the Judicial Council of California, recently published an early implementation report on Cohort 1 and Los Angeles that covers three quarters: October 2023 through June 2024⁵. During those nine months, 557 petitions were submitted to the court. Of those, 217 petitions (39 percent) were dismissed, 240 petitions (43 percent) were in progress, and 100 petitions (18 percent) resulted in CARE participation (i.e. the respondent was deemed eligible, and a CARE plan or a CARE agreement was approved by the court). In addition, 362 individuals were connected to services through CARE-related outreach. 782 court hearings were held, growing from 104 in the first quarter to 361 in the third quarter of implementation. The preliminary report indicated that families are the leading source of petitioners, and that the CARE Act may also be used to provide structure and accountability to help individuals transition out of involuntary treatment or institutional settings into the community. CalHHS is piloting CARE Act petitions with people who are transitioning out of more restrictive care and into the community. A more complete Annual CARE Act Report is expected by July 2025.

CARE Act Funding. The proposed 2025-26 budget includes \$35 million ongoing for court operations and \$19.3 million ongoing for legal representation for participants. Additional funding is provided to DHCS and CalHHS, as outlined in the table below.

Summary of Total CARE Program Funding

General Fund (In Millions)

Entity	Purpose	2022-23	2023-24	2024-25	2025-26	2026-27 and Ongoing
Judicial Branch						
Judicial Branch	Court Operations	\$5.9	\$15.2	\$28.6	\$35.0	\$35.0
Judicial Branch	Legal Representation	0.3	22.9	18.8	19.3	19.3
Totals, Judicial Branch		\$6.1	\$38.1	\$47.4	\$54.3	\$54.3
Health Entities						
CalHHS	Training	\$5.0	—	—	—	—
DHCS	Training, Data Collection, and Other Activities	20.2	\$6.1	\$6.1	\$6.1	\$6.3
DHCS	County Grants	57.0	27.2	37.8	46.5	47.0
Totals, Health Entities		\$82.2	\$33.3	\$43.9	\$52.6	\$53.3
Total CARE Program Funding		\$88.3	\$71.3	\$91.3	\$106.9	\$107.6

CARE = Community Assistance, Recovery, and Empowerment; CalHHS = California Health and Human Services Agency; and DHCS = Department of Health Care Services.

Source: LAO⁶

⁴ This data is subject to final validation and change by DHCS prior to the Annual Report; note that most counties had not begun implementation as of this date.

⁵ <https://www.dhcs.ca.gov/Documents/CARE-Early-Implementation-Report-10-31.pdf>

⁶ <https://lao.ca.gov/Publications/Report/4924>

Initial CARE Act Funding and Adjustments. The 2022-23 budget package provided \$5.9 million in 2022-23 (increasing to \$37.7 million ongoing in 2023-24) for judicial branch preparation to implement the CARE Program and \$250,000 one-time in 2022-23 for legal-aid planning and preparation. Of the amount provided to the judicial branch in 2022-23, \$2.8 million was allocated directly to the trial courts in Cohort 1 to support their administrative and other costs related to planning for CARE Program implementation. The budget also included additional funding for DHCS and CalHHS.

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

The 2024-25 budget package included a reversion of \$17.6 million in savings from the 2023-24 fiscal year, and adjusted ongoing funding for implementation of the program down by \$59.1 million in 2024-25 and \$78.2 million in 2025-26 and ongoing.

Changes to the CARE Act and Proposed Additional Resources. SB 42 (Umberg), Chapter 640, Statutes of 2024 requires courts to provide ongoing notice of CARE Act proceedings to the original petitioner throughout the CARE Act proceedings, with some exceptions, and clarifies other requirements for the CARE process and for interactions with and referrals from AOT courts and Lanterman-Petris-Short Act conservatorship proceedings. The proposed budget includes \$525,000 annually for the courts to produce and mail the additional notices, and \$475,000 annually for additional workload for referrals from AOT courts or LPS proceedings.

Staff Recommendation. Hold open.

Issue 4: Treatment Court Standards (SB 910)

Proposal. The Governor’s budget includes three positions and \$1.7 million General Fund in 2025–26 and \$1.6 million General Fund in 2026-27 and ongoing to administer treatment court programs and provide support to trial courts through technical assistance, educational training, and consultation with subject matter experts pursuant to SB 910 (Umberg), Chapter 641, Statutes of 2024.

Panelists.

- Francine Byrne, Director, Criminal Justice Services, Judicial Council
- Zlatko Theodorovic, Director, Judicial Council Budget Services
- Anita Lee, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Mark Jimenez, Principal Program Budget Analyst, Department of Finance
- Henry Ng, Staff Finance Budget Analyst, Department of Finance

Background. Collaborative courts help individuals with criminal charges pursue treatment and rehabilitation outside of a carceral setting, while still under the supervision of a court and with potential criminal consequences for failing to participate. California currently has more than 400 collaborative courts in all but two jurisdictions (Alpine and Colusa), with many jurisdictions having four or more types of collaborative courts⁷. The most numerous types of collaborative courts include adult drug courts (83), adult mental health courts (61), veterans’ courts (47), dependency drug courts (32), juvenile drug courts (23), DUI courts (20), reentry courts (18), homeless courts (19), community courts (11), and juvenile mental health courts (12).

California's first adult drug court began in Alameda County in 1991⁸. Adult drug courts, or treatment courts, are evidence-based court programs that provide an alternative to traditional criminal justice case adjudication for high risk/high need individuals struggling with substance use disorders. These collaborative justice court models take a team based, less adversarial approach to case processing and combine close judicial oversight and monitoring with intensive supervision and substance abuse treatment services in lieu of incarceration.

The goals of these programs are to:

- reduce drug usage and recidivism.
- provide court supervised treatment.
- integrate drug treatment with other rehabilitation services to promote long-term recovery and reduce social costs.
- reduce the number of children in the Child Welfare System.
- access federal and state support for local drug courts.

48 of 58 counties in California have some form of adult drug court(s). Most adult drug courts in California are post-adjudication models in which participants are placed in drug court after entering a guilty plea. Charges can often be reduced after successful completion of the drug court program. Graduation requirements vary but typically involve completion of educational and job

⁷ https://courts.ca.gov/system/files/file/collaborativcourts_factsheet.pdf

⁸ <https://www.dhcs.ca.gov/individuals/Pages/Drug-Courts-Overview.aspx>

training requirements in addition to sobriety. Diversion and pre-pleas model courts work similarly, but do not require an initial guilty plea.

In California, each program operates independently by county. All are funded through a patchwork of local funds and some one-time state and federal competitive and discretionary grants. Because each operates separately, and reports to a variety of different funders and stakeholders, there is no one, centralized, reporting repository with data on participation and outcomes statewide. Studies have shown that drug courts lead to reduced recidivism, but that the impact varies depending on the programming offered and the particular judge assigned⁹.

The Judicial Council has previously recommended that drug courts follow the best practices outlined in All Rise's Adult Treatment Court Best Practices Standards¹⁰ and Family Treatment Court Best Practice Standards. SB 910 (Umberg), Chapter 641, Statutes of 2024 made this a requirement. There are standards included for the following categories:

- *Target Population.* Treatment courts are most effective and cost-efficient when they serve high-risk and high-need persons who require an intensive combination of treatment and supervision. This finding has been reported in all treatment court models examined to date.
- *Equity and Inclusion.* Ensuring equitable access, services, and outcomes for all sociodemographic and sociocultural groups is a critical obligation of treatment courts. Research conducted in the past decade provides substantial guidance for treatment courts to monitor and rectify unwarranted cultural disparities. Examples of effective practices include removing invalid eligibility restrictions that needlessly exclude some cultural groups, engaging in proactive and culturally congruent outreach efforts, delivering culturally proficient treatments and complementary services, and avoiding monetary or other resource requirements that do not improve outcomes or protect public safety.
- *Roles and Responsibilities of the Judge.* Research underscores the critical impact of the judge in all treatment court models and for all sociodemographic groups examined thus far. Although biweekly court status hearings (every two weeks) produce superior outcomes in the first phase of adult drug courts, new evidence suggests that weekly hearings may be required in the first phase for participants needing greater structure and consistency, such as persons with a co-occurring mental health and substance use disorder or those lacking stable social supports.
- *Incentives, Sanctions, and Service Adjustments.* Delivering fair, effective, and safe responses for participant performance is critical for successful outcomes in treatment courts and one of the most difficult challenges for staff.
- *Substance Use, Mental Health, and Trauma Treatment and Recovery Management.* Treatment courts serve high-need persons with serious and persistent substance use, mental health, and/or trauma disorders. Achieving successful outcomes for these individuals

⁹ <https://nij.ojp.gov/topics/articles/do-drug-courts-work-findings-drug-court-research>

¹⁰ https://allrise.org/wp-content/uploads/2023/12/All-Rise-Adult-Treatment-Court-Best-Practice-Standards-2nd-Ed.-I-VI_final.pdf

requires treatment courts to deliver services that are desirable and acceptable to participants and adequate to meet their validly assessed treatment needs.

- *Complementary Services and Recovery Capital.* Complementary services are strengths-based and help participants to develop the personal, familial, social, cultural, financial, and other recovery capital needed to help them sustain indefinite recovery and enhance their overall quality of life. Examples of complementary services may include assisted housing, family or significant other therapy, and vocational, educational, or life skills counseling. Treatment courts should routinely assess participants' recovery capital and deliver desired complementary services to enhance their long-term adaptive functioning and life satisfaction.

Some of these standards have been adjusted in recent years to account for changing societal conditions and new research. For example, the opioid crisis and infiltration of fentanyl, xylazine, and other dangerous substances into illicit or unregulated drugs require treatment courts to recruit eligible persons as soon as possible after arrest or detention and offer them immediate voluntary pre-plea services. Previous benchmarks providing for entry within one to two months of an arrest are no longer tenable given the substantially increased risk of overdose and death pending evidentiary discovery, plea bargaining, and case disposition.

Requested Resources. To implement the standards and ongoing training requirements, the proposed budget includes three positions (one Senior Analyst and two Analysts), and funding to support training logistics and training content expenses. The estimated cost to implement this bill is \$1.7 million in 2025-26 and \$1.6 million annually thereafter. This includes \$860,000 annually for training costs, including curriculum development and travel costs, \$779,000 in 2025-26 and \$726,000 ongoing for the three positions, and \$54,000 in 2025-26 and \$52,000 ongoing for indirect administrative costs.

Staff Recommendation. Hold open.

Issue 5: Supreme Court and Courts of Appeal Court-Appointed Counsel Programs

Proposal. The proposed budget includes \$6.3 million ongoing General Fund in 2025-26 to support the Supreme Court Capital Court-Appointed Counsel and the Courts of Appeal Court-Appointed Counsel Programs. This request includes:

- \$4.4 million for an hourly rate increase for appointed counsel.
- \$1.9 million for a seven percent increase in the annual contracts for the project offices.

Panelists.

- Justice Stacy Boulware Eurie, Associate Justice of the Court of Appeal, Third Appellate District; Chair Legislation Committee; and member of Appellate Indigent Defense Oversight Advisory Committee
- Zlatko Theodorovic, Director, Judicial Council Budget Services
- Anita Lee, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Mark Jimenez, Principal Program Budget Analyst, Department of Finance
- Henry Ng, Staff Finance Budget Analyst, Department of Finance

Background.

In capital and appeals cases, counsel for indigent defendants is appointed by the state, rather than through county-provided public defenders. Capital appeals are handled by the Supreme Court, and non-capital appeals are handled by the six Appellate District Courts. Representation for indigent clients is provided through Court-Appointed Counsel (CAC) programs, which are managed by the California Appellate Projects.

The California Appellate Projects are nonprofit legal corporations that are contracted by the state to provide legal services to indigent clients and manage private panel attorneys. There are five projects that contract with the Courts of Appeal for non-capital cases, and one project (California Appellate Project – San Francisco, or CAP-SF) that contracts with the Supreme Court for capital cases. Each project office oversees a panel of private attorneys who receive appointments in their respective courts, and are responsible for working with the panel attorneys to ensure that effective legal assistance is provided. CAP-SF also monitors capital cases without appointed counsel.

Panel attorney rates have not kept up with market rates, and many panel attorneys are near retirement. For example, the Department of General Services’ 2022–23 Price Book lists \$170 per hour for external legal advice, and the rate for federally-appointed counsel is \$175 per hour. As of January 2024, the Courts of Appeal panel consisted of 635 attorneys (83 percent independent panel attorneys (levels 3–5) and 17 percent assisted panel attorneys (levels 1 and 2)). Compared to January 2015, when the panel had 894 attorneys (68 percent independent attorneys and 32 percent assisted panel attorneys). 87 percent of the attorneys in the statewide panel earned under \$100,000 last year; only 13 percent earned over \$100,000. The California Appellate Projects, including CAP-SF, are on fixed contracts with the state that have not kept up with increasing staff and operational costs. A lack of capacity has resulted in 372 individuals on death row with no direct and/or habeas appointments. Many of these capital cases are over 15 to 20 years without appointment.

Proposed Resources. The proposed budget includes a \$10 an hour increase for appointed panel attorneys and a seven percent increase in the annual contracts for the project offices. This amounts to \$708,000 for the Supreme Court Capital CAC (\$274,000 for the hourly increase and \$434,000 for CAP-SF), and \$5.5 million for the Courts of Appeal CAC (\$4.1 million for the hourly increase and \$1.4 million for the project offices). These resources are detailed below.

Supreme Court Capital Court-Appointed Counsel (SCCCAC)

Counsel Rates. The proposed budget includes \$274,000 ongoing General Fund to increase the hourly rate of private counsel appointed through SCCCAC by \$10 an hour, from \$145 to \$155 an hour (6.9 percent increase).

CAP-SF. The proposed budget includes \$434,000 ongoing General Fund to improve services, support increases in operational costs, digitize files and case records and create a new website with a repository, and provide better salaries for hiring, appointing, and retaining counsel for services in CAP-SF. Since 2007–08, CAP-SF has received only one increase: 4.5 percent (\$255,000) in 2017–18.

Resource History
(Dollars in Thousands)

CAP-SF Contract Budget History	18–19	19–20	20–21	21–22	22–23	23–24
Authorized Contract Expenditures	\$5,840	\$5,840	\$5,840	\$5,996	\$5,996	\$6,196
Internal Funding for 5% Salary Increase Staffing (ongoing)				\$156		
Internal Funding Transfer Two-Year One-Time Funding (2023–24 and 2024–25)						\$200
Actual Expenditures	\$5,840	\$5,840	\$5,840	\$5,996	\$5,996	\$6,196

Courts of Appeal Court-Appointed Counsel (COACAC)

Counsel Rates. The proposed budget includes \$4.1 million to raise hourly rates by \$10 per hour. The table below outlines the history of the hourly rates for appointed counsel in non-capital cases. The tiers are based on the complexity of the case, and differentiate between independent and assisted cases.

Statewide Attorney Appointment Rate Increases by Fiscal Year							
	1998	2005	2006	2007	2016	2022	Proposed 2025–26 Rate Request
Rate Increase		\$5	\$10	\$5	\$10	\$15	\$10
Three-Tier Rates	\$65	\$70	\$80	\$85	\$95	\$110	\$120
	\$75	\$80	\$90	\$95	\$105	\$120	\$130
	\$85	\$90	\$100	\$105	\$115	\$130	\$140

Appellate Project Offices. The proposed budget includes \$1.4 million increase requested for the project office contracts so they may meet their obligations to ensure justice through competent and

qualified defense counsel for indigent defendants. The table below outlines the history for the project office resources.

Resource History
(Dollars in Thousands)

COACAC Project Offices Contract Budget History	18-19	19-20	20-21	21-22	22-23	23-24
Authorized Expenditures	\$18,254	\$18,254	\$18,254	\$18,254	\$20,171	\$20,171
Actual Expenditures	\$18,254	\$18,254	\$18,254	\$18,254	\$20,171	\$20,171

Workload History

Workload Measure— Project Offices Workload	18-19	19-20	20-21	21-22	22-23	23-24
New Appointments Received	8,585	8,337	8,853	7,092	6,712	8,961
Number of Claims and Invoices Processed	14,110	15,155	14,558	12,590	11,600	12,234
Number of Active Panel Attorneys	913	790	864	751	708	670

Staff Recommendation. Hold open.

7870 VICTIM COMPENSATION BOARD**Issue 6: Overview and Appeals Workload**

Proposal. The proposed budget includes a total of \$167.5 million for the California Victim Compensation Board (CalVCB). This includes \$4.4 million Restitution Fund and 17 positions in 2025-2026, and \$4.3 million in 2026-27 and ongoing for the Appeals Unit within the Legal Division to provide in-person appeals hearings and increase the timeliness of responding to appeals.

Panelists

- Lynda Gledhill, Executive Officer, California Victim Compensation Board
- Heather Gonzalez, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Anita Lee, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Mark Jimenez, Principal Program Budget Analyst, Department of Finance
- Anthony Franzoia, Finance Budget Analyst, Department of Finance

Background.

Victim services are currently spread across four state departments with most grants and programs residing in the Victim Compensation Board (Cal VCB) and the Office of Emergency Services (Cal OES). The other two entities are the California Department of Corrections and Rehabilitation (which handles restitution collection and notification) and the Department of Justice (victim assistance and information services).

California created the nation’s first victim compensation program in 1965. The Department of Social Welfare administered the program until the Board of Control took responsibility in 1967. In 2001, the state renamed the Board of Control the “Victim Compensation and Government Claims Board” (VCGCB) to reflect its increasing roles and responsibilities more accurately. VCGCB oversaw the California Victim Compensation Program, the Revenue Recovery Program, and the Government Claims Program. In 2016, the Department of General Services assumed responsibility for the Government Claims Program. The state renamed VCGCB the California Victim Compensation Board. Cal VCB is a three-member board comprised of the Secretary of the Government Operations Agency, the State Controller, and a public member appointed by the Governor. Board members set policy for the organization and make decisions on matters, including appeals for victim compensation and claims of persons erroneously convicted of felonies.

Programs and Funding. Cal VCB administers the Victim Compensation Program, which utilizes a reimbursement model for certain expenses to victims who have suffered physical, or the threat of physical, injury related to violent crime. Cal VCB also administers the Restitution Recovery Program, the Good Samaritan Program, the Missing Children Reward Program, the Forced or Involuntary Sterilization Compensation Program, and funds grants for trauma recovery centers, among other duties. The funding sources for Cal VCB are outlined below.

Funding for CalVCB (in thousands)

FUNDING		2023-24*	2024-25*	2025-26*
0001	General Fund	\$45,359	\$29,241	\$38,928
0214	Restitution Fund	38,484	94,193	83,730
0890	Federal Trust Fund	33,097	36,027	36,014
3286	Safe Neighborhoods and Schools Fund	15,119	9,439	8,795
3383	Forced or Involuntary Sterilization Compensation Account	2,955	2,011	-
TOTALS, EXPENDITURES, ALL FUNDS		\$135,014	\$170,911	\$167,467

Source: DOF¹¹

Operations and Vacancy Reductions. Budget Act of 2024 included two control sections aimed at improving government efficiencies across state government. Control Section 4.05 authorizes the DOF to reduce state operations expenditures up to 7.95 percent in fiscal year 2024-25 and ongoing, and requires DOF to notify the Joint Legislative Budget Committee how the reduction in state operations expenditures was achieved. Control Section 4.12 authorizes DOF to adjust items of appropriation to achieve savings associated with vacant positions in 2024-25 and propose the elimination of vacant positions to achieve ongoing savings beginning in 2025-26. CalVCB reported vacancy savings of \$58,000 General Fund, and state operations reductions of \$788,000 special fund and \$80,000 General Fund in 2024-25 and 2025-26.

Trauma Recovery Centers (TRCs). TRCs are comprehensive centers that provide a variety of services to survivors, such as mental health treatment and legal advocacy. Cal VCB funds TRCs through a competitive grant process, which provides roughly \$17 million annually, largely Safe Neighborhoods and Schools Fund, in funding for 24 TRCs. The 2022 budget also included \$23 million General Fund one-time available over three years to expand TRCs. However, the Safe Neighborhood and Schools Fund revenues, which come from state prisons savings due to sentencing changes in Proposition 47, are expected to decrease by roughly \$70 million from 2025-26 to 2026-27 due to Proposition 36.

Victim Compensation Program. The victim compensation program provides funding for eligible victims of crime. The federal government reimburses 75 percent of eligible compensation expenses. The remainder is funded by fines and restitution orders paid by offenders.

Eligible applicants include:

- California residents, even if the crime occurred out of state.
- Non-residents who are victimized in California.
- Specific members of the victim's family or person in close relationship to the victim.
- Any individual who assumes the obligation of paying a deceased victim's medical, burial, or crime scene clean up expenses.

Applications must be filed within seven years of the crime, seven years after the direct victim turns 18, or seven years from when the crime could have been discovered, whichever is later, with some specified exemptions. Recommendations to approve or deny a claim are generally made within 90 days of receiving the application.

¹¹ <https://ebudget.ca.gov/2025-26/pdf/GovernorsBudget/7500/7870.pdf>

The types of expenses that applicants may apply for include:

- Crime scene clean up
- Funeral and burial expenses
- Home or vehicle modifications for victims who became disabled
- Income loss
- Medical and dental treatment
- Mental health services
- Relocation
- Residential security

Compensation Claims from 2018-2021. The table below provides historical data on application claims processed by the Cal VCB.

	2018	2019	2020	2021
Claims Received	53,400	54,491	43,337	39,718
Total Payments	\$61,570,330.34	\$61,814,544.52	\$55,138,750.74	\$47,226,240.02
Claims Allowed	51,881	47,097	42,393	32,649
Claims Denied	5,046	4,208	5,857	5,180

Source: Cal VCB. All claims are paid from the Restitution Fund.

Most denials were for lack of preponderance of evidence, followed by claims for a crime not covered by VCB. Other potential reasons for denial include potential involvement, lack of cooperation with VCB and/or law enforcement, non-residents, or late applications.

Appeals. Applicants may appeal if their claims were denied. Statue requires appeals to be processed within six months of a claimant filing the appeal, but CalVCB is not currently meeting that timeline. A recent court decision in *Mothers Against Murder (MAM) v. CalVCB*, mandates that CalVCB provide in-person hearings for all appealed denials, which will exacerbate the backlog in the Appeals Unit. Prior to this case, CalVCB relied on a now invalid regulation that allowed for resolution of the majority of appeals on the written record. In addition to this change, the number of appeals has increased, as shown in the table below.

Fiscal Year	Number of Claims/Bills Denied	Number of Appeals/Reconsiderations
2019-20	7,932	1,183
2020-21	9,670	1,588
2021-22	19,128	2,602
2022-23	20,260	2,681
2023-24	25,326	3,541

Proposed Resources. The proposed budget includes \$4.4 million Restitution Fund and 17 positions in 2025-2026, and \$4.3 million in 2026-2027 and ongoing for the Legal Division to provide in-

person appeals hearings and increase the timeliness of responding to appeals to reach the six-month timeframe outlined in statute. The resources will fund 14 attorneys (seven Attorney IIIs for complex appeals and seven Attorneys for less complex appeals), one Attorney Supervisor, and one Office Technician.

Staff Recommendation. Hold open.

0690 OFFICE OF EMERGENCY SERVICES**Issue 7: Department Overview, Emergency Response, and Mutual Aid**

Proposal. The Governor’s budget includes \$3.1 billion (\$562.5 million General Fund) and 1,907 positions for Cal OES in 2025-26. The proposed budget includes various adjustments, including the reappropriation of \$22 million for Law Enforcement Mutual Aid.

Panelists.

- Eric Swanson, Deputy Director of Finance and Administration, Cal OES
- Tabitha Stout, Chief, Disaster Financial Recovery and Reconciliation
- Heather Gonzalez, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst’s Office
- Vy Nguyen, Department of Finance
- Tess Scherkenback, Department of Finance

Background. Cal OES serves as the state’s leadership hub during all major emergencies and disasters. This includes responding, directing, and coordinating local, state, and federal resources and mutual aid assets across all regions to support the diverse communities across the state. Cal OES also builds disaster resilience by supporting local jurisdictions and communities through planning and preparedness activities, training, and facilitating the immediate response to an emergency through the longer-term recovery phase. During this process, Cal OES serves as the state’s overall coordinator and agent to secure federal government resources through the Federal Emergency Management Agency.

The Governor’s budget includes \$3.1 billion (\$562.5 million General Fund) and 1,907 positions for Cal OES in 2025-26. Of this total, \$2.5 billion is proposed for Special Programs and Grant Management which includes the administration of various federal homeland security, emergency management, and victim service grants. Cal OES identified a total of \$25 million savings from vacancy reductions, including \$15.4 million General Fund and \$10 million other funds, with a total of 204 positions eliminated. Cal OES also identified \$13.8 million in efficiency reductions (\$12 million General Fund, \$1.7 million other funds) in 2024-25 and \$18.8 million (\$13.6 million General Fund and \$5.2 million other funds) in 2025-26.

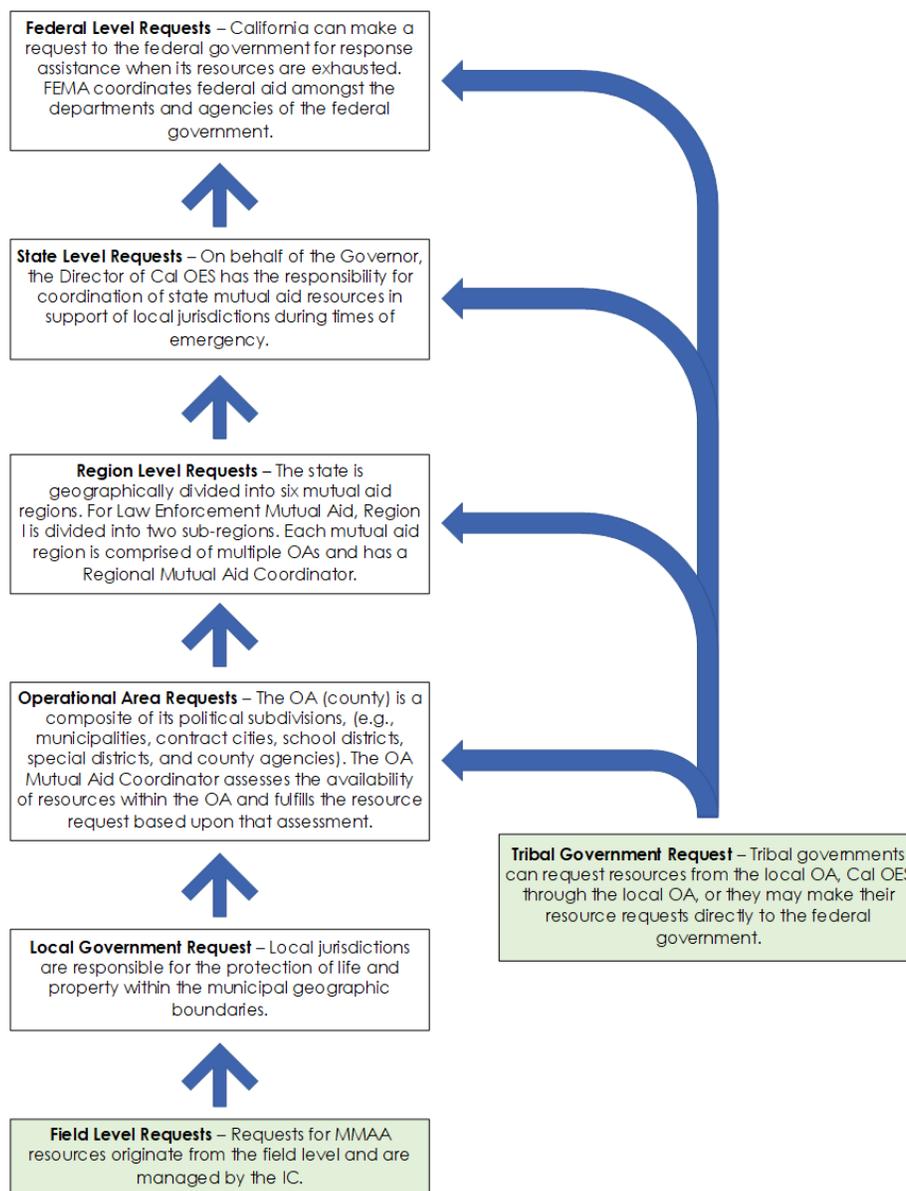
The 2022-23 Budget Act and 2023-24 Budget Act required Cal OES to submit a report on the department’s emergency response and preparedness. The report was submitted and is available on Cal OES’s website¹². Some key points are outlined below.

Disaster Response, Recovery, Mitigation, and Planning. Disaster response refers to the actions taken immediately after a disaster occurs. The next phases include recovery, hazard mitigation, and planning. These steps cover rebuilding, strategies to reduce the risk that a similar disaster would occur again, and planning for potential similar or other disasters in the future. Cal OES also completes After Action Reports to analyze the response and document lessons learned.

¹² <https://www.caloes.ca.gov/wp-content/uploads/Legislative-Affairs/Documents/Emergency-Preparedness-and-Response-Planning-Report-.pdf>

The state’s system of disaster response typically starts at the local level, with members of the public alerting local government and local first responders about disaster incidents. When disaster incidents are large enough that they overwhelm a local government’s capacity to respond, the local government can request additional resources from other governmental entities in its mutual aid region through the state’s mutual aid system. Mutual aid refers to the practice of neighboring jurisdictions supporting each other during disasters. If the resources within a mutual aid region are insufficient, regional mutual aid coordinators work with state-level staff to request additional resources from other areas, including local governments in other parts of the state, various state agencies, other states, the federal government, or other countries, as outlined in the chart below.

Resource Determination Process



California operates using a Standardized Emergency Management System (SEMS), which creates a standard, consistent organizational structure and enables coordination between local, regional, state, and federal entities. At the local level, the California Master Mutual Aid Agreement (MMAA) allows cities, counties, and tribal governments to share resources as needed during disaster response. The agreement obligates each signatory entity to provide aid to each other during an emergency without expectation of reimbursement. At the federal level, the Emergency Management Assistance Compact (EMAC) further allows sharing of personnel and equipment between states.

Response. California has a State Emergency Plan (SEP) which outlines how to respond to emergencies in California and is updated every five years. Following the SEP, emergency responders set response-related goals, priorities, and strategies. Core priorities include: saving lives, protecting public health and safety, protecting property, and preserving the environment. Responses to large-scale events are coordinated by a Unified Government Group (UCG) convened and led by Cal OES along with the Governor’s Office, Cabinet Secretaries, Department Directors, and federal agency officials, and tailored according to the nature of the emergency. The pathway for resource determination is outlined in the chart on the following page.

Cal OES Roles and Responsibilities. For state-level disasters, Cal OES coordinates resources through the State Operations Center (SOC). Cal OES also has the authority to mission task any and all state agencies to support activities to prevent, respond to, recover from, and mitigate the effects of disasters. Some state agencies have pre-assigned emergency responsibilities.

California State Warning Center (CSWC). The CSWC is staffed 24 hours a day, seven days a week to identify potential and emerging threats to California and provide alert notification to all levels of government. The CSWC also coordinates the information needed to determine the potential impact of a threat and provides updates and monitors the situation until it is resolved. The 2022 Budget Act included additional resources for the CSWC, including funding to create a mobile, backup unit.

Incident Support. The Budget Act of 2021 provided funding for Cal OES to establish a permanent incident support teams. Cal OES also requires all employees to be available to “activate” to the SOC or deploy to a local Emergency Operations Center (EOC), incident command post, recovery operation, or other disaster sites throughout the state, in response to emergencies. All Cal OES employees, regardless of position or level, participate in these activations as needed.

In addition, Cal OES has specialized response teams, including the following:

- Office of Access and Functional Needs (OAFN)
- Office of Tribal Coordination
- Office of NGO/Public Private Partnerships (including the Business Operations Center and the Utilities Operations Center)
- Public Safety Communications
- Victim Services
- Public Information
- State Threat Assessment Center

Regional Coordination and Support. Cal OES has three regions (Coastal, Inland, and Southern) that work with each of the 58 counties, or Operational Areas (OAs). Region staff maintain relationships with county emergency management day to day and during emergencies.

Fire and Rescue. Cal OES Fire and Rescue coordinates the California Fire and Rescue Emergency Mutual Aid Plan, hazardous materials prevention and response programs, regional urban search and rescue and swiftwater search and rescue teams, among other duties. The Fire Integrated Real-Time Intelligence System (FIRIS) program provides real-time, aerial information, such as fire perimeters, to partner agencies during fires and other disasters, such as landslides.

Law Enforcement. Cal OES Law Enforcement coordinates with local, state, federal, and tribal law enforcement stakeholders in response to incidents and security events throughout California. Cal OES Law Enforcement plans, trains, and coordinates emergency response for Search and Rescue (SAR), Coroners' mutual aid, and other law enforcement emergency activities amongst California's 58 counties and more than 600 law enforcement agencies. More information about the Law Enforcement Mutual Aid Assistance Fund is below.

Warehousing. Cal OES leads the Logistics Task Force, which was formed in response to supply chain disruptions during COVID-19 to manage demands for emergency supplies and equipment, and runs a warehousing program. The warehousing program maintains fluctuating quantities of supplies, including but not limited to: masks and other personal protective equipment, cots, blankets, water, ready-to-eat meals, medical stations, field office kits, staging area kits, and two million sandbags. Cal OES has eight trailers to facilitate the movement of supplies during incidents.

Communications. Cal OES manages a number of public safety communication networks that link emergency requests for assistance to first responders. These systems, which include the Next Generation 9-1-1 system (NG 9-1-1), the 9-8-8 system, the California Public Safety Microwave Network (CAPSNET), and the California Radio Interoperable System (CRIS), are largely funded by through telephone access line surcharges.

Disaster Mitigation. Disaster mitigation includes various planning, training, and alert programs that prepare the state to withstand the impacts of disasters. Cal OES prepares a state-level Continuity of Operations Plan, reviews local emergency operations plans, and assists various other state agencies with their disaster planning, and provides training and exercises through the California Specialized Training Institute. Cal OES also leads the Earthquake Early Warning System, in collaboration with numerous entities, to provide rapid alerts of eminent earthquakes, before shaking occurs.

Cal OES also has numerous programs that focus on protecting communities through infrastructure improvements, nature-based risk reduction, and other risk-reduction strategies. After disasters, in addition to funding for the immediate response, the Federal Emergency Management Agency (FEMA) provides funding to the affected communities to invest in mitigation efforts. Cal OES develops and maintains an enhanced State Hazard Mitigation Plan, which qualifies the state to receive additional funding for that purpose. Cal OES helps locals prepare and apply for federal funding for hazard mitigation and manages FEMA's Hazard Mitigation Assistance programs.

Opportunities to Improve Emergency Response Capacity. In the report, Cal OES identified the following gaps and opportunities for improvement in response capacity:

- Ongoing and consistent community outreach
- Local emergency and mitigation planning capacity and resources
- Training and credentialing opportunities for local and state partners
- Public information and warning systems, including in multiple languages and with broad accessibility for individuals with Access and Functional Needs
- Regional support
- Search and rescue capacity and specialty knowledge and equipment
- Mutual aid related to animal care and sheltering needs
- Capacity to respond to large, complex, and concurrent fires year-round
- Logistics
- Hazard mitigation financial support for local communities
- Emergency housing and other basic living needs following disasters

Emergency Funding. In the immediate aftermath of an emergency, the state can access CalFire’s emergency account, the Disaster Response-Emergency Operations Account (DREOA), or, upon the Governor’s declaration of a state of emergency, existing state law also gives the Governor the authority to spend any available state funds to respond. FEMA typically reimburses 75 percent of eligible expenses with a specified time frame after a disaster (typically 90 days), although it varies depending on the program and the level of disaster and need (for example, major (for example, the federal government agreed to reimburse 100 percent for the Los Angeles wildfires for 180 days).

Los Angeles Wildfire Recovery. On January 7, 2025, a series of catastrophic wildfires developed in Los Angeles County, and affected thousands of homes in Altadena, the Pacific Palisades, and other areas. Recovery efforts are underway, and have been focused on debris removal, including hazardous waste management. In response to the fires, the Legislature provided \$2.5 billion through Control Sections 90.00 and 90.01 of the 2024 Budget Act (Ch 2., Statutes of 2025). As required, the Department of Finance provided an update on Los Angeles Wildfire Response and Recovery expenditures¹³. The state has spent \$118 million so far. Much of this funding would typically be reimbursable by the federal government.

Law Enforcement Mutual Aid. Cal OES administers the Law Enforcement Mutual Aid (LEMA) Assistance Fund, designed to reimburse law enforcement agencies that respond to disasters and emergencies outside their jurisdictions for their extraordinary costs that are not reimbursable through other means (for example, before a state of emergency is officially declared). The LEMA Assistance Fund was also intended to front funding that would later be reimbursable, especially for smaller, local entities that may not be able to sustain waiting for large reimbursements.

In 2022-23, Cal OES received an initial \$25 million General Fund and five positions annually for three years to provide LEMA reimbursements on a pilot basis. However, actual reimbursements between 2022-23 and 2023-24 were less than \$2.5 million per year—far less than the nearly \$25

¹³ <https://dof.ca.gov/wp-content/uploads/sites/352/2025/02/Los-Angeles-Wildfire-Response-and-Recovery-Expenditure-Report.pdf>

million budgeted annually. OES indicates that reimbursements have picked up recently as more agencies become familiar with the program. At an estimated \$4.5 million through February 19, 2025—reimbursement rates appear on track to be higher in 2024-25—but still well below authorized levels. According to OES, LEMA Assistance Fund support was provided to 81 police departments and 38 county sheriffs' offices involving 3,623 responding officers across 23 approved incidents between its inception and December 2024.

The proposed budget includes the reappropriation of approximately \$22 million General Fund with an extended encumbrance to June 30, 2029, to continue to support and assist local law enforcement agencies that are deployed through the Law Enforcement Mutual Aid System.

LAO Comment on the LEMA Assistance Fund Reappropriation.

Administration Seeks Additional Time in Pilot Phase. The LEMA Assistance Fund was authorized as a three-year pilot project in 2022-23. As this is the third and final year of funding, typically this year would be when the Legislature would review it, assess performance, and then decide whether or not to provide ongoing funding. Given the slow start—but apparent increase in reimbursements this year—the administration is essentially asking to extend the pilot phase and give the program more time to mature.

Program Structure Might Not Align With Key Problem It Was Designed to Solve. The LEMA Assistance Fund program has minimal statutory guidance on what its goals are, the problems it seeks to address, and how it should be structured. The Governor's two requests for the LEMA Reimbursement Fund—in 2022-23 and the current request—both state that prior to the establishment of the fund, the reimbursement process was lengthy. This created a problem for local law enforcement agencies, particularly those in smaller, rural communities, who found the long wait for reimbursement burdensome. However, the current program does not target funds only to agencies that would face fiscal difficulties from lengthy wait times. This means the Fund could support agencies that may not need it.

No Current Requirement to Provide Data on Outcomes. There are no current requirements for OES to collect and provide data on outcomes the program is achieving. This is problematic as it will make it difficult for the Legislature to determine whether to approve this pilot program on an ongoing basis. For example, if the goal is to reduce the burden of lengthy reimbursement wait times, information on changes in wait times and how this has benefited local law enforcement would be necessary to determine whether these funds were having the intended effects.

LAO Recommendation on the LEMA Assistance Fund Reappropriation.

If Pilot Maintained, Provide Guidance on Legislative Priorities for LEMA Assistance Fund... If the Legislature decides to maintain the LEMA Assistance Fund pilot program, the LAO recommends that the Legislature adopt legislation specifying its goals for the LEMA Assistance Fund. To inform this decision, the Legislature could direct OES and local law enforcement to provide their perspectives in spring budget hearings on the key weaknesses of the LEMA system that are best addressed through state reimbursement. At these hearings, OES should provide information demonstrating (1) the existence of any problems identified and (2) that the LEMA

Assistance Fund can address them. For example, if OES and local law enforcement cite extended reimbursement wait times as a key problem addressed by the LEMA Assistance Fund, OES should provide information on wait times before the program, the negative effects of those wait times, and how the reduction in wait times helped local law enforcement avoid those problems. This will ensure the Legislature can make an informed decision about what the goals for the program should be and help it eventually assess whether the program should be maintained on an ongoing basis.

...Ensure Program Is Structured to Efficiently Achieve Those Goals... After identifying goals for the program, the LAO recommends the Legislature restructure the program in statute as necessary to ensure those goals are efficiently achieved. For example, if the Legislature finds that the central goal of the LEMA Assistance Fund is to ensure that small, rural, or resource-strapped local law enforcement agencies can afford to respond to requests for mutual aid then the Legislature could limit the provision of funds to such agencies.

...And Require Reporting on Outcomes. The LAO recommends the Legislature also adopt budget bill language requiring OES to provide information to help it evaluate the LEMA Assistance Fund pilot program. The information should include actual expenditures, take-up rates, information about requesting and responding local agencies (such as the size of each department served and urbanization level of its jurisdiction), and outcome measures tied to the Legislature's specific program goals, with any future budget request seeking funding for the program. This will allow the Legislature to determine whether to provide additional funding for the program.

If Pilot Not Maintained, Revert All Unspent Funds. To the extent the Legislature does not want to maintain the program, the LAO recommends it reject the proposed reappropriation. This would ensure such funds are available for other budget priorities, a notable benefit given the multiyear deficits facing the state.

Staff Recommendation. Hold open.

2720 CALIFORNIA HIGHWAY PATROL**Issue 8: Department Overview****Panelists**

- Robin Johnson, Assistant Commissioner, California Highway Patrol

Department of Finance (DOF) and Legislative Analyst's Office (LAO) are available for questions.

Background. The primary mission of the California Highway Patrol (CHP) is to ensure safety and enforce traffic laws on state highways and county roads in unincorporated areas. The CHP also promotes traffic safety by inspecting commercial vehicles, as well as inspecting and certifying school buses, ambulances, and other specialized vehicles. The CHP carries out a variety of other mandated tasks related to law enforcement, including investigating vehicular theft and providing backup to local law enforcement in criminal matters. The operations of the CHP are divided across eight geographic divisions throughout the state.

The Governor's budget includes \$3.5 billion for CHP in 2025-26. The majority of the department's budget is supported from the Motor Vehicle Account (\$3.1 billion). The proposed budget would support 11,299 positions, of which 7,620 are uniformed personnel.

Operations and Vacancy Reductions. Budget Act of 2024 included two control sections aimed at improving government efficiencies across state government. Control Section 4.05 authorizes the DOF to reduce state operations expenditures up to 7.95 percent in fiscal year 2024-25 and ongoing, and requires DOF to notify the Joint Legislative Budget Committee how the reduction in state operations expenditures was achieved. Control Section 4.12 authorizes DOF to adjust items of appropriation to achieve savings associated with vacant positions in 2024-25 and propose the elimination of vacant positions to achieve ongoing savings beginning in 2025-26.

Department of Finance provided a letter pursuant to Sections 4.05 and 4.12 on January 10, 2025. This letter provided a summary of statewide reductions, including those at the California Highway Patrol. According to the letter, CHP has the following reductions:

- 2024-25
 - Vacant Position Funding Reductions (CS 4.12): \$11,280,000 (Other Funds)
 - State Operations Reductions (CS 4.05): \$4,000,000 (Other Funds)
- 2025-26
 - Vacancy Position Reductions (CS 4.12): \$11,280,000 (Other Funds)
 - State Operations Reductions (CS 4.05): \$-
 - Positions: 82

Wildfire Response. The Budget Act of 2024 included Control Section 90, which authorizes the Director of Finance to augment any state department or agency appropriation from any available source of funding, including but not limited to, the General Fund, not to exceed cumulative augmentations of \$1.5 billion. This is typically used in times of emergency and disaster response.

On January 24, 2025, DOF issued a letter regarding Control Section 90 augmentations in response to the 2025 southern California wildfires. In total, the Director approved augmentations of \$117,822,000 for activities such as emergency protective measures, evacuations, sheltering for survivors, household hazardous waste removal, assessment and remediation of post-fire hazards such as flash flooding and debris flows, traffic control, air quality and water and other environmental testing, and other actions to protect health, protect the safety of persons or property, and expedite recovery.

A significant amount of these costs will be eligible for reimbursement from the Federal Emergency Management Agency. Although an estimate of this amount is not yet available, the Administration will seek maximum available federal reimbursement. The Governor secured a Presidential Major Disaster Declaration on January 8 and President Biden has approved a 100 percent federal cost-share for eligible emergency protective measures and debris removal costs within the first 180-days of the incident period.

CHP received \$4,047,000 for staff overtime. This funding went towards patrolling road closures, providing traffic control, positioning personnel at fixed-post closures, patrolling for looting in evacuated areas, assisting with evacuations, and providing general law enforcement support to various state agencies. CHP deployed 829 employees total, who worked 35,820 overtime hours.

Staff Recommendation. Hold open.

0690 OFFICE OF EMERGENCY SERVICES
2720 CALIFORNIA HIGHWAY PATROL**Issue 9: California Internet Crimes Against Children Task Force and Child Sexual Abuse Investigations****Internet Crimes Against Children Task Force**

Proposal. The Governor’s budget includes \$5 million ongoing from the General Fund for the Internet Crimes Against Children Program at Cal OES.

Panelists

- Eric Swanson, Deputy Director Finance and Administration, Cal OES
- Gina Buccieri-Harrington, Acting Assistant Director, Grants Management, Cal OES
- Heather Gonzalez, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Vy Nguyen, Department of Finance
- Tess Scherkenback, Department of Finance

Background. The proposed budget includes \$5 million General Fund ongoing for the Internet Crimes Against Children Program (ICAC). Up to five percent of the \$5 million would be used for administrative costs, and a two-year encumbrance period is requested to manage and provide oversight of the grant and provide technical assistance to subrecipients. The ICAC Program was created in 1998 by the federal Office of Juvenile Justice and Delinquency Prevention (OJJDP), which funded 45 regional task forces throughout the nation, including the four task forces in California (San Diego, Los Angeles, San Jose, and Sacramento). The California State Legislature authorized funding for the first time in 2007 for the four California Task Forces. In fiscal year 2012-13, the Fresno region was added as a subrecipient. These task forces each currently receive approximately \$950,000 General Fund per year. Under this successful initiative, federal, state, regional and local law enforcement agencies, and community-based organizations joined forces to investigate, arrest, and prosecute cyber criminals who prey on children and youth. Funds are used to investigate computer crimes against children by offenders using the internet, on-line communication systems, and other technologies; to provide educational programs aimed at law enforcement officers, teachers, parents, and children; to serve as a forensic resource to law enforcement agencies within California; to prosecute cases at the local and state level; and to participate in coordinated investigations.

In 2022-23, ICAC accomplished the following:

- Conducted 33,456 investigations into computer/technology crimes perpetrated against children and youth.
- Performed 10,964 digital forensic examinations on electronic devices.
- Conducted 11,141 presentations to law enforcement and the broader community.
- Participated in 58 national coordinated investigations.
- Made 1,210 arrests for internet crimes against children and youth.

Child Sexual Abuse Investigations

Proposal. The Governor’s budget includes \$5 million ongoing from the General Fund for twelve positions in the Computer Crimes Investigation Unit within CHP to assist in combatting child sexual abuse material and human trafficking in the state. Specifically, CHP requests twelve positions: one sergeant, nine officers, one Information Technology Specialist I, and one Information Technology Specialist II.

Panelists

- Robin Johnson, Assistant Commissioner, California Highway Patrol
- Kathy McCloud, Finance Budget Analyst, DOF
- Matthew Macedo, Principal Program Budget Analyst, DOF
- Anita Lee, Principal Fiscal & Policy Analyst, LAO

Background. The CHP’s Computer Crimes Investigation Unit (CCIU) is positioned within its Information Management Division. The CCIU responsibilities include investigating unauthorized access to California state computer resources, monitoring threats to state computer infrastructure (as part of the California Cybersecurity Integration Center, or Cal-SCIC), as well as collecting and analyzing digital evidence, such as mobile phones, computers, and vehicles, for CHP’s investigators and allied agencies.

CCIU currently consists of 16 positions, including one lieutenant, one sergeant, 11 officers, two Information Technology Specialist IIs, and one Office Technician. Several officers are assigned to multi-agency task forces, including the Cal-SCIC, a multi-agency collaboration focused on cyber threats within California, the Sacramento Federal Bureau of Investigations Cyber Task Force, and the Sacramento Internet Crimes Against Children Task Force. CCIU is budgeted at \$11.3 million annually, the majority of which comes from the Motor Vehicles Account.

In recent years, CCIU reports an increase in both total workload as well as child sexual abuse material and human trafficking related cases. Specifically, CHP reports that between 2022 and 2024, CCIU’s total caseload increased by 22.5 percent. During the same period, the caseload specifically related to child sexual abuse material and child solicitation increased by 262 percent. This includes both independent investigations conducted by CCIU and assistance provided to other CHP areas and allied agencies.

Due to this increase in workload, CHP requests additional staffing to maintain compliance with statutory responsibilities and accommodate the increasing obligation to provide service and assistance to local, state, and federal partners. According to the department, additional personnel and resources would allow CCIU to expand its investigative capacity and allow for greater proactive enforcement.

Staff Comments. Child sexual abuse material and human trafficking are very important issues that warrant dedicated state resources to prevent, investigate, and enforce against due to the seriousness of the crime. Given that several state agencies are aiming to address these issues, the Legislature may want to consider how these departments are collaborating and communicating with one another so that state resources are being deployed efficiently and effectively, without much duplication.

Staff Recommendation. Hold open.

ITEMS FOR COMMENT ONLY

These items will not be presented, but the Department of Finance and the Legislative Analyst's Office are available to answer questions from the subcommittee members. Public Comment may be provided on these items.

0250 JUDICIAL BRANCH

Issue 10: Streamlining Statutorily Mandated Annual Reports to the Legislature Trailer Bill Language

Proposal. The Governor's budget includes proposed trailer bill language to streamline some of the Judicial Council's required reporting. The proposed trailer bill would eliminate three reports, change the due date of another report, and make a minor clarifying change to another report, as outlined below.

Streamlining Statutorily Mandated Annual Reports to the Legislature (Reports #45, #47, & #55). This trailer bill would eliminate the following three reports:

1. Standards of Timely Disposition¹⁴
2. Standards and Measures That Promote the Fair and Efficient Administration of Justice¹⁵
3. State Trial Court Improvement and Modernization Fund Expenditures¹⁶

Allocations and Reimbursement to Trial Courts (Report #53). This proposed trailer bill would change the due date of the report on Allocations and Reimbursements to the Trial Courts¹⁷ from September 30 to February 1.

Cash-Flow Loans Made to Trial Courts (Report #94). This proposed trailer bill would clarify that the Judicial Council only must submit this report if a loan is actually made during the covered time frame¹⁸.

Staff Recommendation. Hold open.

0690 OFFICE OF EMERGENCY SERVICES

Issue 11: Mather Headquarters Checkpoint Security Enhancements

Proposal. The proposed budget reverts existing authority of \$1.8 million General Fund and replaces it with \$3.2 million General Fund for the construction phase of the Mather: Headquarters Checkpoint Security Enhancements project, a net increase of \$1.4 million. The project will install two permanent security checkpoints and upgrade the existing entryway gates at the North and West entrances of the Cal OES' main parking lot. Additional construction funding is required for

¹⁴ <https://courts.ca.gov/sites/default/files/courts/default/2024-12/lr-2023-standards-of-timely-disposition-2023-court-statistics-report-gov68604.pdf>

¹⁵ <https://courts.ca.gov/system/files/file/lr-2024-standards-measures-promote-fair-efficient-admin-justice-gov-770015-revised.pdf>

¹⁶ <https://courts.ca.gov/system/files/file/lr-2024-jc-state-tc-imf-modernization-fund-23-24-gov-77209i.pdf>

¹⁷ <https://courts.ca.gov/sites/default/files/courts/default/2024-12/lr-2024-jc-allocation-and-reimbursement-to-tc-2023-24-gov-77202.5a.pdf>

¹⁸ <https://courts.ca.gov/sites/default/files/courts/default/2024-12/lr-2024-jc-cash-flow-loans-made-to-courts-2023-24-gov-68502.6d.pdf>

supplemental site work based on a recent geotechnical report, additional escalation to avoid conflicts with other Headquarters projects, and associated soft costs that were recently identified during development of the working drawings. The total project costs are estimated at \$3.9 million, and is estimated to be completed by December 2026. The project was initially funded in the 2021-22 budget, with a total estimated project cost of \$1.75 million.

Staff Recommendation. Hold open.

2720 CALIFORNIA HIGHWAY PATROL

Issue 12: Cannabis Tax Fund Program Staffing

Proposal. The budget includes position authority for one Associate Government Program Analyst (AGPA) position to provide administrative support to the Cannabis Tax Fund Program at the CHP.

CHP receives \$50 million annually from the Cannabis Tax Fund to establish methods for determining impaired driving (particularly from cannabis), conduct training programs for enforcing laws against driving under the influence, and administer grant programs for education, prevention, and enforcement of laws related to driving under the influence.

This proposal requests one AGPA position to provide administrative support to the Impaired Driving Section at the CHP. Specifically, the position will be tasked to monitor and track the progress of high-priority assignments, coordinate activities related to projects involving multiple units in IDS, and assist with the impaired driving programs. Additional administrative support is needed as CHP has received more than double the applications—and hence greater associated workload—in 2024-25 compared to 2021-22.

Staff Recommendation. Hold open.

Issue 13: Security at State Capitol Swing Space, Annex, and Visitor Center

Proposal. The budget includes \$8 million from the Motor Vehicle Account for overtime work in the Capitol Protection Section to provide protection and security at the State Capitol Swing Space and the new State Capitol Annex and Visitor Center. The CHP is required to provide 24-hour safety and security for the State Capitol, New Capitol Annex, the State Capitol Swing Space, the Legislature, Executive Branch, staff, and visitors of the State Capitol. Due to the expansion of the State Capitol Complex, it has become necessary to use overtime for staffing mandatory security posts. The CHP has incurred \$7.2 million in overtime costs in 2023-24.

Staff Recommendation. Hold open.

Issue 14: Capital Outlay Projects

Proposal. The Governor's budget includes the following capital outlay proposals:

- **Reappropriate Acquisition for Five California Highway Patrol Area Office Replacement Projects.** CHP requests to reappropriate \$9.1 million General Fund for the acquisition phase of five area office replacement projects in the following locations: Redding, Los Banos, Porterville, Antelope Valley, and Barstow. Additional time is needed due to the challenging nature of acquiring appropriate parcels for CHP area offices. Specifically, CHP requires approximately five acre parcels of land that have appropriate freeway access, unhindered by rail crossings, have sufficient telecommunications connectivity, and have adequate site safety.
- **Statewide: Advanced Planning and Site Identification.** CHP requests \$1 million General Fund to identify suitable parcels for replacing up to three additional area offices and to develop studies for those sites. CHP has aging infrastructure that is often space deficient and rates poorly for seismic safety. However, replacing and/or reconstructing area offices is frequently a time-intensive endeavor, given the specific needs of the CHP for their area offices. As such, this initial funding will allow the department to streamline the facility replacement program to continue updating CHP offices to modern day needs.

Staff Recommendation. Hold open.

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Thursday, March 6, 2025
9:30 a.m. or Upon Adjournment of Session
State Capitol – Room 112

Consultant: Nora Brackbill

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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 DISCUSSION

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

Issue 1: Department Overview and Efficiency Reductions

Background. The California Department of Corrections and Rehabilitation (CDCR) is responsible for the incarceration of certain adults convicted of felonies, including the provision of rehabilitation programs, vocational training, education, and health care services. As of February 26, 2025, CDCR was responsible for an incarcerated population of 90,900 individuals¹. Most of these people are housed in the state's 31 prisons and 34 firefighting and conservation camps. CDCR also supervises and treats about 34,600 adults on parole, is responsible for the apprehension of those who commit parole violations, and operates one juvenile conservation camp.

The Governor's budget proposes total funding of \$13.9 billion (\$13.5 billion General Fund and \$365.4 million other funds) for the CDCR in 2025-26. The proposed spending level reflects a decrease of \$149 million (1 percent) from the revised 2024-25 level. This decrease primarily reflects expiration of previously authorized limited-term spending. These decreases are partially offset by various proposed augmentations, such as funding to address increased costs resulting from inflation and population caseload adjustments. The proposed \$149 million decrease does not reflect anticipated reductions associated with Control Sections 4.05 and 4.12 of the 2024-25 Budget Act or increases in employee compensation costs in 2025-26, because they are accounted for elsewhere in the budget. The proposed budget would provide CDCR with a total of about 60,000 positions in 2025-26, a decrease of about 475 (less than 1 percent) from the revised 2024-25 level.

Total Expenditures for Operation of CDCR

(Dollars in Millions)

	2023-24 Actual	2024-25 Estimated	2025-26 Proposed ^a	Change From 2024-25	
				Amount	Percent
Adult Institutions	\$12,809	\$12,450	\$12,236	-\$214	-2%
Adult Parole	702	694	728	34	5
Administration	914	787	818	31	4
Board of Parole Hearings	75	73	74	1	1
Totals	\$14,499	\$14,005	\$13,856	-\$149	-1%

^aDoes not reflect anticipated reductions associated with Control Sections 4.05 and 4.12 of the 2024-25 Budget Act or increases in employee compensation costs in 2025-26 because they are accounted for elsewhere in the budget.

Source: LAO²

¹ <https://www.cdcr.ca.gov/research/wp-content/uploads/sites/174/2025/02/Tpop1d250226.pdf>

² <https://lao.ca.gov/Publications/Report/4986>

Efficiency Reductions. The 2024 Budget Act directed CDCR to reduce its spending by \$392.1 million in 2024-25 and ongoing through efficiency reductions. The proposed budget reflects savings of \$267.6 million in 2024-25, \$185.8 million in 2025-26, and \$193.6 million ongoing. The amount of identified savings is around the statewide average of 2 percent³, and overall, the savings in the proposed budget are significantly lower than what was assumed in the enacted 2024-25 budget.

More information on the savings is provided below, and, as noted, some of these reductions will be discussed in more detail in later items.

- *Vacant Positions.* The proposed reductions reflect a reduction of \$14.2 million General Fund and 441.5 positions in 2024-25 and ongoing across various programs in conjunction with the elimination of vacant positions. However, the Administration has not provided information on the classifications or specific positions being eliminated, and indicated that more information will be provided at a later date.
- *Third Watch Yard Standardization.* The proposed budget reflects \$17.2 million General Fund in 2024-25, and \$25.2 million General Fund in 2025-26 and ongoing, to convert seven-day posts to five-day posts at institutions, deactivating third watch yard time to standardize five-day programming in the afternoon. Third watch runs from 2 p.m. to 10 p.m. daily, during which incarcerated individuals may have yard time or other activities. Eliminating staffing during third watch may limit recreation and yard time, although rehabilitative programming would still occur. Individual institutions have discretion to select which days, with the goal of having minimum disruption on programming that may be offered during this time.
- *Gatehouse Reductions.* The proposed budget reflects a reduction of \$11.8 million General Fund in 2024-25, and \$15.4 million General Fund in 2025-26 and ongoing, to reduce 93.9 positions and end the practice of physically staffing public entrances to the property at most institutions.
- *Division of Adult Parole Operations Redistricting.* The proposed budget reflects a reduction of \$1.2 million General Fund in 2024-25, and \$2.3 million in 2025-26 and ongoing, as part of the Division of Adult Parole Operations' redistricting plan, which will create efficiencies by aligning staffing with caseloads within geographic areas.
- *Training Refinements.* The proposed budget reflects a reduction of \$11 million General Fund in 2024-25, and \$22 million General Fund in 2025-26 and ongoing, related to the implementation of various nursing training efficiencies; \$347,000 ongoing associated with standardizing onboarding requirements and training for registry staffing; and \$285,000 ongoing to facilitate a more efficient delivery of leadership training, resulting in fewer trainings held throughout the year.

³ <https://lao.ca.gov/Publications/Report/4975>; https://dof.ca.gov/wp-content/uploads/sites/352/2025/01/2025-GB_Combined-Drill-Information-Final.pdf

- *Golden Legacy Contract Elimination.* The proposed budget reflects a reduction of \$5.9 million General Fund in 2024-25, and \$11.8 million General Fund in 2025-26 and ongoing, associated with phasing out a contract for medical parole. Patients utilizing this contract may be eligible for compassionate release pursuant to existing law, or returned to an institution inpatient bed, if appropriate. Of the individuals being served under this contract, 22 returned to prison, 23 had compassionate release, and 1 paroled. The Administration indicated that the institutional programs for memory care and palliative care are able to care for the population that returned to prison.
- *Integrated Substance Use Disorder Treatment (ISUDT) Program.* The proposed budget reflects a reduction of \$20.8 million one-time General Fund in 2024-25 consistent with projected savings associated with ISUDT Cognitive Behavioral Intervention services.
- *Hepatitis C Treatment Savings.* The proposed budget reflects a reduction of \$18.5 million one-time General Fund in 2024-25 for estimated reduced treatment costs driven by a reduction in projected patients.
- *Reduced Academy Levels.* The proposed budget reflects a reduction of \$6.2 million one-time General Fund in 2024-25 to adjust Academy levels to align with current operations.
- *Health Care Information Technology Reduction.* The proposed budget reflects a reduction of \$4.6 million one-time General Fund in 2024-25 related to delaying non-critical equipment purchasing and project implementation.
- *General Travel and Training.* The proposed budget reflects a reduction of \$95,000 one-time General Fund in 2024-25 to align with reductions in departmental staffing, class sizes, and Academy operation spending.
- *Various Other Reductions.* The proposed budget reflects various other efficiency measures, reversions, and General Fund reductions totaling \$2.3 million in 2024-25 and \$10.6 million in 2025-26 and ongoing. These changes include revising protocols for transporting incarcerated individuals to community facilities for emergency care, discontinuing IT contracts that are no longer necessary, eliminating lease space in Ontario, and reducing use of leased vehicles.

The following reductions will be discussed in more detail in later issues:

- *Housing Unit Deactivations and Facility Conversions.* The proposed budget reflects General Fund savings of \$39.2 million in 2024-25, \$82 million in 2025-26, and \$89.9 million in 2026-27 and ongoing reflecting various deactivations and housing unit conversions. See Issue 3 for more information.
- *Inmate and Ward Construction Revolving Account Reversion.* The proposed budget reflects a reversion of \$114 million one-time General Fund in 2024-25 previously appropriated for institution-wide roof projects. While replacing roofs remains a priority,

this figure represents funding for projects that have not yet begun. See Issue 3 for more information.

- *Elimination of the Council on Criminal Justice and Behavioral Health (CCJBH).* The proposed budget reflects a reduction of \$1.8 million ongoing (\$662,000 General Fund and \$1.1 million Behavioral Health Services Fund) associated with the elimination of the CCJBH. This will be discussed at a later subcommittee hearing.

Staff Comment.

Of the current year reductions, more than half comes from savings that CDCR would have realized with or without direction from the control sections, such as the \$114 million from delayed roof projects, \$20.8 million in ISUDT program savings, and \$18.5 million in Hepatitis C treatment savings, among other adjustments to match expenditure authority with current service and spending levels. CDCR also realized only about half of the anticipated ongoing savings, while other areas, such as higher education, are proposed to take much larger reductions. When considering the magnitude of reductions proposed for CDCR, as well as proposed new spending, the Legislature may want to consider how it will affect other Legislative priorities.

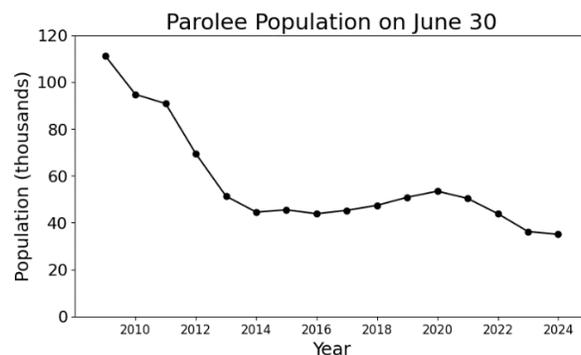
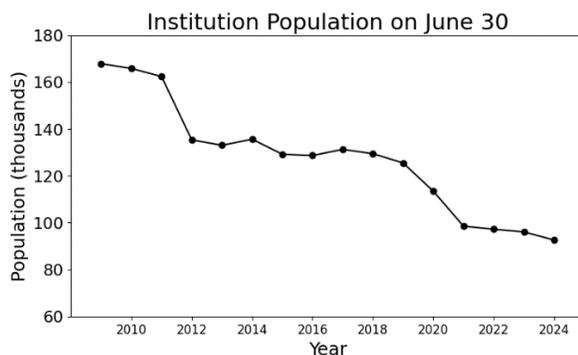
Staff Recommendation. Hold open.

Issue 2: Population Projections

Proposal. The proposed budget reflects the following:

- *Adult Institution Population.* The average daily adult incarcerated population for 2024-25 is projected to be 91,672, a slight increase as compared to spring projections. The population is expected to increase to 93,278 in 2025-26, largely due to the impacts of Proposition 36. However, the population is still projected to continue its long-term decline, and reach 90,988 in 2027-28.
- *Parolee Population.* The parolee average daily population is projected to be 34,940 in 2024-25 and 34,671 in 2025-26. The parolee population is expected to remain roughly stable, with a slight increase in the short term due to Proposition 36 and a long-term steady decline.
- *Current Year Funding Adjustments.* The proposed budget reflects a net increase of \$51 million, largely General Fund, in 2024-25, primarily due to both a higher total prison population and an increase in the portion of the population with high health care needs relative to what was assumed in the 2024-25 Budget Act. This increase in costs is partially offset by various factors, including lower-than-expected costs of providing naloxone upon release and free phone calls to people in prison.
- *Budget Year Funding Adjustments.* The budget proposes a net increase of \$81 million in adjustments in 2025-26. Similar to the current-year, this net increase is primarily due to both a higher total prison population and an increase in the portion of the population with high health care needs relative to what was assumed in the 2024-25 Budget Act. This increase in costs is partially offset by various factors, such as a projected decrease in costs related to the decline in the parole population.

Background. As shown below, the prison population has significantly decreased over the past twenty years in response to crime trends, litigation, policy reforms, the COVID-19 pandemic, and other factors. The total population has decreased nearly 50 percent from the peak in 2006. The parole population has also declined, reflecting the declining prison population, changes to parole terms, realignment, and other policy reforms.



Data from CDCR⁴

⁴ <https://www.cdcr.ca.gov/research/population-reports-2/>

Prison Overcrowding and the Three-Judge Panel. In October 2006, CDCR's population was 173,479, with prisons operating at more than 200 percent of design capacity⁵. In January 2010, a special three-judge court ordered California to reduce its prison population to 137.5 percent of design capacity within two years⁶. The ruling was part of a consolidated proceeding that included the plaintiffs of two major class action lawsuits related to access to healthcare: *Coleman v. Newsom*, which was filed in 1990 on behalf of all California state prisoners with serious mental illness, and *Plata v. Newsom*, which was filed in 2001 on behalf of all prisoners. Both lawsuits are still active today and have resulted in significant federal oversight of CDCR's healthcare system. The plaintiffs of those two cases believed that a remedy for unconstitutional medical and mental health care could not be achieved without reducing overcrowding. They moved their respective District Courts to convene a three-judge court empowered by the Prison Litigation Reform Act of 1995 to order reductions in the prison population. This decision was upheld by the Supreme Court of the United States in 2011.

In response, the state took steps to expand capacity and reduce the population and reached the 137.5 percent milestone in 2015. The state's response included:

- *Expanding Capacity.* CDCR expanded capacity in their health care facilities and utilized out-of-state, private, and local facilities. However, as the population declined, the state ended its use of these placements.
- *Public Safety Realignment.* In 2011, the responsibility for some offenders, primarily newly-convicted, low-level offenders without current or prior serious or violent offenses, was shifted from the state to counties, meaning those individuals served their sentences in county jails rather than state prisons.
- *Policy Reforms.* The state expanded credit-earning opportunities, created a parole consideration process for nonviolent, determinately-sentenced incarcerated persons who have served the full term of their primary offense in state prison, expanded medical and elderly parole, and made other significant sentencing reforms to reduce the amount of time individuals spend in state prison. Some of these were court-ordered changes and were enacted as part of Proposition 57 in 2016.

COVID-19 Impact. The COVID-19 pandemic contributed to a sharp decrease in the prison population over the past few years. This decline has been attributed to halted intake from county jails, expedited release and community supervision programs for individuals with non-violent offenses, and an initial decrease in crime during the lockdowns. CDCR also released people deemed at high risk medically for COVID-19 on a case-by-case basis.

In previous years, the Administration had projected a short-term increase in the prison population as intake from counties resumed and other pandemic impacts ended or ramped down. However, the population has not returned to expected levels. This may reflect changes in crime trends during the pandemic, more time served at the county level than anticipated, or other unknown factors.

⁵ <https://www.cdcr.ca.gov/news/2019/06/25/california-department-of-corrections-and-rehabilitation-exits-last-out-of-state-prison/>

⁶ <https://rbgg.com/news/coleman-plata-supreme-court/>

Other Changes to the Population. Although the overall prison population is declining, the population is aging, and CDCR has reported an increase in incarcerated persons with disabilities and accessibility issues. As of August 2021, over 11,000 people in CDCR’s facilities required disability accommodations. CDCR also has reported increasing numbers of individuals requiring treatment for substance use disorder and the Hepatitis C Virus, as well as other physical, mental, and behavioral health needs. The population-driven adjustments also reflected an increase in the portion of the population with high health care needs, relative to what was assumed in the 2024-25 Budget Act.

Population Projections. CDCR updates its population projections twice a year, in the fall and spring, based on projected changes in the prison and parole populations. The fall projections, with some adjustments based on recent legislation and other timely factors, are used to set the population-adjusted funding level for CDCR in the January Governor’s budget. The adjustments are made both on the overall population and various subpopulations (such as people housed in reentry facilities and sex offenders on parole). In addition, some adjustments include factors other than population trends, such as inflation adjustments. The Administration then modifies both types of adjustments based on updated information each spring as part of the May Revision.

Proposition 36. One of the major recent changes impacting CDCR’s population projections is the passage of Proposition 36 in November 2024, which was not accounted for in the fall 2024 population projections. The initiatives changes can be grouped into three general categories:

1. Creating a new “treatment-mandated” felony offense for repeat drug possession.
2. Increasing penalties and expanding sentencing enhancements for drug sale offenses, particularly those involving fentanyl.
3. Increasing punishment for certain thefts, including expanding California’s “petty theft with priors” offense.

By changing some misdemeanors into felonies, lengthening some felony sentences, and requiring specified felonies to be served in prison, Proposition 36 is expected to lead to an increase in the state prison population, compared to previous projections.

CDCR included an initial estimate of the impact of Proposition 36 on the state prison population in the January budget, although they anticipate refining that estimate for the May Revision. The estimated increase in institution population is 572 in the current year, 3,325 in the budget year, and 3,597 in the outyears. The estimated increase in parole population is 0 in the current year, 360 in the budget year, and 719 in the outyears.

Some of the changes included in Proposition 36 reverse previous changes made in Proposition 47 in 2014, so CDCR used admissions in 2013-14 (prior to Proposition 47) to inform their estimates, focusing on the following code sections:

- Health and Safety Code (HSC) 11350 - Possession Controlled Substance
- HSC 11377(a) - Possession Controlled Substance with Prior

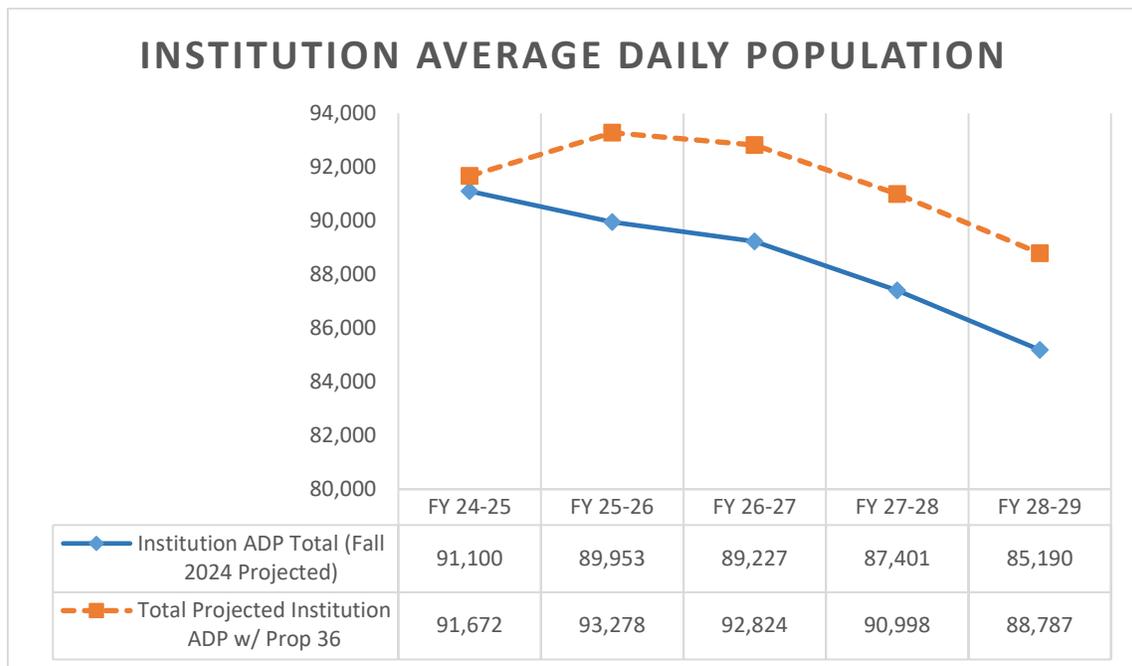
- Penal Code (PC) 484(a) - Grand Theft Property
- PC 487(a) - Grand Theft Exceeding \$950
- PC 496(a) - Receiving Stolen Property
- PC 666(a)(1) - Petty Theft with 3+ Prior Theft Related Convictions
- PC 666(b)(1) - Petty Theft with Prior Specified Offense.

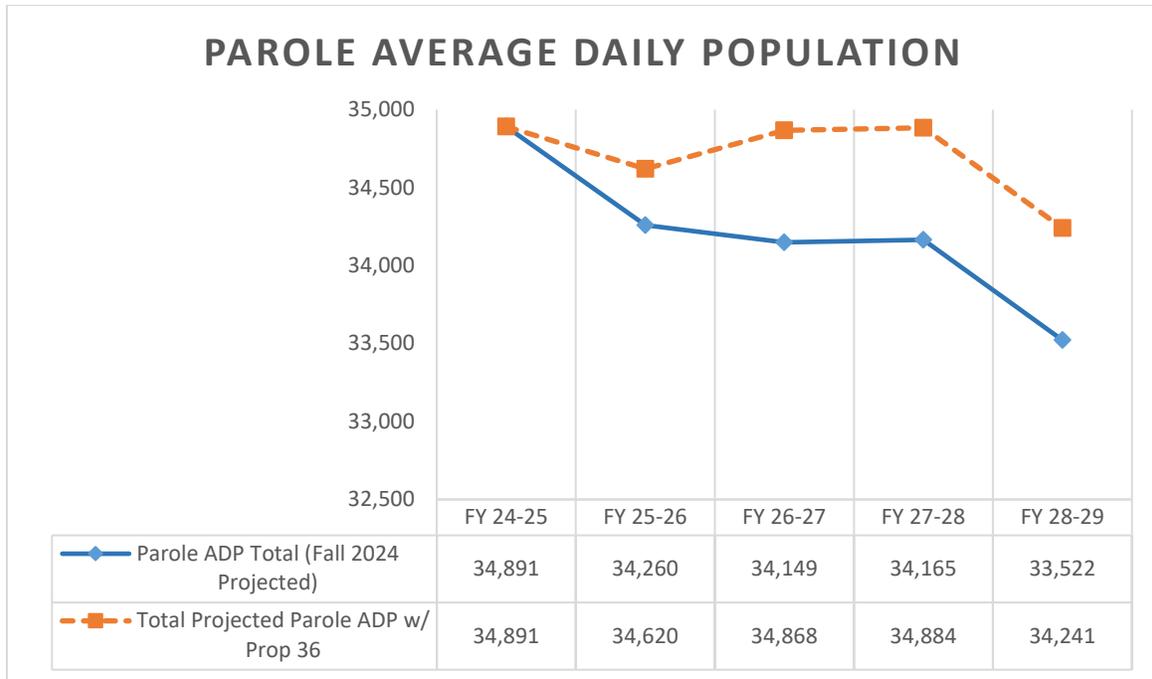
The estimate also relies on the following assumptions:

- Admissions beginning January 2025.
- Similar sentencing to pre-Proposition 47 penalties, less those with enhancements that are no longer valid.
- Current Good Conduct Credit earning rates.
- 11 month lengths of stay.

The Administration notes that the data available to estimate the impact of Proposition 36 is limited, and they anticipate adjusting the estimate at the May Revision and in the future as more information becomes available.

Projections. The projected institution and parole populations are shown in the following graphs. These include both the fall projections and the January budget projections, for comparison. Despite the projected increases due to Proposition 36, the population in 2027-28 is expected to be smaller than the current year population, due to the impact of previous policy changes that have led to long-term declines in the prison population.





LAO Comments and Recommendation.

The LAO identified flaws in the Administration’s methodology that mean CDCR may be overbudgeted by millions of dollars in 2024-25 and tens of millions of dollars in 2025-26. Specifically, CDCR’s estimates do not account for key features of the treatment-mandated felony, include some crimes that were not affected by Proposition 36, and exclude other crimes that were affected by Proposition 36. The LAO’s estimates suggest that the average daily prison population impact of Proposition 36 could be in the low hundreds in 2024-25 and grow to around 1,000 or so in 2025-26—less than half of the magnitude of the Administration’s estimates. However, any estimate at this early point in the implementation of Proposition 36 is subject to significant uncertainty. The LAO also notes that the Administration’s assumption that Proposition 36 will impact the parole population in the budget year is not plausible. Accordingly, the LAO recommends directing the Administration to address these flaws at the May Revision.

Staff Recommendation. Hold open.

Issue 3: Facilities and Infrastructure

Proposal. The proposed budget reflects the following:

- Savings of \$900 million General Fund from previous facility closures and deactivations.
- General Fund savings of \$39.2 million in 2024-25, \$82 million in 2025-26, and \$89.9 million in 2026-27 and ongoing reflecting various deactivations and housing unit conversions that were part of the efficiency reductions.
- Reversion of \$114 million General Fund for roof repairs and replacements.
- \$23.1 million one-time General Fund in 2025-26 to complete accessibility improvements at six institutions.
- \$14.1 million General Fund for the California Health Care Facility, Stockton–Potable Water Treatment System; the Ironwood State Prison, Blythe–New Potable Water Wells; the Valley State Prison, Chowchilla–New Potable Water Wells; and statewide budget and planning.

Background. CDCR operates 31 state-owned institutions, 34 firefighting and conservation camps, and one local justice-involved youth camp. The average age of CDCR’s correctional facility portfolio exceeds 45 years, with approximately 31 percent of the portfolio exceeding 50 years of age. The oldest prison, San Quentin Rehabilitation Center, is over 150 years old. Historically, the resources necessary to maintain, repair, and replace aging equipment and structures have not been available, leading to a backlog of infrastructure needs and deteriorating buildings. Major ongoing capital outlay projects include improvements to healthcare spaces, roof replacements, accessibility improvements, general maintenance funding, expanding programming spaces, and improving energy efficiency. Many of these improvements are court-ordered and/or critical safety improvements.

In addition to aging infrastructure, CDCR must account for changes in the incarcerated population and in programming and services offered. As noted in the previous issue, although the overall population is declining, the population is aging, and the need for facilities that are accessible and have adequate medical spaces is essential. In addition, as will be discussed in Issue 5, an increased focus on programming has led to additional demands on space. These changes are impacting the facility needs of CDCR.

The Infrastructure Plan released with the Governor’s January budget includes \$102.1 million General Fund over the next five years for study funds and for seven projects that address critical fire and life safety upgrades. The 2025 Master Plan Annual Report, which includes information regarding significant future projects anticipated to be needed within the next 10 years at each of CDCR’s active institutions, identified a total of 179 projects with a total project value of \$3.3 billion⁷.

⁷ https://www.cdcr.ca.gov/fpcm/wp-content/uploads/sites/184/2025/01/2024_Master_Plan_Annual_Report-ADA-Final.pdf

Statewide Planning. The proposed budget includes \$500,000 to perform advanced planning functions and prepare budget packages for capital outlay projects. To perform these functions, previous Budget Acts have provided CDCR similar funding as requested here, including \$1 million in the 2022-23 Budget Act. Proposed provisional language is included with this appropriation limiting it to projects that meet both of the following two criteria: (1) the project being studied has not already received funding from the Legislature and (2) the project is being prepared for funding consideration in future Governor’s Budgets or five-year capital outlay plans.

Deactivated Facilities. Due to the long-term and significant declines in CDCR’s population over the past 15 years, the state has been able to close four prisons (three state-owned and one leased) and various other housing units and yards. Together, these closures have created savings of around \$900 million a year, and avoided capital and maintenance projects. In addition to the three state-owned prisons that have been deactivated, CDCR possesses various other vacant facilities, such as former Division of Juvenile Justice facilities. While in CDCR’s possession, they are operated in “warm shutdown mode”, with fire and life safety measures maintained and a minimal level of maintenance and repair activities to keep critical systems operable.

The 2024 Budget Act reduced the annual funding for maintenance of deactivated facilities by \$5 million, and required CDCR to provide a report detailing an inventory of all state-owned deactivated facilities, the functions currently being served by these properties, and the projected timelines for declaring them as surplus to the Department of General Services (DGS). CDCR is currently responsible for 12 deactivated facilities. Their statuses are below:

- Dueul Vocational Institution (DVI) in Tracy, California was deactivated on September 30, 2021. DVI was declared excess to the programmatic needs of CDCR in March 2022, existing bonds were defeased in October 2023, and it has been submitted for consideration for surplus to the Director of DGS.
- California Correctional Center (CCC) in Susanville was deactivated in June 2023 and Chuckawalla Valley State Prison (CVSP) was deactivated in October 2024. CCC and CVSP are both co-located and have shared infrastructure with other facilities (High Desert State Prison and Ironwood State Prison, respectively). CDCR is currently evaluating options to separate shared infrastructure needs. They are also both encumbered with lease revenue bonds, and cannot be sold until the State Public Works Board removes the encumbrance.
- N.A. Chaderjian Youth Correctional Facility and the O.H. Close Youth Correctional Facility are both in Stockton, and are co-located and have shared infrastructure with the California Health Care Facility. CDCR is currently evaluating options to separate shared infrastructure needs.
- The seven other former facilities have been declared as surplus to DGS and/or identified for other development (including affordable housing and energy generation).

CDCR/DGS Surplus Property Disposal Trailer Bill Proposal. The Governor’s budget also 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.

Housing Unit Conversions and Deactivations. The proposed budget reflects various deactivations and housing unit conversions that were part of the efficiency reductions, including the following reductions:

- \$33.1 million General Fund in 2024-25 and \$65.5 million General Fund ongoing in 2025-26 and ongoing due to additional facility deactivations at four institutions (Calipatria State Prison, High Desert State Prison, North Kern State Prison, and Wasco State Prison).
- \$7.4 million General Fund in 2025-26, and \$15.3 million General Fund in 2026-27 and ongoing, to transition 180 beds at the California Health Care Facility from the Correctional Treatment Center level of care to Long Term Care to better align with the needs of the patient population.
- \$5.3 million General Fund in 2024-25, and \$7 million General Fund in 2025-26 and ongoing, to convert Restricted Housing Units to General Population at Corcoran State Prison.
- \$854,000 General Fund in 2024-25, and \$2 million General Fund in 2025-26 and ongoing, for the conversion of a Restricted Custody General Population unit to an Enhanced Outpatient Program unit.

Roof Replacement Program. CDCR’s portfolio includes more than 3,000 buildings with approximately 30 million square feet of roofs in varying degrees of deterioration. When leaks and failures of these roof systems occur, CDCR is often forced to limit or cancel the activities in the buildings, which can include health care services, feeding, rehabilitative programming, and housing. To maintain CDCR’s roof assets and facilitate continued operation of these critical functions, CDCR manages a statewide roofing program. Approximately \$450 million has been appropriated since 2017 for roof replacements at 14 institutions totaling approximately 8.7 million square feet that includes approximately \$136.5 million for approved roof projects at the California Institute for Men, California Medical Facility, and Richard J. Donovan Correctional Facility. In 2024, projects progressed at Calipatria State Prison; Central California Women's Facility; California State Prison, Corcoran; High Desert State Prison, California State Prison, Los Angeles County; California State Prison, Sacramento; California Substance Abuse Treatment Facility and Prison; and California State Prison, Solano.

The Administration is proposing to revert \$114 million of prior roof funding appropriations to the General Fund as part of the efficiency reductions. The Administration notes that while “replacing roofs remains a priority, this figure represents funding for projects that have not yet begun. CDCR will retain funding to prioritize the most urgent and critical needs, and additional roof replacement efforts will be considered in the future.”

Accessibility. In response to litigation in *Armstrong* case, CDCR created the Disability Placement Program (DPP), a set of plans, policies, and procedures to ensure non-discrimination against incarcerated individuals with disabilities, consistent with the Americans with Disabilities Act (ADA). CDCR also completed accessibility plans for each of the 18 DPP-designated facilities, based on site assessments and identified deficiencies, which were last updated in January 2015.

CDCR has addressed approximately 65 percent of the identified accessibility deficiencies, and continues construction activities at multiple prison facilities. CDCR has received various augmentations to pay for these projects, including \$12.5 million in 2016-17, \$4.2 million in 2019-20 and in 2020-21, and \$22.2 million in 2022-23. In addition, CDCR receives \$1.9 million annually for maintenance and repair of accessibility features.

The 2025 Governor's budget includes a request for \$23.1 million General Fund for construction of additional ADA accessibility improvements at six institutions (California Institution for Men, California Institution for Women, Mule Creek State Prison, Pleasant Valley State Prison, Richard J. Donovan Correctional Facility, and California State Prison, Sacramento). Future funding requests to complete the required ADA projects are anticipated.

Water Infrastructure. The proposed budget includes the following water infrastructure projects.

Ironwood State Prison, Blythe: New Potable Water Wells. The proposed budget includes \$11.5 million to construct new groundwater wells to supply Ironwood State Prison in Blythe. This is a continuing project to address outages and failures of the existing wells. Funding was included in the 2021-22 Budget Act for preliminary plans and 2022-23 Budget Act for working drawings; however, the co-located Chuckawalla Valley State Prison was announced for closure on December 6, 2022, and this project was stopped to evaluate the impact. CDCR determined that the wells were still necessary to support Ironwood State Prison, but will move the location of one of the two wells to facilitate the eventual separation of the properties. CDCR is in the process of updating drawings to determine a better location for this well, and expects to remain within requested costs to address this change.

Valley State Prison, Chowchilla: New Potable Water Wells. The proposed budget includes \$1.2 million for the preliminary plans phase of a project to construct new ground water wells to supply Central California Women's Facility and Valley State Prison in Chowchilla. This is a new project, with an expected total cost of \$18.2 million, to address lowered groundwater levels in the aquifer in the Central Valley. Of the five wells serving the two institutions, two are fully operational, and two are active but restricted. There is also an ongoing project to address the high levels of arsenic and manganese from the existing wells, which is expected to be completed in 2026.

California Health Care Facility, Stockton: Potable Water Treatment System. The proposed budget includes \$982,000 for the working drawing phase of a project to construct a potable water treatment system at the California Health Care Facility (CHCF) in Stockton. This is a continuing project to address Legionella bacteria present in the water system at CHCF. CHCF purchases water from the City of Stockton, and stores it onsite.

Staff Recommendation. Hold open.

Issue 4: Air Cooling Pilot Program

Proposal. The proposed budget includes \$23.6 million General Fund in 2025-26 and \$45.4 million General Fund in 2026-27 for a pilot program to install and evaluate air cooling alternatives to improve indoor environments at Central California Women’s Facility in Chowchilla; California Medical Facility in Vacaville; Kern Valley State Prison in Delano; and California State Prison, Los Angeles County in Lancaster. A subsequent analysis of the alternatives used at the identified institutions will assist CDCR in developing a statewide effort to address the indoor temperatures.

Background. Many of the state’s prisons are in areas that experience high summer temperatures, including the eastern and southeastern deserts, Central Valley, Antelope Valley, and Inland Empire. Prisons are also not generally designed to reduce indoor temperatures. Materials like concrete absorb heat and continue to radiate even if outdoor temperatures drop. The layout of cells and housing units can also hinder air circulation, so additional measures may be needed to ensure cooled air reaches cells. While some areas of the prisons typically have air conditioning (e.g. medical and certain administrative areas), most housing units use evaporative cooling (a system that cools air through evaporation of water, sometimes called a “swamp cooler”), and most yards do not have shade. CDCR aims to keep indoor temperatures under 89 degrees Fahrenheit, though evaporative cooling is not always capable of meeting this standard.

A 2023 report by the UCLA Luskin School of Public Affairs and the Ella Baker Center for Human Rights noted that incarcerated individuals reported extreme heat as the most experienced climate hazard, and that many state prisons are in areas vulnerable to extreme heat⁸. During last summer’s heatwave, concerns were raised about conditions inside California’s prisons, and the potential for heat-stroke related deaths⁹. A 2024 study published in the journal Nature Sustainability found that from 2016 to 2020, California ranked third among states with the highest numbers of incarcerated people exposed to potentially hazardous heat days, behind Texas and Florida¹⁰.

CDCR has various policies intended to mitigate some of the negative effects of heat, some of which are a result of litigation. For example, people on psychotropic or other heat-risk medications are not housed in prisons located in heat-prone areas. CDCR also has staged plans that must be implemented when heat-risk incarcerated individuals are exposed to extreme high temperatures. Stage I alerts occur when outside temperatures reach 90 degrees, and remain in effect until temperatures fall back below 90 degrees. Stage II and III heat alerts are initiated when the inside temperature of a building housing heat-risk incarcerated individuals reaches 90 degrees and 95 degrees, respectively. For example, when indoor temperatures reach 90 degrees, staff initiate cooling and hydration procedures such as cool showers and misting, and perform increased observation of people with health conditions that make them particularly sensitive to heat. Staff may also move individuals to areas of the prison with better air cooling, such as medical areas.

Between May and October 2024, there were an average of 92 Stage I alerts, 15 Stage II alerts, and 3 Stage III alerts per institution. However, as expected, there is significant variation across institutions. For example, California Men’s Colony in San Luis Obispo had five Stage I alerts,

⁸ <https://ellabakercenter.org/wp-content/uploads/2023/06/Hidden-Hazards-Report-FINAL.pdf>

⁹ <https://www.sacbee.com/news/california/article289867299.html>; <https://www.latimes.com/california/story/2024-07-08/unprecedented-heat-wave-in-california-brings-death-fires-record-highs>

¹⁰ <https://www.nature.com/articles/s41893-024-01293-y>

three Stage II alerts, and no Stage III alerts. On the other end, California Rehabilitation Center in Norco had 42 Stage III alerts, where indoor temperatures exceeded 95 degrees.

Heat Risks. In hotter temperatures, the body must work harder to cool itself. When the body's temperature control system cannot do so, significant physiological problems can occur—such as fainting, nausea, muscle cramps, damage to vital organs, and in extreme cases, death. These problems can set in more quickly for people who take medications (such as diuretics, antihistamines, and many mental health medications) or have other health conditions (such as cardiovascular disease or diabetes) that impair their body's temperature control system. Risk of heat-related illnesses also increases as humidity rises. Moreover, use of portable electric fans in certain hot conditions can speed the onset of heat-related illnesses by blowing hot air on the body and increasing the heat stress that the body must respond to. In addition to its direct risks to health, heat may also limit productivity (such as in education classes) and some studies indicate it is correlated with violence and self-harm.

Indoor Heat Regulations. In July 2024, the Occupational Safety and Health Standards Board (OSHSB) approved a regulation requiring employers to take steps to protect workers from heat when indoor temperatures reach 82 degrees Fahrenheit, with additional requirements when temperatures reach 87 degrees Fahrenheit. Local and state correctional facilities were exempted from these regulations. However, OSHSB is in the process of developing an industry-specific regulation for workers in local and state correctional facilities. In addition, plaintiffs in an ongoing class action lawsuit related to prison medical care (known as *Plata v. Newsom*) have expressed concerns about extreme heat, suggesting that heat-related litigation is possible.

Proposed Resources. The Governor proposes \$23.6 million in 2025-26 and \$45.4 million in 2026-27 from the General Fund for a pilot program to install and evaluate three options to reduce indoor temperature in certain housing units at the Central California Women's Facility in Chowchilla; California Medical Facility in Vacaville; Kern Valley State Prison in Delano; and California State Prison, Los Angeles County in Lancaster. Specifically, the pilot would test:

- (1) mechanical cooling (such as air conditioning) only,
- (2) exterior thermal insulation only, and
- (3) mechanical cooling plus thermal insulation.

These options would be installed in four different housing unit design types that are common throughout the prison system. The department reports that it identified the cooling options through an engineering study of the existing infrastructure in these four housing unit types and what modifications would be capable of maintaining interior temperatures below 79 degrees. Based on this study, the department is expecting mechanical cooling and mechanical cooling plus insulation to meet this temperature goal. It expects thermal insulation alone to provide temperature reductions but acknowledges that it is not expected to meet the 79 degree threshold. However, because insulation is relatively quicker and less expensive to install than mechanical cooling, the department considers it worth piloting.

CDCR expects installation for the pilot to be completed in 2028-29 and intends to use the findings to inform a plan to cool facilities statewide. The pilot will also be used to inform standards and

policies related to temperatures and ventilation in living units. The timeline anticipates design completed by early 2026, insulation installed by July 2026, and air conditioning installed by September 2027. The 2025-26 cost of \$23.6 million reflects the insulation phase costs, and the 2026-27 cost of \$45.4 million reflects the air conditioning system phase costs.

LAO Comments.

Piloting Cooling Options Makes Sense. In view of the health and other risks posed by indoor heat as well as the likelihood that the state will face requirements related to indoor heat in prisons, it makes sense to proactively begin addressing the issue. In addition, piloting alternatives in four common housing unit design types is a reasonable step to inform a broader statewide strategy.

Department Has Not Provided a Detailed Plan to Evaluate Success. The department has not provided a detailed plan for how it would evaluate success in the pilot. For example, it has not described its plan for measuring temperature, such as whether it would use sensors located throughout housing units that continuously measure and transmit data or whether it would depend on staff to manually read and log temperatures. The department has also not specified the data to which it will compare the pilot sites. For example, it is unclear if it would compare pilot housing units to their own interior temperatures from previous years or if it would compare pilot housing units to data collected from other housing units over the same time period.

Systemwide Implementation Could Present Significant Challenges. While the exact scope of the problem is not clear, it seems likely that meeting the 79 degree goal statewide could be a major undertaking. Specifically, the LAO finds that statewide implementation could present the following significant challenges:

- *High Cost.* The department has not developed a cost estimate or time line to scale up air cooling because it intends to use the results of the pilot to inform its statewide strategy. However, our rough estimates suggest that the one-time installation costs to cool facilities statewide could total in the low billions of dollars. In addition, operation of mechanical cooling systems would increase ongoing utility costs. The department's engineering study estimates that the addition of mechanical cooling for facilities that previously have only included evaporative cooling will increase annual energy costs by \$77,000 to \$141,000 annually per building. If scaled up statewide, the LAO estimates that the increase in CDCR's energy costs could be in the tens of millions of dollars annually.
- *Additional Strain on Project Planning and Management Capacity.* The potentially high cost of installing air cooling statewide would be in addition to the roughly \$1.5 billion in other infrastructure projects that CDCR estimates it will need to pursue over the next decade to address issues related to safety (such as replacement of fire suppression systems) and critical infrastructure (such as kitchen renovations). Accordingly, introduction of air cooling projects alone could potentially double the volume of projects over this time period. This would put additional strain on CDCR's project planning and management capacity, which is concerning given that effective project planning and management is important for ensuring projects are completed in an efficient and timely manner.

- *Operational Considerations Could Limit Implementation Speed.* CDCR indicates that installation of mechanical cooling could cause operational disruptions to housing units during construction, though the details cannot be determined until design is complete. To the extent people need to be relocated to other housing units during construction, this would limit the number of projects that can be ongoing at any given time. This is because the more housing units that are under construction at a given time, the more people will become concentrated in the remaining housing units. Accordingly, to avoid overcrowding, the department would likely have to pursue statewide implementation in several construction stages, which could take many years to complete.

Legislature Needs Additional Information to Provide Ongoing Oversight. Given the serious health risks posed by extreme heat in prisons and the significant challenges that could come with systemwide implementation of air cooling, it is important that the Legislature has information necessary to provide oversight going forward. For example, it might make more sense to close, or even rebuild, a prison with particularly significant infrastructure problems rather than pay to repair and upgrade it. However, to make this decision, the Legislature would need information about the condition of the infrastructure and estimated costs and timelines to address it. In addition, the Legislature needs information about what other strategies—besides major infrastructure modifications—CDCR is considering to mitigate heat. This is important because the pilot will not be completed until 2028-29 and statewide implementation could take many years more. Accordingly, interim strategies to address heat are essential to mitigating health and litigation risks in the near term.

LAO Recommendations.

Approve Pilot. Given the health risks of extreme heat, the risks of heat-related litigation, and the reasonable approach to testing various air cooling alternatives proposed by the Governor, the LAO recommends approving the proposed air cooling pilot.

Require CDCR to Provide Evaluation and Statewide Strategy by January 10, 2031. The LAO recommends that the Legislature adopt trailer bill language requiring CDCR to provide an evaluation of the pilot by January 10, 2031 (a full year and a few months after the installation of the air cooling projects at the pilot sites is expected to be completed). To inform this trailer bill, the LAO also recommends directing CDCR to provide during spring 2025 budget hearings a clear plan for how it will evaluate success in the proposed pilot. In addition to the evaluation, the department should submit in the January 10, 2031 report a recommended statewide strategy for scaling air cooling in a timely and efficient manner. To the extent the strategy would involve deactivating housing units while air cooling is being installed, the report should discuss how CDCR would manage the impact to the prison population and employees. In addition, the report should include consideration of options to expedite construction.

Require CDCR to Provide an Interim Report by January 10, 2026 With Information Necessary for Legislative Oversight. The LAO recommends that the Legislature adopt budget bill language requiring CDCR to report by January 10, 2026 on the following:

- *Systemwide Monitoring.* The report should discuss the Administration's current capabilities and/or plans to collect statewide data on temperature, humidity, and the availability of electric fans in housing units as well as other areas of prisons that may also require cooling, such as kitchens. Such data would be useful for CDCR and the Legislature in determining how to prioritize deployment of future cooling interventions. For example, if fans are not authorized in certain units due to security reasons or physical plant limitations, it could make sense to prioritize these units to receive mechanical cooling.
- *Status of Existing Infrastructure.* For each housing unit in the state, the report should indicate (1) their design type, (2) their existing air cooling infrastructure (if any), and (3) how many days they exceeded 78 degrees over the past year (or similar available data).
- *Plan for Nontypical Housing Units.* For those housing units that are not one of the four common design types included in the pilot, the report should discuss the steps CDCR has taken and/or plans to take (such as conducting additional engineering studies) to identify cooling options for them.
- *Other Heat Mitigation Strategies.* The report should discuss other policies and/or practices CDCR has adopted or is considering to mitigate the effects of indoor heat in the near term. For example, these may include using portable air conditioning units, changing lightbulbs to LED, reducing humidity (such as by ensuring showers are properly ventilated), painting roofs to reflect solar radiation, modifying summer uniforms, creating cooling centers, or changes to policies for monitoring and responding to heat-related illnesses. In particular, the report should include a discussion of policies around electric fan usage, given that they can be helpful in some circumstances but increase risk of heat-related illness in others.

Staff Recommendation. Hold open.

Issue 5: San Quentin Rehabilitation Center and the California Model

Proposal. The proposed budget includes \$7.8 million General Fund in 2025-26 and \$13 million General Fund in 2026-27 and ongoing to increase staffing, add and expand rehabilitative programs, and provide staff training for the San Quentin Rehabilitation Center and the new Educational and Vocational Center.

Background.

San Quentin Rehabilitation Center (SQRC). On March 17, 2023, Governor Gavin Newsom outlined a vision to overhaul San Quentin with a new rehabilitation center focused on rehabilitation, education, and workforce development¹¹. On May 5, 2023, the Governor announced an advisory council to help guide the project¹², and funding was proposed in the May Revision and included in the final budget that year. The 2023 Budget Act provided \$360.6 million one-time Public Buildings Construction Fund and \$20 million one-time General Fund, which was adjusted to \$240 million and \$12 million respectively in the 2024 Budget Act. The budget also included statutory exemptions to enable project completion by 2025, as outlined in Senate Bill 135 (Committee on Budget and Fiscal Review), Chapter 190, Statutes of 2023.

The project includes the demolition of the former California Prison Industry Authority Warehouse Building 38 and design and construction of a new Educational and Vocational Center. The center is comprised of three primary buildings and various structures and facilities that support and/or are necessary for operation of the center. To accommodate the expansion of existing programs and provide space for new programs, the new center, which is planned for approximately 80,000 square feet, will include flexible classrooms, media and technology spaces, library space, counseling spaces, multi-purpose rooms, a store, a café, a central plaza with courtyard space or social gatherings, staff administrative offices, and restrooms for both staff and the incarcerated population. This project will also increase the amount of exterior gathering space available to the incarcerated population, which is relatively limited at San Quentin.

In September 2023, CDCR contracted with McCarthy Construction for the educational and vocational center project. The scope of the educational facility was established and recognized by the State Public Works Board on March 8, 2024. Demolition was completed and construction began in 2024, and the project is on track to be completed by December 2025. In addition, CDCR plans to use the \$12 million to renovate the upper yard, which previously contained individual exercise yards for condemned individuals.

Advisory Council. The recommendations of the Advisory Council were released in a report in January 2024¹³. The report cited three key principles: focusing on reentry, normalizing the environment, and establishing a correctional culture focused on rehabilitation. The report included 10 lead recommendations and 44 specific recommendations in the following categories:

- Creating clearer and more coordinated rehabilitation and reentry pathways.
- Expanding programming.

¹¹ <https://www.latimes.com/world-nation/story/2023-03-17/california-will-remake-san-quentin-prison-emphasizing-rehab>

¹² <https://www.cdcr.ca.gov/blog/san-quentin-state-prison-transformation/>

¹³ https://www.cdcr.ca.gov/wp-content/uploads/2023/06/FINAL-San-Quentin-Report_1.3.24.pdf

- Debt reduction.
- Updating staff training and improving resources and conditions for staff.
- Improving facilities and conditions for the residents.
- Strengthening family and community engagement.

Two notable recommendations included reducing the population from 3400 to 2400 to end double-celling, and redirecting at least one-third of the funding from Building 38 to upgrade the campus and normalize the environment. As noted above, the size of the capital outlay project was reduced last year (although the funding was not redirected, as bond funding is limited to specific uses). In addition, CDCR has indicated that they intend to operate both San Quentin and Central California Women’s Facility at design occupancy. For San Quentin, this means largely single-cell occupancy. The Administration noted that this is reflective of current population levels, and they do not intend to move people to accomplish this.

California Model. On April 4, 2023 the Secretary of CDCR and the federal Receiver who oversees prison medical care issued a joint memorandum expressing their concern that prison environments can be unfavorable to the health and well-being of the people who live and work in them and operate at cross purposes to rehabilitative efforts. To address this concern, they announced that CDCR is implementing the California Model, which aims to make “system changes that create an environment rich in rehabilitation, a safer and more professionally satisfying workplace for all staff, and improve outcomes and opportunities for success through robust re-entry efforts.” More specifically, the memorandum cited the following goals: (1) improving the health and well-being of people who live and work in California prisons, with a focus on reducing trauma and toxic stress; (2) reducing recidivism; and (3) reducing incidents of use of force, staff assaults, overdoses, self-harm, homicides, suicides, grievances, self-isolation, and admissions to Mental Health Crisis Beds. In addition, the memorandum outlined four pillars intended to guide development of specific policy and practice changes:

- *Dynamic Security.* Dynamic security is an approach to security that promotes positive relationships between staff and incarcerated people through purposeful activities and professional, positive, and respectful communication.
- *Normalization.* Normalization involves bringing life in prison as close as possible to life outside of prison to make it easier for people to adjust to life in the community upon release. Normalization can involve changes to physical features (such as adding furniture that more closely mirrors furniture used outside prison) or changes to experiences, routines, or interactions (such as celebrating cultural events).
- *Peer Support.* Peer support involves training incarcerated people to use their lived experiences to provide recovery and rehabilitative support to their peers.
- *Trauma Informed Organization.* Becoming a trauma informed organization involves changing the practices, policies, and culture of the department to recognize the impacts of trauma and ensure the physical and emotional safety of all staff and incarcerated people.

So far, aside from SQRC, California Model activities include implementing resource teams (composed of officers with specialized training on mental illness and trauma, de-escalation techniques, and rehabilitative programming), peer support specialist programs, honor dorms, staff training, and normalization efforts. For example, each institution was given a small grant (\$15,000) to use to promote wellness and morale. Institutions used this in a variety of ways, such as landscaping, refurbishing exercise equipment or areas, installing shade sails or planting trees, and improving visiting areas. New staff trainings include dynamic security, an active bystander refresher, principles of the California Model, and trauma-informed organizations.

Proposed Resources. The Governor proposes a total of \$7.8 million General Fund and 33.6 positions in 2025-26 (increasing annually to \$13 million and 74.4 positions by 2027-28) to (1) activate the new learning center, (2) contract with the American Job Center of California (AJCC), and (3) make various programmatic enhancements, outlined below.

- *Activate the New Learning Center (\$6.2 Million Ongoing by 2027-28).* The proposal includes \$3 million in 2025-26 (growing to \$6.2 million in by 2027-28) to support the operation of the new learning center. At full implementation, this would include 24.8 custody positions, 8 plant operations positions, 5 information technology positions, 2 librarian positions, and 1 position to support community engagement (such as by processing security clearances for volunteers to enter the prison).
- *Contract With AJCC (\$200,000 Ongoing).* The proposal includes \$200,000 ongoing to partner with AJCC, which provides one-on-one career counseling and job placement assistance for people nearing release from prison. The proposal assumes AJCC would assist approximately 1,200 people at SQRC annually.
- *Make Various Programmatic Enhancements (\$6.6 Million Ongoing by 2027-28).* The proposal includes \$4.6 million in 2025-26 (growing to \$6.6 million by 2027-28) to make the following expansions to custody staffing and rehabilitative programming capacity:
 - *Provide Additional Custody Staff for Existing Areas of the Prison.* The proposal includes 21.6 custody positions, which would be assigned to housing units to engage with residents to build trust, rapport, and help them navigate rehabilitative opportunities at the prison.
 - *Expand Basic and Secondary Education Capacity.* The proposal includes eight teacher positions, which would allow CDCR to expand basic and secondary education capacity by 432 students, roughly doubling capacity.
 - *Establish Bachelor's Degree Program.* The proposal includes funding and two positions to contract with a college to establish a bachelor's degree program at SQRC to serve 140 students at full implementation. This would be in addition to two existing associate degree programs currently offered at SQRC. CDCR currently has bachelor's degree programs at 10 other prisons with a total of about 400 students.

- *Establish Electrical and Barbering/Manicurist Training Programs.* The proposal includes two positions and funding for start-up costs to establish two new career technical education (CTE) programs—serving a total of 54 new students—in the space that will be vacated by existing rehabilitative programs that are relocated to the new learning center. The Administration indicates that it selected electrical and barbering/manicurist programs based on employment trend data. Current CTE programs at the prison are plumbing, painting, and machine shop and can serve a total of 81 students.

LAO Comments.

The LAO finds that the resources to activate the new building and the AJCC contract appear reasonable. However, the LAO notes that the Administration has not developed a clear plan for SQRC, and is still in the process of reviewing the Advisory Council’s recommendations and engaging key stakeholders. The LAO notes that the Administration has not (1) determined which pieces of the advisory council’s vision it wants to pursue; (2) prepared a strategy and specific action plan to pursue that vision; or (3) vetted the plan with key stakeholders, many of whom will be critical to implementing it.

Therefore, the LAO finds that it is premature to approve the remainder of the request until the SQRC planning process has been completed. Specifically, the LAO mentions custody staff not associated with the new learning center, the basic and secondary education expansion, the new Bachelor’s degree program, and the new electrical and barbering/manicurist training programs as resources that may be premature to approve.

The LAO also finds that key questions remain unanswered for the California Model as a whole. Without answers to these questions, it is difficult for the Legislature to provide oversight over the development and implementation of the California Model, and evaluate any future funding requests. Open questions include how progression through the system is envisioned, the role of SQRC in the envisioned progression, how the vision should be implemented, what success means, and how success should be measured and evaluated.

LAO Recommendation.

The LAO recommends that the Legislature approve the resources to activate the new learning center and contract with AJCC, and reject the remaining resources, unless the Administration can provide a clear plan for SQRC justifying them. In addition, the LAO recommends requiring the Administration to report on key unanswered questions about the California Model.

Staff Recommendation. Hold open.

Issue 6: Food Costs

Proposal. The proposed budget includes \$37.1 million General Fund in 2025-26 and \$32.1 million General Fund in 2026-27 and ongoing to accommodate increased food costs and fulfill the requirements of AB 778 (Eduardo Garcia), Chapter 576, Statutes of 2022.

Background. CDCR provides a statewide standardized menu, designed to meet nutritional standards, for all institutions and facilities (except for the California Health Care Facility, due to their medical mission). CDCR also accommodates religious and vegetarian dietary restrictions, as well as other special dietary needs, such as providing higher-calorie meals while serving in fire camps.

CDCR is budgeted for meals on a per incarcerated person per day basis. The last funding adjustment occurred in the 2021 Budget Act, a \$0.22 rate adjustment to implement a healthier menu, which brought the funded rate to its current \$3.40 per incarcerated person per day. As part of this menu, CDCR provides an average of 16 servings of fresh produce per week. CDCR also purchases almost half of its food from the Prison Industry Authority, which sources foods and assembles some meals.

Resource History
(Dollars in thousands)

Program Budget	2020-21	2021-22¹	2022-23	2023-24	2024-25
Enacted Budget ADP	118,154	104,678	101,491	91,469	89,404
Funded Rate	\$3.18	\$3.38	\$3.40	\$3.40	\$3.40
Authorized Expenditures	\$137,141	\$129,021	\$125,950	\$113,513	\$110,950
Actual/Projected ADP	96,244	96,845	94,720	92,810	89,404
Actual Rate	\$3.82	\$3.93	\$4.51	\$4.31	\$4.20
Actual Expenditures	\$134,196	\$138,973	\$155,908	\$146,020	\$137,056
Surplus/Deficit	\$2,946	\$(9,952)	\$(29,957)	\$(32,507)	\$(26,106)

¹ Funding for the Healthy Menu BCP appropriated as a base funding adjustment in the 2021-22 Governor's Budget.

California-Grown. AB 778 (Eduardo Garcia), Chapter 576, Statutes of 2022 requires that at least 60 percent of the agricultural good products purchased by state institutions are grown or produced in state, effective December 31, 2025. "Agricultural food products" include "any fresh or processed food product including, but not limited to, fruits, nuts, vegetables, herbs, mushrooms, dairy, shell eggs, honey, pollen, grains, livestock meats, poultry meats, rabbit meats, and fish, including shellfish". Prior to AB 778, institutions were required to purchase agricultural products grown, produced, or packaged and processed in California if the cost did not exceed 5 percent of the lowest out-of-state bid, and the products were comparable, pursuant to AB 822 (Caballero), Chapter 785, Statutes of 2017.

Proposed Resources. The Governor's budget reflects the following proposals:

- \$32.1 million General Fund in 2025-26 and ongoing to accommodate rising food costs, equivalent to \$4.45 per person per day (increased from \$3.40 per person per day).

- \$5 million General Fund one-time, equivalent to an additional \$0.15 per person per day, to account for initial cost escalation associated with California-grown products. CDCR is working on sourcing local food, and initial cost estimates are still preliminary. CDCR expects to request ongoing funding in the future, once more is known about the costs of implementation.
- A methodology change to disassociate the funding from the population-driven Unallocated Standard Adjustment, and instead augment the current level of funding using a three-year average feeding rate, plus an inflation calibration based on the California Consumer Price Index, to better match CDCR's actual expenditures.

Staff Comment.

Staff notes that a lack of high-quality, palatable food is a common issue raised by incarcerated individuals at institutions across the state. A 2020 nationwide study by Impact Justice, which included visits to and surveys at California institutions, said that 94 percent of the incarcerated individuals surveyed reported not having enough food to feel full¹⁴. The People in Blue, a group of incarcerated individuals formed at San Quentin with the goal of providing lived-experience input on the California Model reforms, have identified healthy food and nutrition as one of their top priorities, noting that “the quality of the incarcerated populations’ food servings has gradually decreased in nutrition, flavor, and portion size until it is now woefully inadequate for good physical and mental health.”¹⁵ A lack of quality food can contribute to food waste at institutions, and force individuals to rely on purchasing supplemental food from the canteen, which may be marked up by up to 35 percent. Nutrient deficiencies can also contribute to other physical, mental, and behavioral issues. Studies have shown that improving prisoners’ nutrition can reduce incidents of violence by 30 percent on average¹⁶. While the resources requested in this proposal may be reasonable, the Legislature may want to consider how to improve the quality of food in institutions across the state.

Staff Recommendation. Hold open.

¹⁴ <https://impactjustice.org/wp-content/uploads/IJ-Eating-Behind-Bars.pdf>

¹⁵ <https://thepeopleinblue.home.blog/wp-content/uploads/2023/06/35973-thepeopleinblue-preliminaryfinalreport.pdf>

¹⁶ <https://www.sciencefocus.com/the-human-body/prison-food-nutrition-violence-mental-health>

Issue 7: Public Safety Radio Replacement

Proposal. The proposed budget includes \$19.8 million ongoing General Fund to replace and update existing radio and communications equipment.

Background. CDCR operates 30 radio systems statewide, and approximately 15,500 radios (i.e. hand-held portables, emergency vehicle mobiles, remote stations, consolettes, and base stations). Radios are used by CDCR staff for both daily operations and emergency incidents. Inside the institutions, staff use radios to communicate. Fire camps use radios to coordinate with other emergency responders during fire events. Parole agents also use radios during their field work.

Law enforcement radio communications are overseen by the California Office of Emergency Services (Cal OES). Cal OES is currently in the process of expanding the California Radio Interoperable System, which allows interoperable communications during emergencies between first responders from different agencies, and with the 9-1-1 system. CDCR's radio system enables this interoperability, communication, and coordination with other law enforcement agencies. Other technologies, such as pagers, satellite phones, and cellular devices, do not meet communication requirements and interoperability for routine, critical, or emergency response.

Currently, 98 percent of the Department's radio equipment is past its lifecycle and is operating beyond the recommended operational cycle by multiple years. Most of the radio equipment is not supported by the manufacturer and replacement parts are no longer available, which has been noted by both the manufacturer and Cal OES, who is tasked with repairing CDCR's radios. In addition, some of the equipment is not able to be used for communicating with other law enforcement agencies due to its age. The Administration notes that during mutual aid assistance and critical incidents, CDCR staff have had to borrow radios from other law enforcement agencies.

Previous Resources. In 2018-19, CDCR was approved one-time funding of \$32.9 million to replace the radio system and equipment. However, much of the radio equipment CDCR purchased with these funds has already surpassed its useful life. The 2018-19 BCP also did not include ongoing resources to maintaining the system over time.

Proposed New Resources. This proposal requests funding for an eight-year replacement cycle, which will enable CDCR to replace approximately 12.5 percent of its radio equipment inventory each year. The project will prioritize radio replacement by age, criticality, and risk of failure.

Staff Recommendation. Hold open.

ITEMS FOR COMMENT-ONLY

These items will not be presented, but the Department of Finance and the Legislative Analyst's Office are available to answer questions from the subcommittee members. Public Comment may be provided on these items.

Issue 8: Continuation of Employment Leave Expansion

Proposal. The proposed budget includes 15 positions and \$2.2 million General Fund in 2025-26 and ongoing to meet the demonstrated workload increase associated with employment leave criteria expansion that authorizes an employee to take leave to care for a “designated person,” as established and defined by AB 1041 (Wicks), Chapter 748, Statutes of 2022.

AB 1041 expanded the definition of individuals for whom an employee can leave to care for to include any individual related by blood or whose association with the employee is the equivalent of a family relationship. The 2023 Budget Act provided \$1.9 million General Fund and 13 limited-term positions in 2023-24 and 2024-25 to comply with the requirements and enable CDCR to gather data on impact of the change. The 2023 BCP was based on receiving 22,500 requests annually, and CDCR will receive an estimated 24,000 requests in 2024.

Staff Recommendation. Hold open.

Issue 9: Technical Adjustments

Proposal. The proposed budget includes net-zero realignment of budget authority within CDCR programs and \$7,000 to correct miscoding related to the Department of Juvenile Justice closure. This includes the following permanent realignments:

- \$3.6 million and 23.0 positions from Program 4550 (Division of Adult Institutions) to Program 4500 (Support Services). This realignment will consolidate the Department's Public Records Act request process under the newly created Office of Public Records (OPR). OPR is a new unit which centralizes the oversight of all Public Records Act and Information Practices Act requests received by CDCR, including court-ordered document requirements.
- \$920,000 and 5.1 positions from Program 4540 (Facility Operations) to Program 4530 (Adult Corrections and Rehabilitation-General Security). This realignment is necessary to fix the erroneous coding of Correctional Officer positions in the 2024-25 Chuckawalla Valley State Prison Warm Shutdown BCP.
- \$770,000 and 6.0 administrative positions, as well as \$350,000 in recruitment resources from Peace Officer Selection and Employee Development to Human Resources to centralize recruitment efforts for critical correctional officer and specialized classifications.

- \$263,000 General Fund from 4550 to 4540. The realignment is necessary to ensure compliance with the *Armstrong* Court Orders, which mandates class members are accommodated with assistive devices. Realigning these funds will allow institutions to independently purchase needed devices.
- \$1.1 million reimbursement authority from 4530 to 4560. The realignment is necessary to ensure the interagency agreements with the Department of Transportation to accurately align budget authority with expenditures.
- \$290,000 reimbursement authority from 4530 to 4585. The realignment is necessary to ensure the interagency agreements with the California Department of Education to accurately align budget authority with expenditures.
- \$450,000 reimbursement authority from 4530 to 4560. The realignment is necessary to ensure the interagency agreements with the Department of Health Care Services to accurately align budget authority with expenditures.
- \$925,000 reimbursement authority from 4530 to 4550. The realignment is necessary to ensure the interagency agreements with the Department of Forestry and Fire Protection to accurately align budget authority with expenditures.

Staff Recommendation. Hold open.

Issue 10: Standardization of Postconviction Proceedings (AB 2483)

Proposal. The proposed budget includes \$2.9 million General Fund in 2025-26 and 2026-27 and 23 two-year, limited-term positions to address workload related to requests for institutional records in resentencing hearings and new requirements authorized in AB 2483 (Ting), Chapter 964, Statutes of 2024. AB 2483 sets uniform statewide standards for postconviction proceedings. As part of a resentencing hearing, CDCR is required to provide various records, including information about an incarcerated person's behavior and progress while in prison. CDCR staff must review and redact these records before they are shared. AB 2483 narrows and specifies the records CDCR must provide. In the long-term, this will decrease CDCR's workload on each case. However, AB 2483 also requires the records to be provided within 45 days of a request, and CDCR currently has a backlog of records requests for resentencing hearings. The goal of the proposed resources is to clear the current backlog, and enable CDCR to meet the 45-day requirement by its effective date of January 1, 2026.

Staff Recommendation. Hold open.

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Thursday, March 13, 2025
9:30 a.m. or Upon Adjournment of Session
State Capitol – Room 112

Consultant: Nora Brackbill

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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 DISCUSSION

0552 OFFICE OF THE INSPECTOR GENERAL

Issue 1: Overview and Elimination of C-ROB and Blueprint Monitoring Functions

Proposal. The proposed budget includes \$52.4 million General Fund and 250.8 positions for the Office of the Inspector General (OIG). The proposed budget also includes statutory changes reflecting the elimination of two aspects of OIG oversight over the California Department of Corrections and Rehabilitation (CDCR): Blueprint monitoring and the California Rehabilitation Oversight Board, or C-ROB.

Background. The OIG was established in 1994 and provides independent oversight of California's prison system. The OIG's duties and authorities have varied over the years. The OIG's current duties are established in Sections 2641 and 6125 through 6141 of the Penal Code. They include:

- Monitoring the processes for employee discipline, handling allegations of staff misconduct, and use-of-force reviews.
- Providing immediate, on-site responses to critical incidents, including riots, use of deadly force, and unexpected inmate deaths.
- Monitoring CDCR's implementation of the reforms outlined in the Blueprint¹.
- Evaluating the quality of medical care.
- Conducting audits (discretionary) and special reviews (requested by the Governor, Assembly or Senate).
- Maintaining a hotline to receive complaints about CDCR from any source.
- Acting as an ombudsperson for sexual abuse complaints and reviewing allegations of mishandled sexual abuse investigations.
- Reviewing complaints of retaliation that departmental staff level against members of their management.
- Vetting wardens and superintendents.
- Chairing C-ROB, the board that provides public oversight of the department's rehabilitative programs.

Operations and Vacancy Reductions. The Budget Act of 2024 included two control sections aimed at improving government efficiencies across state government: Control Section (CS) 4.05, which authorizes the Department of Finance (DOF) to reduce state operations expenditures up to 7.95 percent in fiscal year 2024-25 and ongoing, and CS 4.12, which authorizes DOF to adjust items of appropriation to achieve savings associated with vacant positions in 2024-25 and propose the elimination of vacant positions to achieve ongoing savings beginning in 2025-26. On January 10, 2025, the DOF provided a letter outlining reductions taken under these control sections. According to this letter, the OIG has reductions of \$357,000 and 3 positions related CS 4.12, and \$3.9 million related CS 4.05, all General Fund. Two efficiency reductions require statutory changes, outlined below.

¹ <https://www.cdcr.ca.gov/wp-content/uploads/2019/12/an-update-to-the-future-of-california-corrections-january-2016-1.pdf>

Blueprint Monitoring. In April 2012, in response to federal court oversight, CDCR released "The Future of California Corrections: A Blueprint to Save Billions of Dollars, End Federal Court Oversight, and Improve the Prison System", aka the Blueprint². The Blueprint was updated in 2016. The Office of the Inspector General (OIG) is tasked with monitoring CDCR's implementation of the Blueprint, and has released 13 annual reports. The latest report had one recommendation around standardized staffing³.

C-ROB. C-ROB was created in 2007 as part of the OIG to review various mental health, substance abuse, educational, and employment programs operated by CDCR for both incarcerated individuals and parolees. C-ROB meets at least twice a year, and produces an annual report for the Legislature⁴. C-ROB members include the Inspector General and the Secretary of CDCR in addition to various education, health care, and local representatives.

Staff Recommendation. Hold open.

² <https://www.cdcr.ca.gov/wp-content/uploads/2019/12/an-update-to-the-future-of-california-corrections-january-2016-1.pdf>

³ <https://www.oig.ca.gov/wp-content/uploads/2024/03/13th-Blueprint-Monitoring-Report.pdf>

⁴ <https://crob.ca.gov/wp-content/uploads/2024/10/2024-C-ROB-Annual-Report.pdf>

Issue 2: Complaints of Staff Sexual Misconduct (SB 1069)

Proposal. The proposed budget includes \$3.6 million General Fund and 22 positions in 2025-26, and \$5.7 million General Fund and 29 positions in 2026-27 and ongoing, for the OIG to expand monitoring and investigation of complaints of staff sexual misconduct filed by incarcerated persons, pursuant to SB 1069 (Menjivar), Chapter 1012, Statutes of 2024.

Background. As of March 5, 2025, California held 4,041 women in custody, primarily at two designated women’s facilities: the California Institution for Women (CIW) in Chino and the Central California Women’s Facility (CCWF) in Chowchilla. In September 2024, the U.S. Department of Justice opened a civil rights investigation into sexual abuse by staff at these two prisons, citing hundreds of lawsuits alleging officer sexual abuse at CCWF and CIW⁵.

One prominent case involves a guard at CCWF who was convicted of 64 counts of sexual abuse, including rape and sexual battery, in January 2025⁶. According to records and interviews with survivors, the guard brought women to areas without cameras, such as parole hearing rooms, and threatened the women with rules violation reports if they did not comply. Most of the assaults in the case took place in 2021 and 2022, but court records show that CCWF first received reports of the officer’s abuse in 2014⁷.

In February 2025, a class-action complaint was filed alleging that the only staff gynecologist at CIW repeatedly sexually harassed and abused incarcerated women from 2016 to 2023. The suit also alleges that CIW had first received allegations of misconduct by this doctor in 2017⁸. CIW was also the site of a botched sting operation, in which CIW staff used two women as “bait” to catch a guard engaged in misconduct and failed to intervene when he assaulted them again. In court filings, a CIW lieutenant admitted the officer assaulted the women during the sting, and that investigators monitoring the operation did not stop the attacks⁹.

CDCR’s handling of staff misconduct allegations and employee discipline (discussed below) likely lead to underreporting. Women may also fear retaliation and other negative consequences related to filing a complaint, such as being placed in segregated housing for protection. For example, in 2019, a woman at CIW reported receiving a rules violation report for extortion against her abuser and facing solitary confinement and an extended sentence¹⁰.

Compounding the problem, researchers have noted an overwhelming prevalence of sexual abuse histories within the population of incarcerated women, with some figures suggesting that 86 percent of all women who are incarcerated have experienced sexual violence in their lifetime and 77 percent had experienced partner violence. Note that regulations specify that the legal concept of consent does not exist between CDCR staff and incarcerated individuals, and that any sexual

⁵ <https://www.theguardian.com/us-news/article/2024/sep/05/california-womens-prisons-investigation>; <https://www.justice.gov/archives/opa/pr/justice-department-announces-civil-rights-investigation-correctional-staff-sexual-abuse-two>; <https://www.kqed.org/news/11786495/metoo-behind-bars-new-records-shed-light-on-sexual-abuse-inside-state-womens-prisons>

⁶ <https://www.theguardian.com/us-news/2025/jan/14/california-womens-prison-officer-convicted-sexual-abuse>

⁷ <https://www.theguardian.com/us-news/2023/oct/25/gregory-rodriguez-california-correctional-officer-accused-sexual-assault-womens-prison>

⁸ <https://www.theguardian.com/us-news/2025/feb/05/california-prison-gynecologist-abuse>; <https://abc7.com/post/lawsuit-alleges-women-california-prison-were-victims-sexual-violence-predatory-gynecologist/15870498/>

⁹ <https://www.theguardian.com/us-news/2023/oct/30/california-womens-prisons-correctional-officers-sexual-assault-investigation>

¹⁰ <https://www.theguardian.com/us-news/2023/oct/30/california-womens-prisons-correctional-officers-sexual-assault-investigation>

behavior between them constitutes sexual misconduct and will subject the employee to disciplinary action and/or to prosecution.

PREA and OIG. The Federal Prison Rape Elimination Act (PREA) of 2003 was established to address sexual abuse in carceral settings. The U.S. Department of Justice issues national standards to eliminate sexual abuse in detention facilities, and CDCR must comply or risk losing federal funding. California's Sexual Abuse in Detention Elimination Act (SADEA) requires CDCR to have procedures to protect individuals from sexual abuse and to respond to reports of sexual abuse. The OIG serves as the ombudsperson for complaints related to SADEA and PREA, and reviews allegations of mishandled sexual abuse inquiries or investigations within correctional institutions.

Sexual Assault Response and Prevention Working Group. The 2023-24 Budget Act included \$1 million for CDCR and the Sister Warriors Freedom Coalition to establish a Sexual Assault Response and Prevention Working Group and an Ambassador Program. The 2024-25 Budget Act included an additional \$500,000 to continue this work. One recommendation was to improve the reporting process, and provide additional whistleblower and anti-retaliation measures¹¹.

Process for Handling Allegations of Staff Misconduct. CDCR handles allegations of staff misconduct, including allegations of staff sexual misconduct, through its grievance process. As will be discussed in the next item, this process is the result of orders and significant involvement from the *Armstrong* court. Prior to January 1, 2025, the process worked as follows:

1. *Intake, Screening, and Routing.*

- Grievances are collected by the prison's Office of Grievances, and screened for any urgent issues (i.e. anything that would require an immediate response) within one business day.
- Grievances are sent to the Centralized Screening Team (CST) at the Office of Internal Affairs (OIA) and processed within three to five business days. There, staff decide whether it contains: (1) a serious allegation of staff misconduct that requires investigation by the Allegation Investigation Unit (AIU) at OIA (which includes allegations of sexual misconduct), (2) an allegation of staff misconduct that can be returned to the prison for a local inquiry, or (3) a routine grievance that does not contain any allegations of staff misconduct and can be returned to the prison. CST staff may also follow up with the person who submitted the grievance for more information if needed, and they log the grievance in the Allegation Against Staff Tracking System (AASTS).

2. *Investigation, Inquiry or Other.* Depending on the decision of CST, AIU will perform an investigation within 120 days, or a Locally Designated Investigator (LDI) will perform a local inquiry within 60 days. In the case of a local inquiry, the final report must be reviewed by an AIU Captain before the inquiry is completed. If the LDI establishes reasonable belief that an allegation occurred that is likely to lead to adverse action, the LDI is supposed to

¹¹ https://www.sisterwarriors.org/prison_sexualassault_report

stop the inquiry and escalate the complaint directly to AIU. LDIs are also required to be at least one rank above the highest-ranking officer in the allegation.

3. *Resolution.* The results of the investigation or inquiry are returned to the hiring authority for review and disposition. The reports only contain a finding of facts – it is up to the hiring authority to decide if an allegation of staff misconduct is sustained. Hiring authorities must order some action if an allegation of staff misconduct is sustained. The outcome is recorded in the AASTS.

New Staff Misconduct Regulations Effective January 2025. Due the volume of grievances received, CDCR modified the staff misconduct process through emergency regulations, effective January 1, 2025¹². Major changes include:

- Eliminates local inquiries. Grievances will now either go to OIA for investigation or are handled as a routine grievance through the institution (including lower-level allegations that will be returned to the institutions for routine inquiry).
- Establishes a new centralized hiring authority unit for the review and resolution of investigations conducted by AIU.
- Creates multi-disciplinary grievance teams to meet with individuals who frequently file grievances and help resolve their issues or open investigations.
- Enhances internal auditing to help ensure corrective and disciplinary actions are taken.

Source of Allegations. CST screens grievances from the following sources: CDCR Form 602-1 (Custody Grievance), CDCR Form 602-HC (Health Care Grievance), and CDCR Form 1824 (Reasonable Accommodation Request). In addition, CST also accepts grievances filed by third parties, including from or on behalf of *Armstrong* plaintiffs, and from anonymous parties, CDCR staff, and families.

OIG Oversight of the Staff Complaint and Employee Discipline Processes. The OIG is currently tasked with monitoring the staff complaint process and the employee discipline process. On March 10, 2025, the OIG released their annual monitoring report¹³. According to the report,

The OIG determined the department's performance was poor both in conducting staff misconduct investigations and in handling the employee disciplinary process. From January 1, 2024, through December 31, 2024, the OIG monitored and closed 162 staff misconduct investigations and the employee disciplinary process, if any, for those cases. The OIG assigned one of three overall ratings for each case: superior, satisfactory, or poor. The department's overall performance was poor in 119 of 162 cases, or 73 percent, and satisfactory in 43 cases, or 27 percent.

¹² https://www.cdcr.ca.gov/regulations/wp-content/uploads/sites/171/2025/01/2024-1206-02EON-Approval_12.26.24.pdf

¹³ <https://www.oig.ca.gov/wp-content/uploads/2025/03/2024-Staff-Misconduct-Investigation-Monitoring-Report.pdf>

Current Resources. The 2019-20 budget package provided OIG with five positions and about \$780,000 in ongoing General Fund support to monitor the staff complaint process. The 2022-23 budget included an additional \$7.9 million in 2022-23 and \$15.1 million ongoing to provide contemporaneous monitoring of the new staff complaint process, including reviewing screening decisions and monitoring investigations.

SB 1069 (Menjivar), Chapter 1012, Statutes of 2024. SB 1069 authorizes the OIG to monitor, and in certain cases, investigate, allegations of staff sexual misconduct with an incarcerated person. As noted above, the OIG currently monitors CDCR’s handling of allegations of staff misconduct of various types, and these resources will enable the OIG to oversee more of the allegations of sexual misconduct, as outlined below.

- The OIG will monitor a greater volume of the investigations CDCR performs into allegations of staff sexual misconduct. CDCR receives approximately 1,400 claims of staff sexual misconduct annually. The OIG currently monitors roughly 30 of those cases annually, and expects to monitor approximately 350 of those per year moving forward.
- If deemed necessary, the OIG will conduct supplemental investigations into allegations of staff sexual misconduct.
- The OIG will report on its oversight of staff sexual misconduct investigations.
- The OIG will expand its review of grievances and allegations submitted to CDCR’s Centralized Screening Team, to enable the OIG to have greater visibility on the complaints that the Centralized Screening Team decides not to refer for investigation. The OIG plans to monitor approximately 9,600 more grievance decisions per year.

New Positions Requested. The OIG requests 14 positions be authorized and established effective July 1, 2025; 8 positions be authorized and established January 1, 2026; and an additional 7 positions be established July 1, 2026 to align with planned timelines for hiring and onboarding of new staff. The OIG intends to divide 12 new Attorney IV positions across its three regional offices (North, Central, and South). Each attorney will report to an Attorney Supervisor, who will report to a Chief Assistant Inspector General. See table below.

Classification	July 1, 2025	January 1, 2026	July 1, 2026	Total
Chief Assistant Inspector General	1			1
Attorney Supervisor	1	1	1	3
Attorney IV	4	4	4	12
Deputy Inspector General, Senior	1			1
Deputy Inspector General	1			1
Associate Deputy Inspector General	3	1	2	6
Associate Governmental Program Analyst	1			1
Office Technician	1	2		3
Information Technology Specialist I	1			1
Total	14	8	7	29

LAO Comment.

Administration Plans to Reassess OIG and CDCR Resource Needs in Light of January 1, 2025 Process Change. The Administration reports that the proposal for OIG to implement SB 1069 (Menjivar), Chapter 1012, Statutes of 2024 was developed based on CDCR's old process for handling allegations that existed before the January 1, 2025 change. Accordingly, OIG may need a different level and/or type of resources to implement SB 1069 under the new process. In addition, the new process could affect the level and/or type of resources needed in both CDCR and OIG's base budgets. The Administration indicates it intends to conduct a review this spring of resource needs for both departments to align their operations with the new process.

LAO Recommendation.

Withhold Action Until Administration Reassesses Resource Needs Under New Process. The LAO recommends that the Legislature withhold action on this proposal until the Administration reassesses the level and type of resources needed for OIG and CDCR to operate under the new process created by the regulations and, if needed, revises the funding requested to implement SB 1069 (Menjivar), Chapter 1012, Statutes of 2024 accordingly.

Staff Recommendation. Hold open.

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION**Issue 3: *Coleman v. Newsom* and Class Action Update**

Background. CDCR faces numerous, long-standing, and still heavily litigated class action lawsuits due to the continued mistreatment of incarcerated people. The oldest of these cases is *Coleman*, filed in 1990¹⁴. In fiscal year 2023-24, CDCR spent \$45.8 million on direct legal costs related to 17 class action lawsuits. The majority of this was spent on two cases: *Coleman* (\$25.8 million) and *Armstrong* (\$14.9 million). These were followed by *Plata* (\$2 million), and the rest of the cases were less than \$1 million each. Background on *Coleman* and on the other major cases is included below. Costs included in this number are DOJ legal fees, outside counsel, plaintiff's counsel fees, and court expert and special master fees. Note that these costs do not include CDCR's internal team of class action attorneys, who handle the ongoing legal workload and compliance issues associated with these cases; the many other staff dedicated to court compliance; or the costs of remedial measures themselves, such as reforms to the staff complaint process described in the previous issue.

Coleman. The *Coleman* case is a class action lawsuit filed in 1990 on behalf of all California state prisoners with serious mental illness. As of January 13, 2025, there are 35,227 individuals included in the *Coleman* class. The case alleges that CDCR provides inadequate mental health care that places prisoners at serious risk of death, injury, and prolonged suffering. In 1995, the federal court found that prison officials violated the cruel and unusual punishment clause of the Constitution by not providing adequate mental health care, in particular “the court found overwhelming evidence of significant and chronic understaffing among mental health care service providers in California’s prison system, rising to the level of a violation of the Eighth Amendment”¹⁵. The court issued an injunction requiring major changes in the prison mental health system, and approved CDCR’s remedial plan for providing mental health care. The court also appointed a Special Master who, among other things, monitors and reports on CDCR’s compliance with the plan.

In fiscal year 2023-24, CDCR expended a total of \$25.8 million in direct costs related to the *Coleman* class action. This consists of \$4.2 million in defense litigation costs (fees and costs paid to the Office of the Attorney General and to additionally retained contract counsel), \$5.0 million in fees and costs paid to plaintiffs’ counsel, \$7.6 million in fees and costs paid to defense experts, and \$9 million paid to the court for disbursement to the court-appointed Special Master’s team, which has grown to 32 court-appointed individuals.

Mental Health Services Delivery System. In agreement with the *Coleman* court, CDCR implemented the Mental Health Services Delivery System (MHSDS), which is “designed to provide an appropriate level of treatment and to promote individual functioning within the clinically least restrictive environment consistent with the safety and security needs of both the inmate-patient and the institution.”¹⁶

¹⁴ Note that the current full name of this case is *Coleman v. Newsom*, but as the cases have lasted longer than the governors, they are often referred to solely by the plaintiffs’ names.

¹⁵ https://rbgg.com/wp-content/uploads/ORDER-Finding-Defendants-in-Civil-Contempt-Ordering-Payment-of-Fines_06.25.24.pdf

¹⁶ <https://cchcs.ca.gov/wp-content/uploads/sites/60/2021-Program-Guide-2.1.22.pdf>

Recent Developments and Fines. The *Coleman* case continues to be heavily litigated, as the state has yet to achieve the minimum staffing levels ordered by the court in 2009. In 2017, the court concluded that enforcement proceedings would be required. However, enforcement was delayed by a whistleblower report in 2018 that revealed that defendants knowingly presented misleading information to the court, and then the onset of the COVID-19 pandemic. The court approved revisions to the staffing plan in 2021.

On February 28, 2023, the state was issued a federal court order which stated that fines would be assessed beginning April 1, 2023, if the state was not in compliance with the staffing plan. To reach the compliance, the state must have enough positions to meet the ratios set out in the staffing plan, and the positions must be no more than 10 percent vacant across five key mental health staff positions.

FILL RATES FROM APRIL 2023-APRIL 2024

	Psychiatrists	Psychologists	Social Workers	Medical Assistants	Recreation Therapists
Apr 2023	90%	65%	73%	76%	91%
May 2023	94%	65%	75%	77%	92%
June 2023	93%	64%	76%	78%	91%
July 2023	89%	62%	73%	68%	88%
Aug 2023	91%	62%	74%	69%	90%
Sep 2023	89%	61%	73%	71%	89%
Oct 2023	90%	61%	73%	76%	90%
Nov 2023	87%	60%	72 %	79%	87%
Dec 2023	87%	60%	72%	86%	87%
Jan 2024	86%	61%	74%	86%	57%
Feb 2024	85%	59%	71%	85%	58%
Mar 2024	86%	59%	71%	85%	51%
Apr 2024	87%	60%	83%	92%	77%

On June 25, 2024, the federal court ordered the state to pay \$112 million in accumulated fines, and found CDCR in contempt for failing to provide adequate mental health care¹⁷. The table above is taken from the court order, and shows the vacancy rates for the five positions. As of December 2024, CDCR had an overall vacancy rate of 31.1 percent in its mental health services program.

The state, in defense, has argued substantial compliance and impossibility of the court's orders, and is pursuing an appeal. On November 12, 2024, the United States Court of Appeals for the Ninth Circuit stayed the District Court's order to pay fines. Oral arguments on the appeal were heard on December 6, 2024, and an opinion has yet to be issued. The court is also reported to be considering receivership¹⁸.

By the time of the stay, the state had accrued \$162 million in fines, between \$6 million and \$11 million per month from April 2023 through October 2024. A total of \$155.1 million has been deposited into a recently created special fund, the "Mental Health Staffing Special Deposit Fund", which, with the agreement of the court and plaintiffs, will be spent to reduce the vacancy rates in these positions. The fines are still accruing; however, spending out of the fund and additional

¹⁷ https://rbgg.com/wp-content/uploads/ORDER-Finding-Defcs-in-Civil-Contempt-Ordering-Payment-of-Fines_06.25.24.pdf

¹⁸ <https://www.kqed.org/news/12002854/court-weighting-takeover-of-mental-health-care-in-california-prisons>

deposits are stayed pending the appeal. The 2024-25 Budget Act also included provisional language authorizing the Controller to pay any fines ordered in *Coleman*.

Other Major Class Action Lawsuits.

Armstrong. The *Armstrong* case is a class action lawsuit filed in 1994 on behalf of prisoners with disabilities. The lawsuit alleged that people with certain disabilities did not have equal access to prison programs, services, and activities, as required by the Americans with Disabilities Act (ADA). In 1999, CDCR negotiated a settlement in the lawsuit and developed the Armstrong Remedial Plan (ARP) to address the areas of noncompliance. The federal court ordered prison officials to follow the ADA, to provide disability accommodations, and to make sure that the prisons are accessible for class members. The *Armstrong* case primarily covers six institutions: Richard J. Donovan Correctional Facility; California State Prison, Los Angeles County; California State Prison, Corcoran; Kern Valley State Prison; Substance Abuse Treatment Facility; and the California Institution for Women.

This case continues to be heavily litigated, as the courts have repeatedly found CDCR to be in violation of the ADA and the ARP. The *Armstrong* plaintiffs continue to be concerned about the treatment of the class members, including allegations of abuse and violence by CDCR staff, retaliation or threats of retaliation for filing staff complaints, lack of accommodations for deaf prisoners, the problem of equal access to job and program assignments for people with disabilities, statewide durable medical equipment reconciliation and accuracy of disability tracking information, accommodations for blind and low vision class members, and more. Some of the declarants also alleged instances in which correctional officers at RJD retaliated against incarcerated people by charging incarcerated people with false rules violations reports. The *Armstrong* litigation has led to increased use of surveillance systems and body-worn cameras, and significant reforms to the process for handling allegations of staff misconduct, among other court orders.

In fiscal year 2023-24, CDCR spent \$14.9 million on direct legal costs related to *Armstrong*. This was largely driven by plaintiffs' counsel fees (\$12.6 million), but also included DOJ fees (\$1.3 million) and court expert fees (\$1 million).

Plata. The *Plata* case is a class action lawsuit filed in 2001 that includes all prisoners. The lawsuit alleged that CDCR inflicted cruel and usual punishment by being deliberately indifferent to serious medical needs. A settlement agreement was reached in 2002, but a lack of progress led a federal judge to place California's prison medical care system under the control of a court-appointed Receiver in 2005¹⁹. In fiscal year 2023-24, CDCR spent \$2 million on direct legal costs related to *Plata*. This was largely driven by plaintiffs' counsel fees (\$1.3 million), but also included DOJ fees (\$304,000) and contract counsel fees (\$406,000).

In 2007, OIG began inspecting CDCR's medical care at the suggestion of the Receiver and in coordination with the parties in *Plata*. In 2011, the Legislature amended the OIG's authority in Penal Code section 6126(f) to require that "the Inspector General shall conduct an objective,

¹⁹ https://prisonlaw.com/post_case/plata-v-brown/

clinically appropriate, and metric-oriented medical inspection program to periodically review delivery of medical care at each state prison.”

In 2015, the Court issued an order that outlined the process for the transfer of medical care back to the state, at the discretion of the Receiver. As of January 24, 2025, the medical care at 29 institutions has been delegated back to the state. The delegation of healthcare at 5 institutions remains.

As part of *Plata* oversight, in 2021, CDCR was ordered to mandate vaccinations for employees entering CDCR institutions and incarcerated persons who work outside of an institution or accept in-person visitation, to protect the health and rights of the incarcerated population²⁰. However, the Administration appealed the mandate, and a stay was granted on November 26, 2021. The Administration argued that the mandate would lead to staffing shortages²¹. As of March 10, 2025, 62 percent of staff completed their primary vaccination series, with some individual institutions as low as 43 percent²².

Three-Judge Court. In January 2010, a special three-judge court ordered California to reduce its prison population to 137.5 percent of design capacity within two years. This was in response to *Coleman* and *Plata* plaintiffs, who believed that a remedy for unconstitutional medical and mental health care could not be achieved without reducing overcrowding. They had moved their respective District Courts to convene a three-judge court empowered by the Prison Litigation Reform Act of 1995 to order reductions in the prison population. This decision was upheld by the Supreme Court of the United States in 2011. In fiscal year 2023-24, CDCR spent \$7,000 on DOJ fees related to the three-judge court.

Ashker. The *Ashker* case is a class action lawsuit filed in 2012 on behalf of prisoners held in the Security Housing Unit (SHU) at Pelican Bay State Prison. The case charges that prolonged solitary confinement violates the Eighth Amendment’s prohibition against cruel and unusual punishment, and that the absence of meaningful review for SHU placement violates the prisoners’ rights to due process. The case reached a settlement in 2015. In January 2019 and again in February 2022, the court ordered continued monitoring due to ongoing constitutional violations²³. However, in 2023, CDCR adopted emergency regulations to create less-restrictive “Restricted Housing Units”. As of December 2023, only 45 individuals or 0.1% of CDCR’s population were housed in a SHU based on disciplinary findings, and none solely due to gang affiliation. On March 11, 2024, the district court officially ended the case. In fiscal year 2023-24, CDCR spent \$238,000 on DOJ fees related to this case.

Clark. The *Clark* case is a class action lawsuit filed in 1996 on behalf of incarcerated individuals with developmental disabilities. The lawsuit alleged that CDCR violated the ADA, section 504 of the Rehabilitation Act, and the Eighth and Fourteenth Amendments of the U.S. Constitution. The Clark Remedial Plan (CRP) was developed through settlement negotiations between the parties and was approved by the court in 2001. The CRP outlines CDCR’s Developmental Disability Program (DDP), which is the department’s plans, policies, and procedures for incarcerated

²⁰ <https://prisonlaw.com/wp-content/uploads/2021/09/21.09.27-Doc-3684-Order-re-mandatory-vaccinations.pdf>

²¹ <https://www.latimes.com/california/story/2021-11-04/newsom-guards-challenge-vaccine-mandates-at-prisons>

²² <https://www.cdcr.ca.gov/covid19/population-status-tracking/>

²³ <https://ccrjustice.org/home/what-we-do/our-cases/ashker-v-brown>

individuals with developmental disabilities to ensure that they are appropriately identified and housed; ensure the safety of those with victimization concerns; ensure equal access to CDCR's programs, services, and activities; and provide accommodations in due process events. As of November 15, 2022, there were 1,153 individuals in CDCR institutions encompassed within the DDP. There is a related program called the Disability Placement Program (DPP), and together the policies of DPP/DDP are outlined in the ARP and the CRP. In fiscal year 2023-24, CDCR spend \$717,000 on the *Clark* case, including \$610,000 plaintiffs' counsel fees and \$107,000 in DOJ fees.

Staff Recommendation. This item is informational, and no action is needed.

Issue 4: California Institution for Men 50-Bed Mental Health Crisis Facility Staffing

Proposal. The proposed budget includes 13.4 positions and \$3.0 million General Fund in 2025-26, expanding to 20.4 positions and \$4.4 million General Fund in 2026-27, and ongoing to staff a licensed 50-bed Mental Health Crisis Facility at the California Institution for Men (CIM). Additionally, the 34 unlicensed beds currently operated at CIM would be deactivated and the \$16.4 million General Fund and 86.2 positions currently supporting these beds would be shifted to staff the new facility, so CDCR would have a total of \$19.4 million and 99.6 positions to staff the facility in 2025-26, growing to \$20.8 million and 106.6 position in 2026-27 and ongoing.

Background. The California Correctional Health Care System (CCHCS) provides a spectrum of mental health services. These include:

- *Correctional Clinical Case Management System (CCCMS).* CCCMS is outpatient treatment for individuals who are stable in general population and do not require 24-hour care, and is available at most prisons.
- *Enhanced Outpatient Program (EOP).* EOP is outpatient treatment available for individuals who need more treatment or have more severe symptoms and may not be stable enough for general population, but who would benefit from the structure of a therapeutic environment that is less restrictive than inpatient settings. EOP programs are typically run in separate housing units.
- *Mental Health Crisis Beds (MHCBS).* MHCBS provide short-term, 24-hour acute care for individuals with severe symptoms that cannot be managed by an outpatient treatment program. Individuals are supposed to be transferred to a MHCBS within 24 hours (which may require transfer to another institution), and are not supposed to stay in them for more than 10 days. After that, they may be transferred back to a housing unit if they are stable, or they may be admitted to a longer-term inpatient facility. The annual cost of operating each MHCBS is around \$400,000—including custody staff. Currently, there are 392 MHCBS at men’s prisons and 41 MHCBS at women’s prisons. MHCBS must be licensed by the California Department of Public Health. However, CDCR is allowed to operate 53 unlicensed MHCBS due to a waiver from the *Coleman* court.
- *Inpatient Programs.* CDCR operates a variety of inpatient programs, which are designed to provide more intensive treatment for patients who cannot function adequately or stabilize in an outpatient program or short-term inpatient program. CDCR has both Acute Psychiatric Programs (APPs), which are generally for stays of up to 45 days, and Intermediate Care Facilities (ICFs) for longer stays. CDCR operates APPs at San Quentin Rehabilitation Center, California Health Care Facility, California Medical Facility, and California Institution for Women. CDCR operates ICFs at San Quentin Rehabilitation Center, California Health Care Facility, California Medical Facility, Salinas Valley State Prison, and California Institution for Women. In some cases, individuals may be transferred to programs at state hospitals. There is a total of 1,632 of these beds—1,296 in prisons and 336 in state hospitals. The annual costs of these beds range from \$246,000 to \$393,000, depending on the setting.

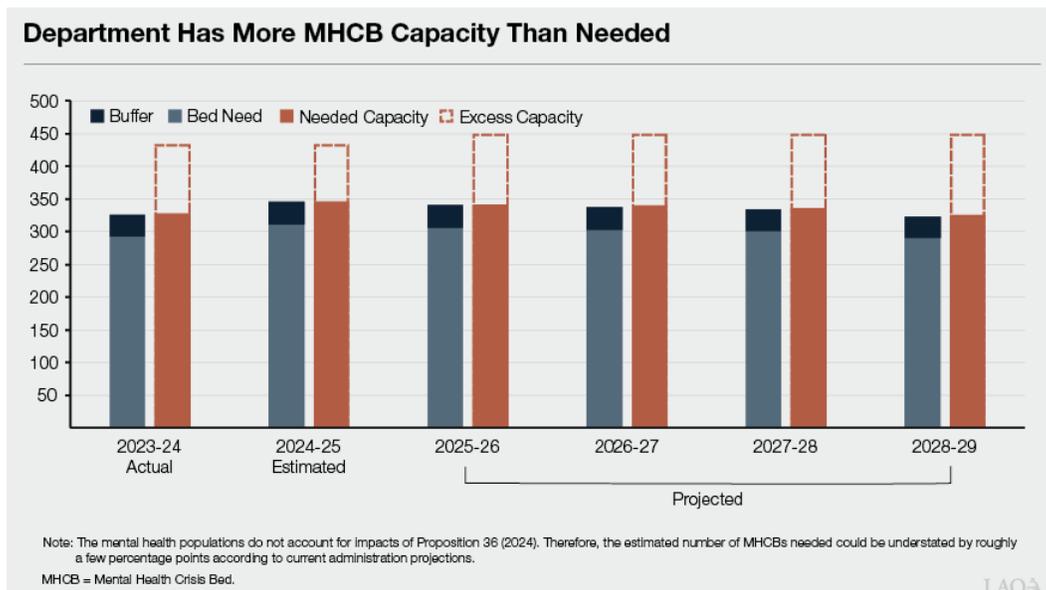
The number of inpatient beds CDCR operates are a part of a *Coleman* court-required bed plan, based on projected need with at least a 10 percent buffer. CDCR cannot modify the number of beds without notifying the Special Master and receiving approval from the *Coleman* court.

CIM Mental Health Crisis Facility. Most of the state’s unlicensed MHCBS are in a 34-bed facility operated at CIM in Chino. Since 2017, the state has approved a total of \$141.1 million (\$7.5 million General Fund and \$133.6 million lease revenue bond authority) to construct a 50-bed mental health crisis facility at CIM to (1) replace the unlicensed MHCBS with licensed beds and (2) reduce the amount of time it takes to transfer people in Southern California prisons to MHCBS by adding 16 MHCBS in the region. The only licensed beds in the Southern region are a 12-bed facility in California State Prison, Los Angeles County in Lancaster, and a 16-bed facility at Richard J. Donovan Correctional Facility in San Diego. By comparison, the central region has eight facilities with a total of 138 beds, and the northern region has eight facilities with a total of 203 beds. The project at CIM is expected to be completed in October 2025.

As of February 3, 2025, 28 of the unlicensed beds at CIM were occupied, and CDCR expects the new 50 licensed beds to be used at or near capacity. CDCR also noted that CIM’s staffing fill rate is at 78 percent for psychiatry, 84 percent for psychology, 117 percent for social work, and 112 percent for Recreation Therapists. Currently, the only tele-clinicians they have a need for are 2 psychiatrists. The adjacent California Institution for Women also has high staffing fill rates.

LAO Comments.

Activation of Mental Health Crisis Facility Would Increase Amount of Statewide Excess Capacity. The LAO notes that while the project will convert unlicensed beds to licensed beds and help address capacity limitations in the Southern California region, the department has excess MHCBS capacity when viewed at the statewide level, as shown in the figure below. CDCR needs 341 MHCBS systemwide in 2025-26, but it is proposing to operate 449 MHCBS—an excess of 109 MHCBS (84 at men’s prisons and 25 at women’s prisons). The LAO anticipates that even after adjusting for the effects of Proposition 36, there will still be excess capacity.



CDCR Also Continuing to Operate Excess APP and ICF Bed Capacity. As shown in the figure below, CDCR is also operating excess capacity in other types of inpatient beds, including 205 APPs, 327 ICFs at both men’s prisons and state hospitals, 32 APP/ICF beds at women’s prisons, and 13 APP/ICF beds for the condemned population. Similar to MHCBS, adjusting the population for Proposition 36 would somewhat reduce the amount of excess capacity in these beds, but the department would likely still be operating significantly more inpatient beds than needed.

Department Has More Acute Psychiatric Program (APP) and Intermediate Care Facilities (ICF) Beds Than Needed

	2025-26			2029	
	Proposed Capacity	Projected Bed Need	Excess Capacity	Projected Bed Need	Excess Capacity
ICF ^a	1,028	702	327	667	361
APP	489	285	205	271	218
Women’s prisons ^b	75	43	32	42	33
Condemned population	40	27	13	25	15
Totals	1,632	1,056	577	1,005	627

^a306 of these beds are in state hospitals.
^b30 of these beds are in state hospitals.
 Note: Totals may not add due to rounding.

Source: LAO²⁴

Reducing Excess Capacity Would Create Savings and Help With Court Compliance. If the department were to reduce MHCBS, APP, and ICF bed capacity, the LAO estimates that this could result in annual ongoing savings ranging from tens of millions of dollars to more than \$100 million, depending on the number of actual beds that are deactivated. The savings primarily would result from the elimination of hundreds of mental health positions needed to staff these beds. The reductions in staffing would have the added effect of reducing the vacancy rate of mental health staff. This would help the state comply with the *Coleman* court’s order to reduce mental health vacancies, likely allowing the state to reduce the amount of fines that would be levied on the state. As such, there could be additional significant fiscal benefits from rightsizing inpatient mental health bed capacity based on the projected need. CDCR would need to notify the Special Master and receive approval from the *Coleman* court to make changes in bed need capacity.

LAO Recommendation.

Approve Activation. The LAO recommends approving the proposed activation of the CIM mental health crisis facility. Doing so would allow the department to convert unlicensed MHCBS to licensed beds. This could improve the quality of care provided by the state. Furthermore, it could reduce the time it takes to transfer people from the Southern California region to MHCBS.

Direct CDCR to Seek Approval to Align Inpatient Bed Capacity With Updated Bed Need Study. Given that CDCR’s estimates indicate there would be 686 excess inpatient beds—including

²⁴ https://lao.ca.gov/Publications/Report/4986#Inpatient_Mental_Health_Beds

MHCBs and other inpatient beds operated by CDCR and DSH—in 2025-26, the LAO recommends that the Legislature direct CDCR to seek approval from the *Coleman* court to reduce excess capacity as part of the May Revision. Specifically, the LAO recommends directing CDCR to seek authorization from the *Coleman* court to include a proposal in the May Revision to reduce inpatient bed capacity based on a revised bed need study. To ensure excess capacity does not accumulate in future years, the LAO further recommends that the Legislature add budget bill language requiring CDCR to regularly seek adjustments to its inpatient mental health bed capacity based on the bed need study. The LAO anticipates these changes would reduce CDCR costs—both from operating the excess capacity and avoided fines—by potentially more than \$100 million annually, if all the excess beds are approved for deactivation by the *Coleman* court. This would not only free up General Fund resources that could be used to address the multiyear deficits facing the state, but could help CDCR comply with the *Coleman* court order to reduce mental health vacancies. To the extent the *Coleman* court denies a plan to deactivate excess bed capacity, it would benefit the Legislature to understand what criteria, threshold, or buffer the state would have to achieve under the *Coleman* court in order to deactivate some, if not all, of the excess capacity. The Legislature could consider having CDCR work with Special Master to produce such a report at that time.

Direct CDCR to Account for Transportation Savings. As discussed above, the new MHCB facility would likely reduce transportation costs, as fewer people in Southern California would need to be transferred to beds in more northern parts of the state. However, the Governor’s proposal does not account for these potentially modest savings. The LAO recommends that the Legislature also direct CDCR to include a proposal at the May Revision that accounts for such savings.

Staff Recommendation. Hold open.

Issue 5: Suicide Watch Augmentation

Proposal. The Governor’s budget includes a \$13.6 million General Fund augmentation in 2025-26 and ongoing to fund costs associated with suicide watch workload.

Background.

In 2023, 30 individuals died by suicide in CDCR custody²⁵. CDCR has various suicide prevention practices, many of which are outlined in the MHSDS. For example, all staff are required to complete suicide prevention training every year. The *Coleman* Special Master’s team also has a subset of experts who provide oversight of CDCR’s suicide prevention program.

One of CDCR’s prevention policies is suicide watch, which is short-term intensive monitoring, typically one-on-one by health care staff, provided when a person in prison is suspected of being a danger to themselves. This is typically provided by certified nursing assistants (CNAs), but may be provided by other staff if CNAs are not available. Data provided by CDCR indicate CNAs cost about \$42 per hour, while the department spends an average of about \$69 per hour when using other positions for this work. CNAs also have a high vacancy rate, typically about 20 to 30 percent. CDCR is not requesting additional positions; instead, the requested funds would largely pay for using more costly positions when CNAs are unavailable.

Total resources for suicide watch are currently about \$12.8 million annually. Prior to the 2017-18 budget, CDCR managed suicide watch workload within its existing resources by often redirecting correctional and healthcare staff and using overtime. However, as suicide watch hours increased, it became more challenging for the department to redirect resources and staff for suicide watch without negatively affecting other workload. In the 2017-18 budget, CDCR received \$3 million ongoing General Fund and 185 CNA positions for suicide watch workload. While the full cost of these position was around \$12 million, at the time, CDCR indicated it could use preexisting funding in its budget for overtime and other costs to absorb the remaining \$9 million cost of the suicide watch workload. Separately, the biannual population adjustment process provides additional funding for CNA positions based on the number of health care beds CDCR operates. Some of these CNAs can also be used for suicide watch, but the process does not make any specific adjustments to suicide watch staffing based on changes in population. The 2024-25 budget provided CDCR with \$3.8 million General Fund and a total of 197.5 CNA positions for suicide watch. If combined with the \$9 million in costs CDCR reports it has typically absorbed for suicide watch workload, total resources for suicide watch in 2024-25 are about \$12.8 million. However, CDCR consistently overspends this amount, as shown in the figure below from the LAO, and redirects funding from other areas of the department to do so.

²⁵ <https://cchcs.ca.gov/wp-content/uploads/sites/60/2023-Annual-Report-on-Suicides-and-Prevention-Efforts-in-CDCR-ADA-Compliant.pdf>

CDCR Consistently Spends More Than Budgeted on Suicide Watch

(In Millions)

	2020-21	2021-22	2022-23	2023-24	2024-25 ^a
Authorized expenditures ^b	\$12.9	\$12.8	\$12.8	\$12.8	\$12.8
Actual expenditures	30.3	31.6	29.2	33.7	31.2
Difference	-\$17.4	-\$18.8	-\$16.4	-\$20.9	-\$18.4

^aEstimated.

^bIncludes \$9 million in costs that the department has historically absorbed.

CDCR = California Department of Corrections and Rehabilitation.

Source: LAO²⁶

The Governor’s budget includes a \$13.6 million General Fund augmentation in 2025-26 and ongoing to fund costs associated with suicide watch workload. This would bring total budgeted resources for suicide watch to \$17.4 million annually. The requested amount reflects that CDCR reports it can continue to absorb \$9 million on an ongoing basis as well as an additional \$5 million of suicide watch workload—for a total of \$14 million annually. As such, the total resources for suicide watch would be \$31 million on an ongoing basis.

LAO Comment.

Proposed Funding May Be More Than Needed... Under the Governor’s proposal, CDCR would receive an ongoing amount of funding that reflects the costs of redirecting more expensive positions to suicide watch. However, there are a couple of reasons to think the full \$13.6 million requested by CDCR might not be necessary to pay the future costs of suicide watch. First, CDCR reports hiring 79 CNAs in a single hiring event in January 2025. This suggests CDCR is experiencing greater success in reducing the CNA vacancy rate, which would reduce the cost of suicide watch. For example, if CDCR successfully fills all of its vacant CNA position, these lower-cost positions could reduce the annual cost of suicide watch by about \$2.8 million. Second—even if CDCR cannot maintain its success in recruiting CNAs—costs could be lower if the department is successful in its efforts to identify a classification that is easier to fill and has a lower cost than some of the positions that are currently used.

...And Would Not Adjust to Changes in Suicide Watch Workload. Currently—and under the Governor’s proposal—CDCR receives more or less a set amount of funding for suicide watch irrespective of changes in the size of the population. However, it is possible that suicide watch hours could increase or decrease in the future with changes in the prison population. For example, data published by CDCR show that nearly two-thirds of suicide decedents had a mental health designation in 2023, and nearly 90 percent in 2022. To the extent there are changes in the population at risk of suicide, it could drive changes in suicide watch workload. If the number of suicide watch hours needed declines, then the department would be overfunded for these services.

²⁶ https://lao.ca.gov/Publications/Report/4986#Suicide_Watch

On the other hand, if the number of suicide watch hours were to increase, CDCR would be underfunded and likely be forced to use higher-cost positions rather than CNAs because of its limited position authority.

LAO Recommendation.

Approve One-Time Funding. Because suicide watch is critical to patient safety and the department has struggled to fill these positions in recent years, the LAO recommends the Legislature approve the proposal on a one-time basis. However, the ongoing costs of suicide watch are still uncertain as there are reasons to think it might decline in the future—particularly if CDCR takes the steps recommended to reduce costs. Limiting the funding to one-time would give the Legislature a natural opportunity to reassess the ongoing level of funding needed for suicide watch as part of the 2026-27 budget process, and allow the department time over the next year to implement the steps we recommend below.

Direct CDCR to Take Steps to Reduce Costs of Suicide Watch. In order to reduce the costs of suicide watch and more closely track changes in workload, the LAO recommends the Legislature direct CDCR to (1) continue efforts to fill CNA vacancies, (2) create an alternative classification for suicide watch staff, and (3) develop a population-driven budgeting methodology for suicide watch. To help the Legislature ensure that CDCR is making adequate progress on these steps, the LAO recommends directing the department to report on these efforts no later than January 10, 2026. This would allow the Legislature to consider the report as it is determining the ongoing funding level for suicide watch as part of the 2026-27 budget process.

Staff Recommendation. Hold open.

Issue 6: Workers' Compensation

Proposal. The proposed budget includes the following resources for CDCR/CCHCS:

- \$8.5 million General Fund in 2025-26 and ongoing to address a shortfall in the workers' compensation authority and to reassess expenditures annually as part of the Governor's Budget process.
- \$33 million one-time General Fund in 2025-26 and \$35 million in 2026-27, and 16 two-year limited-term positions for workers' compensation workload and costs related to COVID-19.

Background. CDCR has roughly half of the state employee workers' compensation claims, including for claims related to COVID-19. CCHCS employs various strategies and mitigation measures related to workers' compensation, including addressing training needs, exploring possibilities for accommodations or light duty return to work, working with institutions to make sure work areas are safe, and providing proactive wellness support and education resources.

CDCR's workers' compensation claims are administered by the State Compensation Insurance Fund (SCIF). CDCR/CCHCS receive a monthly report from SCIF that identifies the number of individual claims reported at CDCR/CCHCS headquarters, institutions, and field locations. In addition to the individual claims, state paid industrial and non-industrial (I/NI) disability programs and unemployment insurance costs are included within workers' compensation expenditures.

CCHCS has maintained an authority of approximately \$52.0 million for workers' compensation from 2020-21 to 2024-25, while the actual expenditures have ranged from approximately \$57.3 million to a projected \$62.7 million. CCHCS projects to expend \$64.3 million for workers' compensation in 2025-26, which creates a total shortfall of \$11.7 million.

Resource History
(Dollars in thousands)

Program Budget	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Authorized Expenditures	\$51,695	\$51,563	\$52,421	\$52,327	\$52,630 ¹	\$52,630 ¹
Actual Expenditures	\$57,347	\$62,944	\$63,866	\$62,799	\$62,706 ²	\$64,318 ³
Shortfall	-\$5,652	-\$11,381	-\$11,445	-\$10,472	-\$10,076	-\$11,688
Requested Amount (Institutions only)						\$8,472

¹Authorized expenditures are a projection based on the average expenditures from 2016-17 to 2023-24.

²2024-25 actual expenditures are a projection, based on three months of actual expenditures extrapolated based upon average expenditures from 2021-22 to 2023-24.

³2025-26 actual expenditures are a projection based on the projected expenditures for 2024-25 plus an annual increase of 2.57 percent (average amount of annual increase encountered from 2021-22 to 2023-24).

CCHCS is requesting \$8.5 million to cover the expenditures associated with the workers’ compensation costs of institution-based employees, and will absorb a portion of the costs within existing resources.

COVID-19 Compensation. SB 1159 (Hill), Chapter 895, Statutes of 2020, as extended by AB 1751 (Daly), Chapter 758, Statutes of 2022, specified that COVID-19 is an occupational injury in certain circumstances, and therefore eligible for workers’ compensation benefits. CDCR has had 18,860 reported COVID-19 workers’ compensation claims. 17,775 (94.25 percent) of the claims have been closed and 1,085 (5.75 percent) remain open. In 2024, CDCR is averaging 93.25 new claims per month. The annual cost of these claims are as follows:

- \$19.6 million in 2021-22.
- \$22.6 million in 2022-23.
- \$26.2 million in 2023-24.

To manage the workload associated with tracking and processing additional claims, CDCR and CCHCS received 27 four year limited-term positions in the 2021 Budget Act. This funding comes to an end June 30, 2025. CDCR/CCHCS are requesting to extend 16 positions and funding by two more years (\$33 million one-time in 2025-26 and \$35 million one-time in 2026-27), and will continue to assess need beyond that. CDCR states that ongoing and permanent funding may be required because of moderate and severe COVID-19 claims remaining open for extended periods of time.

Workload History

Workload Measure	2021-22	2022-23	2023-24	2024-25*	2025-26*	2026-27*
COVID-19 average open workers' compensation claims	913	1,067	1,210	1,310	1,389	1,472

* Projected open claims in fiscal years.

Staff Recommendation. Hold open.

Issue 7: Community Reentry Programs for Supervised Persons

Proposal. The Governor’s budget proposes \$32 million General Fund in 2025-26, \$34.6 million in 2026-27, \$37.3 million in 2027-28, \$40.1 million in 2028-29, \$42.9 million in 2029-30, and ongoing increases annually thereafter to reduce the impact of inflation on parole rehabilitation programs. The Governor’s budget also includes \$12.9 million General Fund in 2025-26 and 2026-27 to extend RHW for an additional two years and add services not currently provided, such as SUD treatment assessment and programming.

Background. CDCR is responsible for supervising roughly 35,000 individuals on parole. CDCR provides rehabilitative services to parolees, typically through contracts with providers in the community. There are a variety of programs, including some residential, that can last up to 6 months or a year. Within these programs, people can receive various services such as substance use disorder (SUD) treatment, case management, sex offender treatment, and employment assistance. The revised 2024-25 budget includes \$233.9 million total funds for these programs, including \$191.1 million from the General Fund. Details of some of these programs are outlined below.

Specialized Treatment for Optimized Programming (STOP). STOP provides a range of services to people on parole, but primarily focuses on various types of SUD treatment. These include residential and outpatient services, but exclude Medication Assisted Treatment (MAT). CDCR currently has agreements with nonprofit and private contractors that administer STOP in six regions throughout the state. These regional STOP contractors (1) pay local STOP network providers to deliver services through subcontracts, (2) connect people with these providers, and (3) conduct oversight of the services provided. There are 172 service providers and 515 programs statewide. In 2024, the STOP network provided services to about 8,600 people on parole. CDCR data indicates that about 70 percent of those individuals enrolled in at least one STOP service for more than 30 days. Of those, the average completion rate across all services was 53.1 percent.

Day Reporting Centers (DRCs). DRCs offer a “one-stop shop” for people on parole to be connected to various nonresidential services, some of which are offered on site. The programs generally focus on addressing factors that might contribute to future criminal activity such as anger management, but also have a limited ability to connect people with transitional housing. There are 17 DRCs throughout California that served about 4,500 people in 2023-24.

Long-Term Offender Reentry and Recovery (LTORR). LTORR programs are substance-free, residential programs that provides housing, meals, and various services. The services generally focus on the needs of people that have served long prison sentences, such as employment and computer-supported literacy. There are 14 LTORR programs throughout California that served about 1,700 people in 2023-24.

Returning Home Well (RHW). The 2022-23 budget included \$10.6 million annually for three years for the RHW program to provide emergency transitional housing services to people on parole. To implement the program, STOP contracts were amended to include additional housing-only services. The RHW program serves people for a maximum of 180 days or 6 months. In 2023-24,

the RHW program served a total of about 1,500 people. The department is required to submit a report by March 1, 2026 that presents metrics and outcomes associated with the program.

Inflation. CDCR contract rates have not kept up with increased costs of inflation, resulting in a lack of providers willing to bid, and can contribute to reduced quality services. To address this, the 2024-25 budget provided several parole rehabilitation programs whose contracts were set to expire with a \$2.3 million General Fund increase in 2024-25 and an ongoing 2 percent annual cost-of-living increase thereafter. This funding provided cost-of-living increases specifically to five DRCs and six LTORR programs. The funding requested this year is consistent with this methodology.

Medi-Cal Funded Services. Some people on parole—particularly those receiving MAT—receive SUD treatment services outside of CDCR’s contracts. Usually, these services are funded through Medi-Cal, the state’s Medicaid program, which provides health care coverage for low-income Californians and is overseen by the state Department of Health Care Services (DHCS). Medi-Cal SUD treatment services are administered locally by county behavioral health departments. Under the Medi-Cal billing structure, counties receive a fee-for-service reimbursement for behavioral health services based on an established fee schedule. Counties then negotiate payment terms and rates for the provision of services with providers. Federal reimbursements rates range from 50 percent to 90 percent depending on various factors such as income, services received, and whether the person has dependent children. Most people being released from prison qualify for Medi-Cal and are therefore eligible for these services. CDCR screens people before release and, as of 2023-24, submits Medi-Cal applications for about 83 percent of people released, while the remainder did not have applications submitted for various reasons, such as having access to other insurance or refusing service. Between July 2023 and June 2024 (the most recent data available), Medi-Cal applications were submitted for about 24,900 people who were released. Of these applicants, about 20,100 (81 percent) were approved, 35 (less than 1 percent) were denied, and the remaining 4,800 (16 percent) were pending at the time of release.

California Advancing and Innovating Medi-Cal (CalAIM). The CalAIM initiative is a large set of reforms in Medi-Cal to expand access to new and existing services and streamline how services are arranged and paid. Under CalAIM, DHCS has been implementing two new Medi-Cal benefits targeted at the subset of Medi-Cal beneficiaries with the most complex care needs. These complex care needs include issues related to homelessness. Notably, several housing-related services—such as housing navigation services and term-limited payments for housing (such as for security deposits or first month’s rent)—are included in CalAIM as optional benefits and have been implemented by at least one Medi-Cal managed care plan in all 58 counties. (Over 90 percent of Medi-Cal beneficiaries are enrolled in Medi-Cal managed care plans, which are responsible for arranging and paying for most Medi-Cal services on behalf of their members.) Recently, DHCS received federal approval to provide transitional rent to eligible Medi-Cal members and draw down federal funding. The transitional rent service covers up to six months of rent for certain people including those transitioning into the community from correctional facilities or transitioning from homelessness. The benefit will be mandatory to provide for certain beneficiaries beginning January 2026, and mandatory for all eligible people beginning January 2027—though these services can be offered now. Similar to Medi-Cal SUD treatment, between 50 percent and 90 percent of the cost of these services will be covered by federal reimbursements.

Proposed Resources. The Governor’s budget proposes \$32 million General Fund in 2025-26, \$34.6 million in 2026-27, \$37.3 million in 2027-28, \$40.1 million in 2028-29, \$42.9 million in 2029-30, and ongoing increases annually thereafter to reduce the impact of inflation on parole rehabilitation programs. This consists of (1) a roughly 30 percent one-time catch-up adjustment and (2) an ongoing 2 percent annual cost-of-living increase for 14 contracts that are set to expire on June 30, 2025: two DRCs, six LTORR programs, and all STOP contracts. The one-time catch-up adjustment is calculated based on when the service was first provided in each county and the cost-of-living increases that have occurred in that area since. The Administration is proposing this catch-up adjustment because the department has not increased funding in previous years for these contracts and is concerned that it will not receive any bidders on these contracts as previously happened at two locations with expired contracts. Of the total:

- \$3.7 million in 2025-26 (increasing to \$5.1 million by 2029-30 and growing annually thereafter) would be allocated to the DRCs and LTORR programs.
- \$28.3 million in 2025-26 (increasing to \$37.8 million by 2029-30 and growing annually thereafter) would be allocated to STOP contracts.

In addition, the Governor’s budget also includes \$12.9 million General Fund in 2025-26 and 2026-27 to extend RHW for an additional two years and add services not currently provided, such as SUD treatment assessment and programming. This consists of \$10.6 million in each year to maintain the existing housing program and \$2.3 million to support additional non-housing services for the RHW population, such as services related to SUD treatment and anger management. The department indicates that the additional services are necessary because people in the RHW program have an assessed need for these services. The STOP network, which already provides the housing services, would provide the additional services as well. Absent the proposal, funding for the program would expire June 30, 2024.

LAO Comment.

Inflation Increases Appear Reasonable for Parole Rehabilitation Programs. Cost-of-living increases for parole rehabilitation programs appear reasonable because it could mitigate the erosion of the quantity and quality of services that can be caused by inflation. Because costs have increased due to inflation in recent years, it is plausible that providers are less willing to extend their existing contracts. In addition, other providers that don’t already offer these services (1) may be less willing to do so, (2) would do so by providing lower-quality services, or (3) would provide services to fewer people. This trend would make it difficult for CDCR to find quality providers and ensure people on parole receive rehabilitation programming. For example, CDCR reports it was not successful in obtaining bids for DRC and LTORR contracts that had been set to expire at the end of 2023-24, which were advertised at the same or similar rates to the prior contracts for these services. The department reported that the 2024-25 funding increases for those contracts appear to have allowed it to successfully obtain contractors for some of these services, though the contracting process is still ongoing.

Parole Rehabilitation Programs Have Not Been Evaluated for Cost-Effectiveness. Ensuring that programs are cost-effective helps ensure that the state is allocating its limited resources for

rehabilitation programs in a manner that has the maximum effect on people successfully completing their parole terms and not committing additional crime. Accordingly, to the extent that the state is not allocating its resources to the most cost-effective programs, it is potentially allowing more crime to occur than would otherwise be the case. Although some metrics exist about participants, the department generally lacks robust evaluations of the actual cost-effectiveness of its parole rehabilitation programs. This makes it difficult for the department to determine which rehabilitation programs are cost-effective, whether there are potential obstacles or challenges preventing them from operating cost-effectively, and whether some are more cost-effective than others. As such, it is difficult for the Legislature to assess which programs are the most successful at reducing recidivism and to target funding towards those programs.

Current Structure of STOP Makes It Costlier to State and Potentially Less Effective. In a 2021 report from the LAO²⁷, they found that SUD treatment provided through Medi-Cal has several advantages over CDCR-funded SUD treatment. Specifically, Medi-Cal-funded SUD treatment (1) provides care based on medical necessity, (2) allows care to continue beyond parole, and (3) makes greater utilization of federal funding—all of which the existing parole SUD treatment structure under STOP does not do. In addition, nearly all Medi-Cal enrollees in the state receive comprehensive SUD treatment services modeled after the American Society for Addiction Medicine Criteria. These findings indicate that the state is operating a parole SUD treatment system that is potentially less effective and costlier than Medi-Cal’s existing SUD treatment structure.

In December 2024, CDCR surveyed over 80 STOP network providers on the feasibility of becoming Medi-Cal licensed providers. This would be necessary for these providers to give Medi-Cal funded care to people on parole. Over half of the respondents indicated that they are in the process or would like to become Medi-Cal licensed providers. The survey findings are encouraging in that they indicate a willingness from providers to leverage Medi-Cal SUD treatment. To the extent these providers are able to become Medi-Cal licensed providers and CDCR is able to successfully refer people on parole to them, it could improve the quality of care and reduce state costs. The CDCR report did, however, outline challenges STOP network providers cited in transitioning to Medi-Cal. For example, some providers indicated they had not pursued Medi-Cal licensure due to not knowing how to apply, administrative burdens, and cumbersome certification requirements. The report also suggests that some of these challenges could be addressed through technical assistance.

Ongoing Need for RHW Unclear. Because the report on the metrics and outcomes associated with RHW will not be available until March of 2026, it is difficult for the Legislature to assess whether the program merits ongoing funding. For example, the department is expected to report on return-to-prison rates, reconviction rates, and housing status after leaving the program for RHW participants. Without such information, it is difficult to know whether the program is effective at reducing crime or homelessness among those exiting prison. Also, as discussed above, under CalAIM, Medi-Cal managed care plans are starting to provide housing services targeted to those at risk of homelessness and those transitioning from incarceration, which would include people on parole. This means the program targets a very similar population as RHW. For example, under CalAIM, Medi-Cal already provides housing services—such as housing deposit support—to

²⁷ <https://lao.ca.gov/Publications/Report/4411>

high-risk, high-need populations. Moreover, Medi-Cal managed care plans will eventually be required to provide access to six-month transitional housing rental assistance to eligible populations, including people on parole. To the extent people on parole receive these services, the state could draw down federal funds for those that are Medi-Cal eligible, potentially resulting in lower state costs than providing these services through RHW.

LAO Recommendation.

Require CDCR to Increase Utilization of Medi-Cal for Parole SUD Treatment and Require Evaluation. In order to capitalize on the advantages of Medi-Cal-funded SUD treatment programs for people on parole and the willingness of some providers to become Medi-Cal licensed providers, the LAO recommends a series of steps to increase the utilization of these programs for people on parole. These steps include connecting all people on parole with medically appropriate SUD treatment, requiring STOP network providers become Medi-Cal providers and ensure continuity of care, structuring funding to streamline billing and reduce workload, and ensuring costs are not shifted to counties and non-reimbursable services are maintained.

Under this structure, most expenditures on parole SUD treatment would shift from CDCR to Medi-Cal. As such, CDCR would eventually no longer need the full \$98 million (General Fund) currently proposed for STOP in 2025-26, which includes the \$28.3 million cost-of-living increase requested for these services. While this would increase Medi-Cal costs, it would allow for federal reimbursements for a significant portion of the cost of parole SUD treatment service. The LAO estimates this could generate low to mid tens of millions of dollars in net General savings annually.

Provide Requested STOP Funding on a Limited-Term Basis to Allow for Transition. The LAO recommends funding the portion of the Governor's proposal related to STOP (\$28.3 million) for at least one year, to provide CDCR, DHCS, counties, and the STOP network providers time to implement their recommendations.

Direct CDCR to Contract for Evaluation of Restructured Parole SUD Treatment Programs. The LAO recommends that the Legislature direct the department to partner with external researchers to evaluate parole SUD treatment following the changes discussed above. This could result in some modest additional one-time costs for the department that would likely be far outweighed by the savings that would be achieved from increasing the use of Medi-Cal for parole SUD treatment.

Reevaluate Ongoing Need For RHW Proposal. To the extent RHW remains a legislative priority, the LAO recommends the Legislature modify the proposal by funding it on a one-year basis instead of two. In March 2026, the Legislature expects to receive more information about RHW implementation, including preliminary rates at which people in the program recommit crimes. With this information, the Legislature will be in a better position to revisit the RHW funding level as it deliberates on the 2026-27 budget. The LAO also recommends modifying the RHW reporting requirement to mandate that CDCR (in consultation with DHCS) also include an analysis of the viability of relying on Medi-Cal rather than RHW for housing people on parole. Under this approach, CDCR would connect people on parole to Medi-Cal providers in the community that can help them receive housing services rather than using RHW. In the report, CDCR should, at minimum, provide information on the relative state cost of relying on Medi-Cal versus RHW and

what the pros and cons of RHW and Medi-Cal funded services are. This would allow the Legislature to assess whether RHW merits separate ongoing funding or if CDCR can instead rely Medi-Cal to provide housing services to people on parole at a lower state cost.

Fund Remaining Programs on a Limited-Term Basis and Require Evaluation. Given that DRCs and LTORR programs have not been evaluated for cost-effectiveness, the LAO recommends that the Legislature direct CDCR to partner with external researchers to do so. The LAO thinks that the modest costs to the state would be justified, as the evaluation would allow the Legislature to determine whether these programs—totaling over roughly \$40 million in annual spending—merit continued support or need to be restructured to be effective. The LAO recommends this evaluation be provided to the Legislature no later than January 10, 2029 to provide the external evaluator time to complete the review. To maintain these programs in operation while the evaluation is being carried out, the LAO recommends providing three years of the proposed increases in funding for DRCs and LTORR programs (\$3.7 million in 2025-26, \$4 million in 2026-27, and \$4.4 million in 2028-29). This would allow the Legislature to review the evaluation as part of its deliberations during the 2029-30 budget process, at which point it could consider whether to provide ongoing funding for these DRCs and LTORR programs.

Staff Recommendation. Hold open.

Issue 8: Community Corrections Performance Incentives Grant (SB 678)

Proposal. The proposed budget includes \$126.5 million General Fund for Community Corrections Performance Incentives Grants to county probation departments, and an updated methodology for calculating incentive payments to the counties beginning in 2025-26.

Background. SB 678 (Leno), Chapter 608, Statutes of 2009, also called the California Community Corrections Performance Incentives Act of 2009, was created with two purposes: 1) to alleviate state prison overcrowding and 2) save state General Fund. These purposes are to be accomplished without compromising public safety by reducing the number of individuals on felony supervision (i.e. felony probation, mandatory supervision, post release community supervision) who are sent to state prison. The program is also designed to encourage county probation departments to use evidence-based supervision practices to accomplish these goals. In order to achieve these goals, SB 678 required that a portion of the state savings created when fewer people on felony probation are sent to prison be provided to counties through a performance-based formula. It also required the funds be used to support evidence-based practices—meaning practices shown to be effective at reducing criminal offending. Since the enactment of SB 678, the state has awarded a total of over \$1 billion to county probation departments.

Since passage of the act, the State of California has adopted significant changes in criminal justice policies that directly impacted SB 678—most notably the 2011 Public Safety Realignment, which reduced the number of probationers eligible for revocation to state prison and created two new groups of offenders subject to local supervision. In order to maintain effective incentives and account for the significant changes in criminal justice policy, SB 85, adopted as a trailer bill to the 2015–2016 State Budget, revised the SB 678 funding formula and created a new funding methodology.

The existing statutory formula is based on year-to-year prison revocation metrics and is intended to serve as a financial incentive for probation departments successfully keeping individuals on probation from returning to state prison. Below is a summary of the SB 678 funding formula, which includes three funding components:

- *Funding Component #1: Comparison of county to statewide return to prison rates.* The first funding component measures each county’s performance against statewide failure rates. Each county’s return to prison rate (RPR), which equals the number of individuals on felony probation, mandatory supervision, and PRCS sent to prison as a percentage of the total supervised population, is compared to statewide RPRs since the original SB 678 baseline period (2006–2008).
- *Funding Component #2: Comparison of each county’s return to prison rate and its failure rate in the previous year.* The second funding component is based on how each county performs in comparison to its performance the previous year. Each year a county’s RPR from the previous year is applied to its current year’s felony supervised populations to calculate the expected number of prison revocations. If a county sends fewer individuals on felony supervision to prison than the expected number, the county will receive 35% of the state’s costs to incarcerate an individual in prison multiplied by the number of avoided

prison stays. The number of avoided prison revocations are calculated separately for each felony supervised population (i.e. felony probation, mandatory supervision, Post-Release Community Supervision).

- *Funding Component #3: \$200,000 minimum payment.* The third funding component guarantees a minimum payment of \$200,000 to support ongoing implementation of evidence-based practices. If a county's total payment (from funding components 1 and 2) is less than \$200,000, the Department of Finance will increase the final award amount so that it totals \$200,000.

Yearly Allocations from SB 678. At the end of each calendar year the California Department of Finance determines each probation department's SB 678 funding allocation based on each county's performance as described above. County probation departments must spend SB 678 funds on the implementation or enhancement of evidence-based practices, including, but not limited to, risk/needs assessment, use of graduated sanctions, and provision of evidence-based treatment modalities such as cognitive behavioral therapy.

However, since 2021, the funding allocations have been frozen due to the pandemic's impacts on the data used in the formula. In addition, several recent policy changes have impacted the work of probation departments. These include AB 1950 (Kamlager), Chapter 328, Statutes of 2020, which reduced maximum probation terms to one year for misdemeanors and two years for felonies, and juvenile justice realignment, which is funded with a separate block grant, among other changes that have affected the felony probation population.

Proposed Changes. The proposed budget includes \$126.5 million General Fund for county probation departments. The Governor's budget proposes to update the methodology for calculating incentive payments to the counties beginning in 2025-26. The proposed methodology replaces Component #1 (the comparison to statewide rates) with a "performance maintenance payment," which provides a fixed amount (plus an automatic growth factor for future fiscal years) to each county based on recent funding levels. This component comprises \$104 million of the proposed 2025-26 allocation. The proposed methodology also adjusts Component #2 (the comparison to previous rates in the county) by establishing a new, static baseline, based on a county's average admission-to-prison rate between calendar years 2021 and 2023 (rather than year-over-year performance). It also reduces the portion of state savings passed to counties from 35 percent to 25 percent. The methodology maintains Component #3, the \$200,000 minimum. The proposed statutory changes also include removing outdated references and updating the state prison cost. Together, these proposed changes increase the stability and reduce the incentive of the formula.

LAO Comments and Recommendations.

In October 2023, the LAO released a report on the SB 678 grant program²⁸. In it, the LAO noted that the program appeared to effectively achieve its three goals in the initial years of implementation. However, significant sentencing changes and modifications to the formula over the years have made it unclear whether the program continues to achieve its goals. This is because (1) the effects of SB 678 on the prison population, state savings, and crime are difficult to

²⁸ <https://lao.ca.gov/Publications/Report/4806>

distinguish from other policy changes; (2) components of the current formula do not align with the original goals of the program; and (3) it is unclear whether counties are actually implementing evidence-based practices, which is important for achieving the goal of improving public safety. The LAO also found that it is more challenging to use state savings to incentivize performance given the various sentencing changes affecting felony supervision. However, there are state benefits from supporting evidence-based practices at the local level.

The LAO recommends the Legislature establish a new formula for the SB 678 program to better ensure that the program's goals are achieved. Specifically, the LAO recommends creating a new formula with two portions: (1) a portion based on direct measures of performance and state savings and (2) a portion designed to pay for specific evidence-based practices. This, as well as establishing additional oversight mechanisms of the program, would better ensure the program is effectively reducing failure-to-prison rates for those on county felony supervision, creating state savings, and improving public safety.

Staff Comment.

Maintaining the intent of the funding. This funding is intended to serve as a financial incentive for county probation departments to prevent individuals under their supervision from returning to state prison. The Legislature should consider whether converting \$104 million of this grant to a maintenance payment fulfills the goals of the program.

Oversight. The LAO's report included several recommendations around identifying evidence-based practices and providing additional transparency and oversight. The Legislature should consider whether these aspects should be incorporated into the grant program, and if so, how.

Staff Recommendation. Hold open.

Issue 9: Elimination of the Council on Criminal Justice and Behavioral Health

Proposal. The proposed budget includes savings of \$1.8 million ongoing (\$662,000 General Fund and \$1.1 million Behavioral Health Service Fund) reflecting the elimination of the Council on Criminal Justice and Behavioral Health (CCJBH).

Background. The Council on Criminal Justice and Behavioral Health was established in 2001 to assist and advise the Administration and Legislature on best practices to reduce the incarceration of youth and adults with mental illness and substance use disorders with a focus on prevention, diversion, and reentry strategies. CCJBH includes representatives from CDCR, Department of State Hospitals, Department of Health Care Services, probation, courts, and mental health care professionals.

CCJBH has various projects and focus areas, such as juvenile justice, diversion, reentry, and implementation of CalAIM, among other topics. For example, CCJBH and the non-profit policy research institute RAND created a Juvenile Justice Toolkit, released in April 2024²⁹. CCJBH also collaborated with the Council of State Governments to create a report on mental health diversion, released in June 2024.³⁰ CCJBH released their annual report in February 2024³¹.

The Administration noted that juvenile justice, a significant component of CCJBH's focus, is no longer a part of CDCR or a state responsibility, and that there is overlap between the missions of CCJBH and the Behavioral Health Services Oversight and Accountability Commission (BHSOAC).

Staff Comment. The Legislature may want to consider whether a council or commission specifically focused on the overlap of criminal justice and behavioral health is a priority, and if so, where it should be housed. For example, while BHSOAC does have a criminal justice initiative, that is not their main focus, and the membership is quite different than the CCJBH.

Staff Recommendation. Hold open.

²⁹ <https://public.tableau.com/app/profile/rand.corporation/viz/CAJuvenileJusticeToolkit/Instructions?publish=yes>

³⁰ <https://files.constantcontact.com/95aa10b6901/a51c73d7-4586-4826-bfe4-c809c0398fc2.pdf>

³¹ <https://www.cdcr.ca.gov/ccjbh/wp-content/uploads/sites/172/2024/05/FINAL-CCJBH-2023-Annual-Report-Final.pdf>

5227 BOARD OF STATE AND COMMUNITY CORRECTIONS**Issue 10: Overview and Reappropriation of Mobile Probation Service Center Grant Funding**

Proposal. The Governor’s proposed budget includes \$333.5 million for the Board of State and Community Corrections (BSCC). This includes the reappropriation of \$12.8 million in Mobile Probation Service Center grant funds, originally authorized as part of the 2022 Budget Act.

Background. BSCC was established in its current form in 2012 to provide statewide coordination and technical assistance for local justice systems, largely in response to the 2011 public safety realignment. BSCC develops minimum standards for local detention facilities, inspects and reports on facility compliance, sets training standards for correctional staff, and administers facility funding and numerous grant programs for local corrections and law enforcement entities.

The agency is overseen by a 15-member board, largely consisting of corrections and law enforcement staff, including:

- 12 members appointed by the Governor and confirmed by the Senate, including:
 - Chair.
 - Secretary of CDCR.
 - Director of Division of Adult Parole Operations for CDCR.
 - Sheriff in charge of a small detention facility (capacity of 200 or less).
 - Sheriff in charge of a large detention facility (capacity over 200).
 - Chief probation officer from a small county (population of 200,000 or fewer).
 - Chief probation officer from a large county (population over 200,000).
 - County supervisor or county administrative officer.
 - Chief of police.
 - Member of the public.
 - Licensed health care provider.
 - Licensed mental or behavioral health care provider.
- 3 members appointed by others, including:
 - Judge appointed by Judicial Council of California.
 - Community provider of rehabilitative treatment or services for adult offenders appointed by the Speaker of the Assembly.
 - Advocate or community provider of rehabilitative treatment or services for juvenile offenders appointed by the Senate Rules Committee.

BSCC is also often required to consult stakeholders and subject matter experts. BSCC typically fulfills this requirement through Executive Steering Committees (ESCs), which are appointed by the board to carry out specific tasks and provide recommendations, and working groups, which are appointed by ESCs to carry out subtasks and make recommendations. For example, BSCC routinely appoints an ESC to oversee the review of the local detention facility standards and recommend changes, and the ESC may assign working groups to review specific areas of the standards, such as nutritional health.

Infrastructure Program. The Board of State and Community Corrections (BSCC) and the Department of Corrections and Rehabilitation jointly administer several programs to partially finance the design and construction of county correctional facilities. The programs consist of Adult Local Criminal Justice and Local Youth Offender Rehabilitation facilities. Legislation is comprised of the 2007 Senate Bill 81 (Youth), the 2007 Assembly Bill 900 (Adult), the 2012 Senate Bill 1022 (Adult), the 2014 Senate Bill 863 (Adult), and the 2016 Senate Bill 844 (Adult). Approximately \$294 million has been awarded to 19 counties to build or remodel Youth Offender facilities and approximately \$2.1 billion has been awarded to 53 counties to build or remodel Adult Local Criminal facilities. BSCC oversees 29 of these projects totaling approximately \$918 million authorized from Senate Bill 1022, Senate Bill 863, and Senate Bill 844.

Proposed Budget. The Governor’s budget includes \$333.5 million and 184 positions for BSCC. BSCC’s budget includes \$261.9 million in local grants in 2025-26, a decrease of over 50 percent compared to 2024-25, largely due to the expiration of limited-term grants authorized in previous budgets. The remaining funding covers developing and enforcing standards for local correctional facilities and for correctional staff training, and covers various administrative and program supports and research programs.

BSCC receives funding from a variety of sources. BSCC’s budget includes \$111.9 million General Fund, \$63.5 million Federal Trust Fund, \$57.1 million Second Chance Fund (BSCC’s allocation from the Proposition 47 Safe Neighborhood and Schools Fund), \$43.6 million Cannabis Tax Fund, and \$57 million Gun Violence Prevention and School Safety Fund (see below).

3-YEAR EXPENDITURES AND POSITIONS †

		Positions			Expenditures		
		2023-24	2024-25	2025-26	2023-24*	2024-25*	2025-26*
4940	Administration, Research and Program Support	41.9	58.0	63.0	\$19,506	\$33,882	\$34,084
4945	Corrections Planning and Grant Programs	50.5	49.0	49.0	733,358	562,130	261,879
4950	Local Facility Standards and Operations	29.1	26.0	26.0	4,974	6,075	6,091
4952	In-Custody Death Review Division	-	10.0	25.0	-	2,063	5,486
4955	Standards and Training for Local Corrections	12.1	13.0	13.0	22,854	23,937	23,947
4965	County Facility Construction	5.7	8.0	8.0	1,170	1,983	1,985
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		139.3	164.0	184.0	\$781,862	\$630,070	\$333,472
FUNDING					2023-24*	2024-25*	2025-26*
0001	General Fund				\$624,696	\$392,408	\$111,915
0890	Federal Trust Fund				38,841	63,539	63,538
3287	Second Chance Fund				32,735	61,353	57,165
3354	Cannabis Tax Fund - Board of State and Community Corrections, State and Local Government Law Enforcement Account - Allocation 3				85,590	57,687	43,641
3437	Gun Violence Prevention and School Safety Fund				-	55,083	57,213
TOTALS, EXPENDITURES, ALL FUNDS					\$781,862	\$630,070	\$333,472

Gun Violence Prevention and School Safety Fund. BSCC receives resources from a newly created special fund, the Gun Violence Prevention and School Safety Fund. The revenues for this fund come from a new 11 percent excise tax on the gross retail sales of firearms, firearm precursor parts, and ammunition, created by AB 28 (Gabriel), Chapter 231, Statutes of 2023. The Governor’s budget reflects an appropriation of \$55.1 million in 2024-25 and \$57.2 million in 2025-26 to

BSCC, which is available for the California Violence Intervention Program. In a November 2024 meeting, BSCC indicated that they expected to start the grant solicitation process for these funds in February 2025.

Operations and Vacancy Reductions. The Budget Act of 2024 included two control sections aimed at improving government efficiencies across state government: CS 4.05, which authorizes DOF to reduce state operations expenditures up to 7.95 percent in fiscal year 2024-25 and ongoing, and CS 4.12, which authorizes DOF to adjust items of appropriation to achieve savings associated with vacant positions in 2024-25 and propose the elimination of vacant positions to achieve ongoing savings beginning in 2025-26. On January 10, 2025, the DOF provided a letter outlining reductions taken under these control sections. According to this letter, BSCC has reductions of \$1.3 million General Fund and 8 positions related CS 4.12, and \$1.4 million (\$1.1 million General Fund and \$258,000 other funds) related CS 4.05.

Reappropriation of Mobile Probation Service Centers Grant Funding. The proposed budget includes the reappropriation of \$12.8 million in Mobile Probation Service Center grant funds, originally authorized as part of the 2022 Budget Act, to extend the reversion date to June 30, 2026.

The 2022 Budget Act appropriated \$20 million General Fund to fund a competitive grant program for county probation departments to establish mobile probation service centers. The grants allow departments to purchase vehicles, equipment, telecommunications, and other technology needed to operate mobile probation service centers to assist probationers, particularly those individuals who are unhoused and struggling with meeting probation requirements.

In April 2023, the Board of State and Community Corrections (BSCC) awarded 25 county probation departments a total of \$17,644,154 in grants. The grant contract term began May 1, 2023, and will end September 30, 2027. Because the MPSC funds have a reversion date of June 30, 2025, the grantees were instructed to complete local procurement processes and purchase all vehicles, technology, and equipment within a designated purchase period of May 1, 2023, to March 15, 2025. The remaining time on the contract, from March 16, 2025, to September 30, 2027, is for implementation, data collection and reporting. No new expenditures may be incurred after March 15, 2025.

However, as of October 2024, grantees have spent approximately \$4.8 million of the total \$17.6 million awarded, and BSCC requests an extension for the remaining balance of \$12.8 million. BSCC anticipates at least nine counties will require an extension. The nine counties are: Butte, Del Norte, Merced, Riverside, San Bernardino, San Diego, Santa Clara, Santa Cruz, and Solano. Many counties reported that lengthy and complicated local procurement processes inhibited their ability to spend the grant funds in a timely manner. The BSCC projects the grantees will not fully expend their grant funds by the reversion date of June 30, 2025.

The BSCC requests an extension of the reversion date to June 30, 2026, for the \$12.8 million balance. This will allow the grantees more time to spend down their funds and better fulfill the purpose of the grant program.

Staff Recommendation. Hold open.

ITEMS FOR COMMENT-ONLY

These items will not be presented, but the Department of Finance and the Legislative Analyst's Office are available to answer questions from the subcommittee members. Public Comment may be provided on these items.

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

Issue 11: COVID-19 Mitigation Efforts

Proposal. The California Department of Corrections and Rehabilitation/California Correctional Health Care Services request \$12.8 million General Fund in 2025-26 for continued health care costs related to the prevention and mitigation of and response to COVID-19 and implementation of the state's SMARTER Plan. Additionally, budget bill language is requested to allow funds to be reduced if actual or estimated expenditures fall below the requested amount.

From 2019-20 through 2023-24, CCHCS has expended over \$1.0 billion for COVID-19 prevention, mitigation, and response activities. A summary of the expenditures to date, along with projected costs for 2024-25 and 2025-26, are displayed in the CCHCS COVID-19 Cost History table below. Although prior requests have included resources for the California Department of Corrections and Rehabilitation (CDCR) and CCHCS, this proposal only requests resources for CCHCS and health care-specific activities.

CCHCS COVID-19 Cost History¹
(Dollars in Thousands)

Expenditures	2019-20	2020-21	2021-22	2022-23 ²	2023-24	2024-25 ³	2025-26 ⁴
Testing (Employee)	\$0	\$81,197	\$222,540	\$29,659	\$3,619	\$4,323	\$3,191
Testing (Incarcerated Persons)	\$6,093	\$131,813	\$104,183	\$51,429	\$9,365	\$7,490	\$5,061
Medical Expenses (Registry)	\$0	\$99,574	\$18,225	\$22,367	\$0	\$0	\$0
Other Staffing & Operational Costs	\$30,176	\$83,720	\$50,070	\$28,713	\$5,082	\$6,686	\$2,447
Personal Protective Equipment	\$21,309	\$17,884	\$10,641	\$6,627	\$4,179	\$4,802	\$2,089
Cleaning	\$180	\$1,567	\$1,444	\$141	\$0	\$0	\$0
General Fund Solution: COVID-19 Testing Protocols						-\$4,099	
Total	\$57,758	\$415,755	\$407,103	\$138,936	\$22,245	\$23,301	\$12,788

¹ Reflects CCHCS costs only. Does not include costs incurred by CDCR.

² CCHCS received \$41.2 million in California Department of Public Health (CDPH) American Rescue Plan Act Reimbursements, bringing the total cost to the Department down to \$97.7 million.

³ Projected expenditures for 2024-25.

⁴ Projected expenditures for 2025-26.

Staff Recommendation. Hold open.

5227 BOARD OF STATE AND COMMUNITY CORRECTIONS

Issue 12: Remove BSCC Reporting Requirement for County Community Corrections Partnership Plans TBL

Proposal. The 2024-25 budget eliminated \$8 million in funding for counties that provide updated Community Corrections Partnership Plans to BSCC each year as a budget solution. These plans covered 2011 realignment implementation, but largely did not change in recent years. The proposed trailer bill removes requirements for BSCC to annually collect and analyze data regarding the implementation of these plans and to provide a report on the implementation of those plans to the Governor and the Legislature. Previous plans are available on BSCC's website³².

Staff Recommendation. Hold open.

Issue 13: Recidivism Reduction Fund Abolishment Technical Cleanup TBL

Proposal. The 2024-25 budget included a transfer \$7.3 million of unobligated funds from the now unused Recidivism Reduction Fund to the General Fund. The Governor's budget includes statutory changes to eliminate the Recidivism Reduction Fund.

Staff Recommendation. Hold open.

8830 CALIFORNIA LAW REVISION COMMISSION

Issue 14: Data and Research Funding

Proposal. The Committee on Revision of the Penal Code requests \$900,000 in reimbursements in 2025-26 from the Office of the Legislative Counsel (with an offsetting one-time General Fund augmentation to that office's budget) to fund one year of contract research activities, including secure data hosting, with the California Policy Lab (CPL; a University of California program). The 2022 Budget Act provided \$1.8 million to support three years of the Committee and CPL's research activities. The final year of previous funding was for \$900,000, which is the same amount requested here for an additional year of support.

Established in 2020, the Committee makes recommendations to the Governor and Legislature about simplifying and rationalizing criminal law and criminal procedure. The Committee comprises seven members: five members appointed by the Governor, one member appointed by the Assembly, and one member appointed by the Senate.

The Committee helps to provide data and rigorous empirical research around California's criminal legal system, through statutory data gathering authority and collaboration with CPL, which also works with other state entities, including the Department of Social Services, the Employment

³² https://www.bscc.ca.gov/s_communitycorrectionspartnershipplans/

Development Department, the Franchise Tax Board, the Department of Justice, among several others. The administrative data that the Committee has received and will continue to receive is also sensitive. This funding will allow CPL to continue providing security and privacy protections for data obtained by the Committee, as it has for many other state agencies.

The Committee, with assistance from CPL, routinely highlights and addresses racial and other disparities in the current operation of California's criminal justice system and makes recommendations for alternatives to incarceration that are shown to have lower recidivism rates than a jail or prison sentence, such as increasing the capacity of the California Department of Corrections and Rehabilitation's Male Community Reentry Program, which are community correctional centers for people who would otherwise be serving their sentence within a state prison.

Staff Recommendation. Hold open.

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Thursday, March 20, 2025
9:30 a.m. or Upon Adjournment of Session
State Capitol – Room 112

Consultant: Nora Brackbill

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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 DISCUSSION

8140 STATE PUBLIC DEFENDER

Issue 1: Overview and Public Records Act Workload

Proposal. The Governor’s budget includes \$21.4 million General Fund and 99 positions for the State Public Defender. The proposed budget includes an increase of \$148,000 and one position to address workload related to Public Records Act requests.

Background. The Office of the State Public Defender (OSPD) provides representation to persons in post-conviction proceedings following a judgment of death. OSPD also provides assistance and training to public defender offices and appointed private counsel, and engages in related efforts for the purpose of improving indigent defense. OSPD also produces statewide guidance on various sentencing changes and pieces of legislation that affect all defense counsel.

OSPD was originally created in 1976 to represent indigent criminal defendants in appellate cases. In 1997, with a rise in death penalty sentences, OSPD began to focus primarily on death penalty appeals. For the past 25 years, OSPD attorneys have largely represented men and women sentenced to death on the appeal of their convictions in the California Supreme Court. OSPD appellate attorneys continue to represent over 100 people in fulfillment of that responsibility. Since 2016, OSPD has also taken a larger state-wide role in death penalty defense and has assumed responsibilities for litigating issues that affect multiple death penalty cases across the state. Additionally, OSPD has assisted other state entities in assessing problems related to the administration of the death penalty.

The mission of OSPD was expanded in 2020 to include assisting counties in the provision of constitutionally mandated public defense services, through the Indigent Defense Improvement Division. OSPD now has the responsibility to train and offer technical assistance to county level public defenders and other private attorneys representing the indigent. OSPD has assisted the Board of State and Community Corrections in the administration of several grants related to this mission.

In recent years, OSPD has had an increase in Public Records Act requests, from three in 2020-21 to a projected 160 in 2024-25. These requests are largely driven by recent legislation, including the Racial Justice Act, which prohibits discrimination against racial, national and ethnic groups in charging and sentencing. This has driven requests for charging and sentencing data by race within specific locations and time periods. The requested staff position will receive, track, compile, and respond to records requests.

Staff Recommendation. Hold open.

0820 DEPARTMENT OF JUSTICE**Issue 2: Department Overview and Efficiency Reductions**

Proposal. The Governor’s budget includes \$1.3 billion (\$496 million General Fund) to support the Department of Justice (DOJ), an increase of 0.4 percent over the 2024-25 revised amount. The proposed budget would provide DOJ with a total of 6,185 positions in 2025-26, an increase of 107 positions (or 2 percent) from the revised 2024-25 level.

Background. Under the direction of the Attorney General, DOJ provides legal services to state and local entities; brings lawsuits to enforce public rights; and carries out various law enforcement activities, such as ensuring lawful ownership or possession of firearms and ammunition. DOJ also provides various services to local law enforcement agencies, including providing forensic services to local law enforcement agencies in jurisdictions without their own crime laboratory. Finally, DOJ manages various databases, including the statewide criminal history database.

A little more than half of the proposed funding supports DOJ’s Division of Legal Services (\$690 million), while the remainder supports the Division of Law Enforcement (\$344 million) and the California Justice Information Services Division (\$284 million). The activities of the divisions are outlined below:

- The Division of Legal Services is made up of the following subdivisions:
 - Division of Civil Law: This division is made up of nine sections, including Business Litigation; Cannabis Control; Correctional Law; Employment and Administrative Mandate; Government Law; Health, Education and Welfare; Health Quality Enforcement; Licensing; and Tort and Condemnation. This division provides legal services to state agencies and officials in trial and appellate litigation.
 - Division of Criminal Law: This division is made up of four sections including Appeals, Writs and Trials; Correctional Writs and Appeals; Cybercrime; and Special Prosecutions Section. This division upholds the Attorney General’s constitutional responsibility to represent the people of California in criminal cases.
 - Division of Public Rights: This division is made up of twelve sections including Antitrust, Charitable Trusts, Civil Rights Enforcement, Consumer Protection, Corporate Fraud, Environment, Healthcare Rights and Access, Native American and Tribal Affairs, Land Use and Conservation, Natural Resources, Police Practices, and Worker Rights and Fair Labor. This division safeguards the states’ environment, lands, and natural resources; prevents fraudulent business practices; protects consumers; monitors Indian and Gaming Practices; preserves charitable assets, and protects the civil rights of Californians.
- The Division of Law Enforcement includes sworn peace officers and other law enforcement staff involved criminal investigations that range from white collar crime, narcotics enforcement, gambling control, etc. This section includes the Bureau of Firearms,

the Bureau of Gambling Control, the Bureau of Forensic Services, and the Bureau of Investigation.

- Administration is made up of the Division of Operations and Directorate Programs, which includes units such as the Public Inquiry Unit, the Office of Legislative Affairs, and the Local Assistance Unit.
- California Justice Information Services Division provides criminal history and analysis and supports the DOJ's information technology infrastructure. CJIS includes six sections: the Executive Office, the Justice Data and Investigative Services Bureau, the Bureau of Criminal Information and Analysis, the Enterprise Services Bureau, the Application Development Bureau, and the Technology Services Bureau.

Operations and Vacancy Reductions. The Budget Act of 2024 included two control sections aimed at improving government efficiencies across state government: Control Section (CS) 4.05, which authorizes the Department of Finance (DOF) to reduce state operations expenditures up to 7.95 percent in fiscal year 2024-25 and ongoing, and CS 4.12, which authorizes DOF to adjust items of appropriation to achieve savings associated with vacant positions in 2024-25 and propose the elimination of vacant positions to achieve ongoing savings beginning in 2025-26.

On January 10, 2025, the DOF provided a letter outlining reductions taken under these control sections. According to this letter, the DOJ has ongoing reductions of \$18.9 million (\$4.6 million General Fund) and 137 positions related CS 4.12, and \$42.1 million (\$14.2 million General Fund) related CS 4.05.

Staff Recommendation. Hold open.

Issue 3: Firearms Workload

Proposal. The Governor’s budget proposes \$19.2 million in 2025-26 (\$18.6 million General Fund and \$640,000 from various special funds)—declining to \$6.4 million ongoing (\$5.8 million General Fund and \$519,000 from the Fingerprint Fees Account) in 2027-28 to support 11 budget proposals related to DOJ’s firearm workload, outlined in the table below.

Workload	Proposed Resources	Description
Recently Enacted Legislation		
Chapter 527 of 2024 (AB 2629, Haney)	\$198,000 General Fund in 2025-26.	Prohibits people found mentally incompetent to stand trial in a post release community supervision or parole revocation hearings from possessing or receiving a firearm. DOJ seeks additional resources to update its existing databases to reflect such requirements.
Chapter 529 of 2024 (AB 1252, Wicks)	5 positions and \$1 million General Fund in 2025-26, declining to \$952,000 annually in 2026-27.	Establishes the Office of Gun Violence Prevention within DOJ, which advises the Attorney General on gun violence prevention-related issues. By July 2026, the office is required to issue a public report on achieving sustained gun violence reduction.
Chapter 538 of 2024 (AB 2907, Zbur)	\$165,000 General Fund in 2025-26.	Requires the courts and law enforcement take additional actions to ensure that a person subject to a protective order relinquishes any firearm in their possession. These include querying a DOJ database, and providing a copy of the results to prosecutors. DOJ seeks resources to increase the number of results displayed for each query.
Chapter 539 of 2024 (AB 2917, Zbur)	1 position and \$138,000 General Fund in 2025-26, declining to \$125,000 annually in 2026-27.	Expands factors a court must consider when determining whether to issue a gun violence restraining order. DOJ seeks additional workload this will generate for its Armed Prohibited Person System.
Chapter 540 of 2024 (AB 3064, Maienschein)	\$489,000 (\$398,000 General Fund and \$91,000 Firearms Safety Account) in 2025-26 and \$156,000 (\$78,000 General Fund and \$78,000 Firearms Safety Account) in 2026-27.	Authorizes DOJ charge fees, beginning January 2026, to cover certain costs related to approving devices for its firearm safety devices roster and requires DOJ to manage the roster.
Chapter 542 of 2024 (SB 53, Portantino)	\$212,000 (\$181,000 General Fund; \$16,000 Gambling Control Fund; \$15,000 Indian Gaming Special Distribution Fund) in 2025-26 and \$80,000 (\$67,000 General Fund; \$7,000 Gambling Control Fund; \$6,000 Indian Gaming Special Distribution Fund) in 2026-27.	Adds gun storage requirements and requires DOJ to (1) inform the public of the requirements and (2) comply with the requirements itself.
Chapter 544 of 2024 (SB 899, Skinner)	\$43,000 General Fund in 2025-26.	Extends firearm and ammunition relinquishment procedures that currently apply to domestic violence restraining orders to various restraining or court protective orders. Requires DOJ to add ammunition relinquishment language to some of these orders.

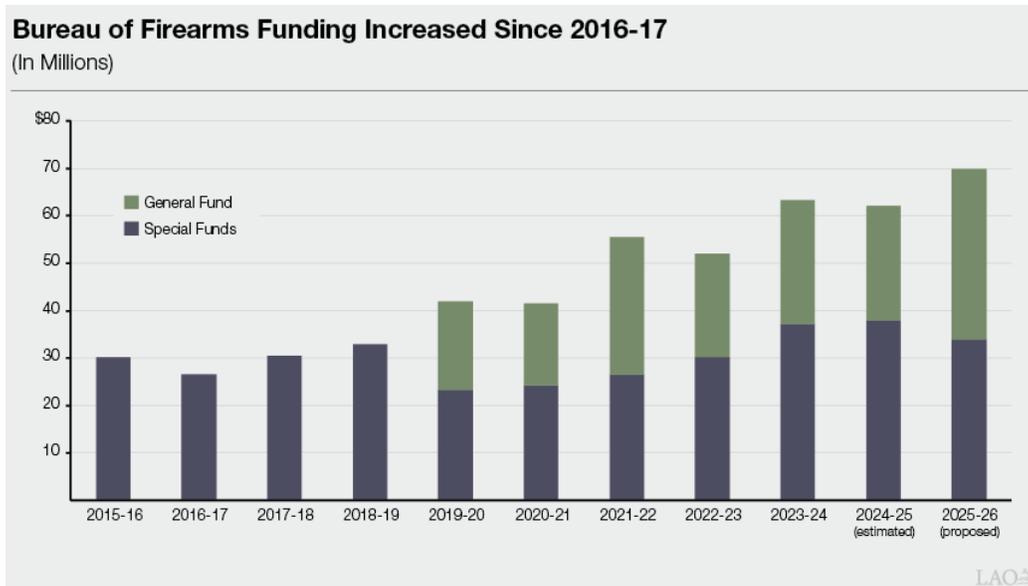
Chapter 546 of 2024 (SB 965, Min)	1 position and \$180,000 General Fund in 2025-26, declining to \$161,000 annually in 2026-27.	Requires DOJ to annually report on staffing levels for conducting firearm dealer and ammunition vendor inspections, information about each inspection conducted, and specified information about the roster of handguns DOJ maintains.
Other Proposals		
Firearms IT Systems Modernization Project (FITSM)	17 positions and \$11.4 million General Fund in 2025-26.	Resources to continue development of FITSM, including solution planning, development, procurement, evaluation, and selection for the project which replaces 17 existing firearm and ammunition databases and systems.
Carry Concealed Weapon Program	26 positions and \$3.2 million (\$2.7 million General Fund and \$519,000 Fingerprint Fees Account) annually beginning in 2025-26.	Permanent funding to address increased carry concealed weapon license workload from the elimination by the federal courts of the requirement to show good cause for such a license.
Firearms Clearance Section Workload	14 positions and \$2.2 million General Fund in 2025-26, declining to \$1.9 million annually in 2026-27.	Resources to ensure the timely completion of firearm and ammunition eligibility check workload.

Background.

The Bureau of Firearms (BOF) within the DOJ is responsible for the regulation and enforcement of the state's firearm and ammunition laws. This includes conducting background checks for individuals seeking to purchase firearms and ammunition, licensing firearm and ammunition vendors, conducting vendor compliance investigations, ensuring lawful possession of firearms and ammunition, and administering various other firearm and ammunition programs. California Justice Information Services (CJIS) also supports BOF's activities by maintaining and updating various databases, such as the Automated Firearms System, which tracks firearm serial numbers.

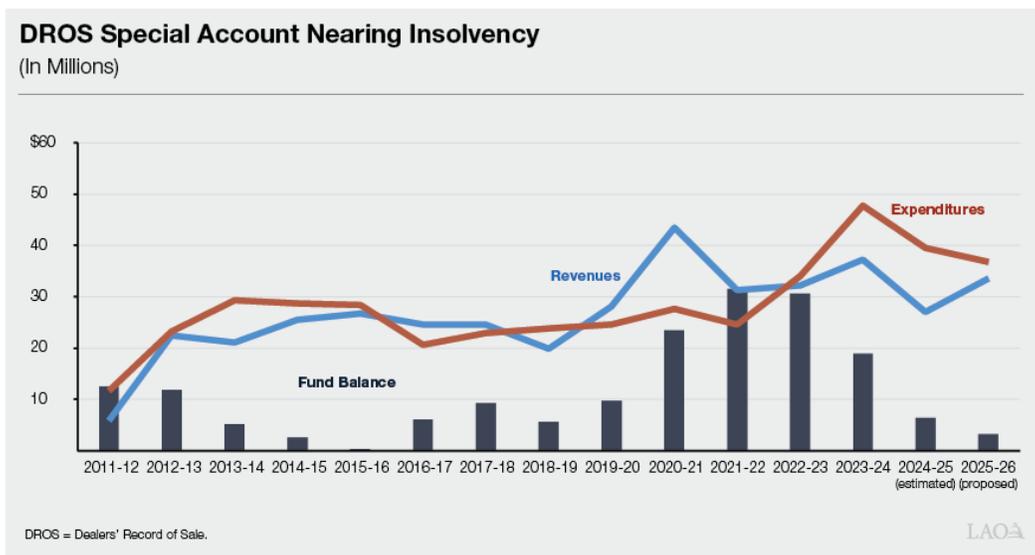
The budget for BOF has increased over the past decade, from \$30.2 million in 2015-16 to \$62.1 million in 2024-25. The share of General Fund has also increased in that time, largely to support the Armed and Prohibited Persons System enforcement teams, which seize firearms from individuals prohibited from owning or possessing them. State law authorizes DOJ to charge various fees related to firearms and ammunition that are deposited into these funds to support BOF programs and activities. There are also five firearm and ammunition-related special funds support BOF workload:

- (1) Dealers' Record of Sale (DROS) Special Account,
- (2) Firearms Safety and Enforcement Special Fund,
- (3) Firearm Safety Account,
- (4) Ammunition Safety and Enforcement Special Fund, and
- (5) Ammunition Vendors Special Account.



Source: LAO¹

DROS Special Account. The DROS Special Account is the primary special fund supporting BOF activities, as it receives the most fee revenue and has broad statutorily permissible uses. The DROS Special Account may generally be used to offset DOJ’s reasonable costs of firearm-related regulatory and enforcement activities pertaining to the sale, purchase, manufacturing, lawful or unlawful possession, loan, or transfer of firearms. As shown below, DROS Special Account revenues often fluctuate from year to year, generally reflecting changes in fee levels and the number of firearms sold. The DROS fee was increased in 2019 to ensure sufficient funds, although in recent years the fund balance has decreased again. The Governor’s budget estimates \$33.5 million in DROS Special Account revenues in 2025-26 and expenditures of \$36.7 million, resulting in a fund balance of \$3.2 million at the end of the year. The DROS Special Account may reach insolvency by 2027-28, but various changes affecting firearm purchase may impact that.



¹ https://lao.ca.gov/Publications/Report/4972#Funding_for_Firearm.2011Related_Workload

Firearms IT Systems Modernization Project (FITSM). The DOJ has 17 firearms information technology systems (see table below). These systems support the education, regulation, and enforcement actions regarding the manufacturing, sale, ownership, safety training, and transfer of firearms. Many have been implemented in a piecemeal fashion over the past four decades, largely in response to specific legislative mandates. However, this has resulted in a complicated set of databases that are not compatible and require extensive reprogramming for even minor changes. The DOJ has begun planning to update and consolidate its firearm data systems into two systems: one external and publicly accessible and one internal DOJ-only.

The FITSM project received \$2.4 million DROS Special Account in 2020-21, \$5.2 million DROS Special Account in 2022-23, \$7.5 million DROS Special Account one-time in 2023-24 and \$2.6 million ongoing, and \$3.9 million General Fund and eight positions in 2024-25 and \$1.2 million in 2025-26 and ongoing. This has resulted in ongoing resources of \$3.8 million and 23 positions (18 internal and 5 external consultant). The proposed 2025-26 budget includes \$11.4 million General Fund and 17 one-year positions in 2025-26.

Count	Firearms System Name
1	Automated Firearms System (AFS)
2	Dealer Record of Sale Entry System (DES)
3	Armed and Prohibited Persons System (APPS)
4	Dealer Record of Sale (DROS)
5	California Firearms Information Gateway (CFIG)
6	California Firearms Application Reporting System (CFARS)
7	Centralized List (CL)
8	Consolidated Firearms Information System (CFIS)
9	Firearms Certificate System (FCS)
10	Mental Health Reporting System (MHRS)
11	Mental Health Firearms Prohibition System (MHFPS)
12	Carry Concealed Weapon System (CCW)
13	Assault Weapon Registration (AWR)
14	California Firearms License Check (CFLC) System
15	Prohibited Applicant
16	Firearms Employment Application File (FEAF)
17	Ammo Processor

Concealed Carry Licenses. Since June 2022, DOJ has experienced a 34 percent increase in applications and a 15 percent increase in renewals for licenses to carry a concealed weapon (CCW license). This is primarily due to the United States Supreme Court’s decision in *New York State Rifle & Pistol Association v. Bruen*, which found that laws requiring individuals provide “good cause” to carry a concealed weapon, which California had, were unconstitutional. As part of the 2023 Budget Act, BOF received resources to support 22.0 two-year limited-term (LT) positions and CJIS with to support 5.0 one-year LT positions and 4.0 two-year LT positions to address the anticipated increase in workload. The Administration is proposing to extend the 22 BOF positions and 4 CJIS positions.

LAO Comment and Recommendation. The LAO raises no concerns with the Governor’s proposal for \$19.2 million in 2025-26 (mainly from the state General Fund)—declining to \$6.4 million ongoing beginning in 2027-28—to support 11 firearm and ammunition budget proposals as they implement legislative proposals or address increased workload. While some of the General Fund costs may statutorily be supported by the state’s firearm and ammunition special funds, the special funds are unlikely to be fiscally able to do so. Additionally, the legal landscape for what level of firearm regulatory fees are allowable is in flux and the General Fund has a limited capacity for ongoing commitments. As such, the LAO recommends the Legislature direct DOJ to provide a potential framework for determining what firearm and ammunition workload should be funded by fee revenues. Such a report could help inform legislative decision-making on how such workload could be supported in the future—including what fee levels would be appropriate and how costs should be addressed in the absence of sufficient fee revenues.

Staff Recommendation. Hold open.

Issue 4: Implementation of Legislation

Proposal. The proposed budget includes \$3.8 million in 2025-26 (\$1.3 million General Fund and \$2.6 million Special Fund) declining to \$3.5 million ongoing (\$1.1 million General Fund and \$2.5 million Special Fund) for the implementation of 13 bills chaptered in 2024.

Background. The details of the proposals are outlined below.

Chapter 287, Statutes of 2024 (SB 611, Menjivar).

- *Legislation.* This bill changed how landlords charge and disclose fees to tenants of residential rental properties, and prohibits landlords from charging certain fees.
- *Resources.* The proposed budget includes one position and \$116,000 (\$43,000 General Fund and \$73,000 from 14 special funds) in 2025-26, declining to \$106,000 (\$35,000 General Fund and \$71,000 special funds) annually beginning in 2026-27, to provide increased resources to DOJ's Public Inquiry Unit to receive and address increased workload related to members of the public seeking assistance from DOJ.
- *Comment.* This bill was keyed as non-fiscal and does not contain specific new duties for the Department of Justice. DOJ has requested a permanent position to support inquiries directed to the Public Inquiry Unit (PIU), which provides information and referrals, related to this legislation. The DOJ has not provided information about how many individuals it expects to contact PIU on issues specific to SB 611.

Chapter 782, Statutes of 2024 (SB 1161, Becker).

- *Legislation.* This bill makes more juvenile records eligible to be sealed.
- *Resources.* The proposed budget includes one position and \$340,000 General Fund in 2025-26, declining to \$217,000 annually beginning in 2026-27. The DOJ reports a need to modify existing database systems and is asking for a permanent position to provide server and operating system support.
- *Comment.* The final Senate Floor Analysis (dated 8/26/24) and the final Assembly Floor Analysis (dated 8/23/24) for this bill cited the Assembly Appropriations Committee and included the following specific sentence: "DOJ reports no fiscal impact."

Chapter 617, Statutes of 2024 (SB 1414, Grove).

- *Legislation.* This bill requires a person who is 18 years of age or older, on or after January 1, 2025, is convicted of, and who has a prior conviction for, soliciting a minor, as specified, to annually register as a sex offender for a term of 10 years if, at the time of the offense, the person was more than 10 years older than the solicited minor.
- *Resources.* The proposed budget includes \$135,000 General Fund and 1.0 position in 2025-26 and \$125,000 in 2026-27 and ongoing. CJIS maintains the California Sex and Arson Registry and requests additional resources to implement the changes to the Sex Offender Registration Act.
- *Comment.* DOJ based their workload estimates on 211 registrations annually under this bill. However, that estimate was based on all convictions under Penal Code Section 647(b), but SB 1414 only applies to a subset of those. Specifically, SB 1414 requires the registration of those charged under Penal Code 647(b)(3) who also meet additional criteria. DOJ states there were 19 people in the last five years that would have to register after meeting all criteria.

Chapter 662, Statutes of 2024 (AB 2695, Ramos).

- *Legislation.* This bill requires specified data collected by law enforcement and reported to DOJ to be disaggregated by whether an incident occurred in Indian Country, as defined.
- *Resources.* The proposed budget includes \$138,000 General Fund and 1.0 position in 2025-26, \$142,000 in 2026-27, \$129,000 in 2027-28, and \$115,000 ongoing, for both establishing the data collection system and managing the ongoing data submissions.

Chapter 849, Statutes of 2024 (AB 3218, Wood).

- *Legislation.* This bill requires the DOJ to create and maintain an Unflavored Tobacco List, using information about brand styles that manufacturers are required to provide. This bill also authorizes the DOJ to charge a fee for submission and renewal of brand styles.
- *Resources.* The proposed budget includes 4.0 positions and \$872,000 California Unflavored Tobacco List Fund in 2025-26 and \$786,000 and 4.0 positions in 2026-27 and ongoing to support the implementation and enforcement of Chapter 849, Statutes of 2024 (AB 3218). Additionally, the proposed budget includes a one-year loan of \$872,000 from the Public Rights Law Enforcement Special Fund to support the 2025-26 expenditures. This will be repaid as fees are collected, which should begin in late 2025.
- *Comment.* Manufacturers must submit the information under penalty of perjury. This proposal includes funding for 95 hours of overtime annually to process an increase in arrest fingerprints related to this bill. The DOJ did not provide information on the estimate of that workload.

Chapter 513, Statutes of 2024 (AB 2426, Irwin).

- *Legislation.* This bill generally prohibits sellers of a digital good from advertising or offering such a good for sale in particular ways to ensure that false or misleading statements are not being made about the product.
- *Resources.* The proposed budget includes one position and \$337,000 Unfair Competition Law Fund in 2025-26, declining to \$330,000 annually beginning in 2026-27.
- *Comment.* This bill was keyed as fiscal. However, neither the final Assembly floor analysis (8/8/24) nor the Senate Floor analysis (8/26/24) included a reference to potential DOJ costs in the fiscal section that cited the Senate Appropriations Committee.

Chapter 742, Statutes of 2024 (AB 2780, McKinnor).

- *Legislation.* This bill requires certain transportation providers provide advance notice and specific information to local governments regarding the disembarkation of passengers (such as whether there are passengers that arrived in the US within the past 30 days that are likely to require emergency shelter or other immediate services).
- *Resources.* The proposed budget includes one position and \$210,000 Unfair Competition Law Fund in 2025-26, declining to \$203,000 annually beginning in 2026-27.
- *Comment.* This bill was keyed as fiscal. However, neither the final Assembly floor analysis (8/27/24) nor the Senate Floor analysis (8/18/24) included a reference to potential DOJ costs in the fiscal section that cited the Senate Appropriations Committee.

Chapter 817, Statutes of 2024 (AB 2013, Irwin).

- *Legislation.* This bill requires generative artificial intelligence (AI) system or service developers publicly post certain information regarding the data used to train the system or service.
- *Resources.* The proposed budget includes one position and \$340,000 Unfair Competition Law Fund in 2025-26, declining to \$329,000 annually beginning in 2026-27.
- *Comment.* This bill was keyed as non-fiscal.

Chapter 321, Statutes of 2024 (SB 976, Skinner).

- *Legislation.* This bill prohibits operators of internet websites and apps from providing addictive feeds, as defined, and from sending notifications to minors at night and during school hours without parental consent, among other protective measures.
- *Resources.* The proposed budget includes one position and \$210,000 Unfair Competition Law Fund in 2025-26 declining to \$203,000 annually beginning in 2026-27.

Chapter 291, Statutes of 2024 (SB 942, Becker).

- *Legislation.* This bill requires businesses that provide generative AI systems to make accessible tools to detect whether specified content was generated by those systems.
- *Resources.* The proposed budget includes one position and \$340,000 Unfair Competition Law Fund in 2025-26 and ongoing.

Chapter 520, Statutes of 2024 (SB 1061, Limón).

- *Legislation.* This bill prohibits reporting medical debt to consumer credit reporting agencies, those agencies from including it in their reports, and others from relying on medical debt that appears. This bill also requires hospitals to maintain a specified records and prohibits debt collectors from engaging in certain practices.
- *Resources.* The proposed budget includes one position and \$210,000 Unfair Competition Law Fund in 2025-26 declining to \$203,000 annually beginning in 2026-27.

Chapter 1006, Statutes of 2024 (AB 1780, Ting).

- *Legislation.* This bill prohibits an independent institution of higher education from providing legacy or donor preference in admissions decisions, and requires these institutions to report to the Legislature and the DOJ regarding their compliance with the prohibition.
- *Resources.* The proposed budget includes one position and \$128,000 General Fund in 2025-26 declining to \$121,000 annually.

Chapter 261, Statutes of 2024 (AB 2655, Berman).

- *Legislation.* This bill requires large online platforms, as defined, to remove materially deceptive and digitally modified or created content related to elections, or to label that content, during specified periods before and after an election, if the content is reported to the platform, as specified.
- *Resources.* The proposed budget includes two positions and \$469,000 General Fund in 2025-26 declining to \$456,000 in 2026-27 and ongoing.

Unfair Competition Law Fund Condition. Of the proposed funding outlined below, \$1.6 million is from the Unfair Competition Law Fund. This fund was created to deposit penalties from actions or settlements pursuant to Chapter 5 (commencing with Section 17200) of Part 2 or Chapter 1 (commencing with Section 17500) of Part 3 of Division 7 of the Business and Professions Code. The money in the fund can be used by the Attorney General to support investigations and prosecutions of California's consumer protection laws. The Unfair Competition Law Fund has significant revenues and is projected to end 2025-26 with a balance of \$361.8 million.

LAO Comment and Recommendation.

The LAO identified five funding requests to implement recently enacted legislation for which no fiscal was identified for DOJ during the policy process or that was keyed as non-fiscal (as noted above; for other bills, requested resources are consistent with resources noted during the policy process). The DOJ indicated that it was a timing issue for all five bills and that a fiscal impact was ultimately provided. The LAO ultimately raises no concerns with these proposals, but noted it given the Legislature's prior and current interest in the alignment of fiscals in the budget and policy process.

Staff Recommendation. Hold open.

Issue 5: DNA Identification Fund Backfill

Proposal. The Governor’s budget reflects an ongoing backfill for the DNA Identification Fund. This includes \$46.1 million in 2025-26 (the last year of three years of limited-term funding), \$37 million in 2026-27, \$36 million in 2027-28, and \$35 million annually beginning in 2028-29. The 2025-26 budget also maintains the budget bill language allowing DOF to augment the backfill amount.

Background.

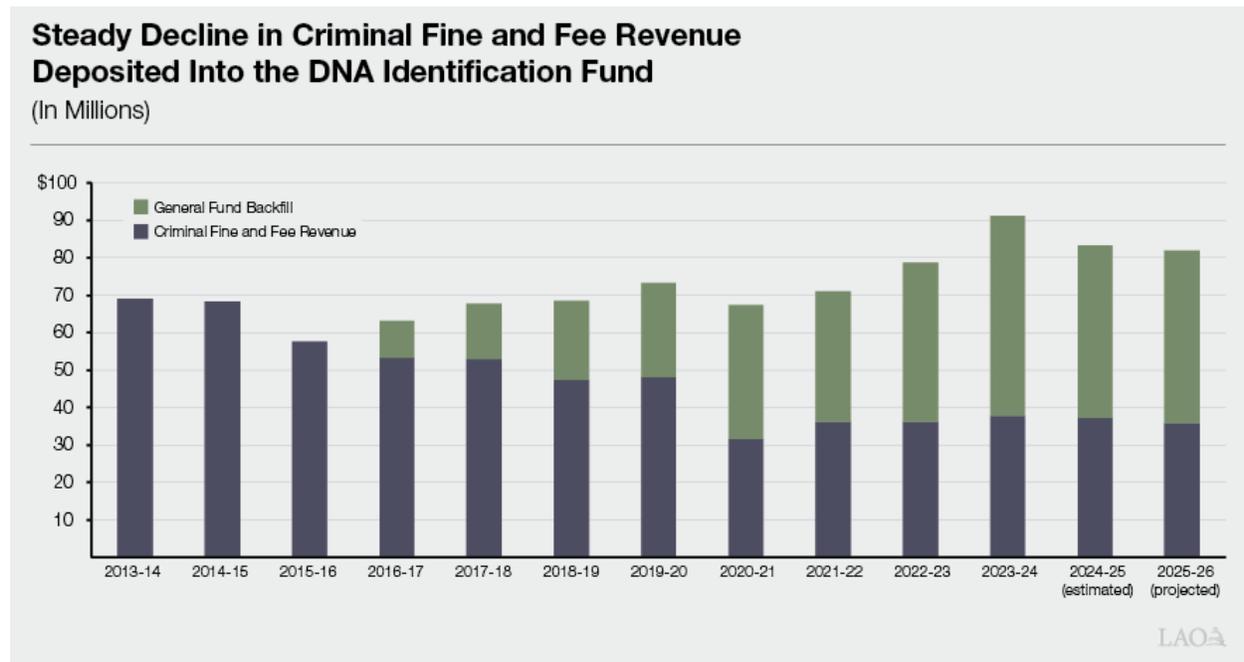
Bureau of Forensic Services (BFS) Provides Criminal Laboratory Services. BFS provides criminal laboratory services such as DNA testing, alcohol and controlled substances analysis, and on-site crime scene investigative support. Ten regional laboratories provide services generally at no charge for local law enforcement and prosecutorial agencies in 46 counties that do not have access to those services. BFS also assists the 12 counties and 8 cities that operate their own laboratories where BFS offers services their laboratories lack. (Local agencies also contract with private or other governmental laboratories for services.) Additionally, BFS provides service to various state, federal, and other entities. Finally, BFS operates the state’s DNA laboratory as well as the state’s criminalistics training institute.

Local Entities Use Most of BFS Services. In 2023-24, BFS processed 36,422 submissions. Two-thirds of the processed submissions were for county or city local government entities. About 30 percent of the workload was for state entities, with the California Highway Patrol and the California Department of Corrections and Rehabilitation being the two largest users. Additionally, usage of specific types of BFS services varies by entity. For example, state entities proportionately seek a greater share of alcohol or toxicology-related services. In contrast, counties and cities proportionately seek a greater share of controlled substances, latent print, or criminalistics-related services.

BFS Supported Primarily by DNA Identification Fund, Which Receives General Fund Backfill. BFS receives support from various sources, but primarily from the DNA Identification Fund—a state special fund that receives criminal fine and fee revenue—and the General Fund. The amount of criminal fine and fee revenue deposited into the DNA Identification Fund has steadily declined from a peak of \$69 million in 2013-14 to \$38 million in 2023-24 (a decline of 45 percent). (This is consistent with the overall trend of decreased criminal fine and fee revenue deposited into the various state and local special funds eligible to receive them. The severity of the decline deposited into a particular fund depends on various factors.)

To help address this steady decline and to maintain the level of services provided by BFS, the state has provided General Fund support to backfill the reduction in criminal fine and fee revenue deposited in the DNA Identification Fund since 2016-17. For example, the 2023-24 budget package included a three-year annual \$46.1 million General Fund backfill of the DNA Identification Fund. The budget also included budget bill language authorizing the Department of Finance to transfer additional General Fund to the DNA Identification Fund if revenues deposited into fund decline further and are insufficient to support BFS. This transfer can only occur 30 days after written notification is provided to the Legislature.

The Governor’s budget reflects an ongoing backfill for the DNA Identification Fund. This includes \$46.1 million in 2025-26 (the last year of three years of limited-term funding), \$37 million in 2026-27, \$36 million in 2027-28, and \$35 million annually beginning in 2028-29. The 2025-26 budget also maintains the budget bill language allowing DOF to augment the backfill amount. Under this language, the General Fund would be permanently responsible for backfilling the DNA Identification Fund to ensure there is sufficient funding to support BFS.



DOJ Required to Report in 2022 on Potential Funding Options Other Than General Fund. The 2021-22 budget package required DOJ to provide a report by March 10, 2022 that identified various options—other than the General Fund—to support BFS annually. The budget package specifically directed DOJ to consider an option that would require sharing costs with local agencies that make use of BFS services based on the specific type of forensic services sought, the speed of the service, the size of the agency, and any other factors DOJ chooses to include.

DOJ Report Included Five Potential Funding Options. In response to the above requirement, DOJ provided a report to the Legislature on March 10, 2022. The department identified the following options to support BFS operations: (1) a general tax increase, (2) allowing the surcharge added to criminal history background check fees to also cover BFS costs (and adjusting the surcharge accordingly), (3) increasing the specific fee added when individuals are convicted of criminal offenses which generates the revenue deposited into the DNA Identification Fund, (4) requiring the judicial branch to provide funding to support BFS as it similarly is supported by criminal fine and fee revenue and forensic science is important to courts, and (5) requiring nonlocal government entities (such as state agencies) pay for their share of BFS services. Additionally, DOJ discussed the benefits and drawbacks of various methods for implementing a cost-sharing model with local agencies. Such methods included establishing: (1) an hourly rate for services provided, (2) a flat

² https://www.lao.ca.gov/Publications/Report/4972#DNA_Identification_Fund_Backfill

fee by type of service provided, (3) a flat fee by county, and (4) a hybrid flat fee-hourly rate model. After its assessment of the cost-sharing model and alternative funding options, DOJ maintained that it believes a General Fund backfill is the best approach for supporting BFS annual operations.

LAO Comment and Recommendation.

Recommend Rejecting Requested General Fund Backfill and Requiring BFS Users to Partially Support BFS. The LAO recommends the Legislature reject the Governor’s proposal to provide an ongoing General Fund backfill—\$37 million in 2026-27, declining to \$35 million annually beginning in 2028-29—to the special fund supporting BFS to address declines in fines and fee revenues. Instead, the LAO recommends the Legislature require (1) users of BFS services to partially support BFS beginning in 2026-27 and (2) DOJ develop a plan for calculating each agency’s share of the BFS services it uses. The LAO finds this new funding structure is a better option for maintaining support for BFS as it reflects the importance of such services to state and local agencies, provides greater incentive to prioritize what workload is sent to DOJ, and minimizes the impact on the state General Fund. BFS has sufficient resources in 2025-26 to maintain service levels while this new funding structure is implemented.

Staff Recommendation. Hold open.

Issue 6: Background Investigations Unit Workload

Proposal. The proposed budget includes \$1.0 million (\$213,000 General Fund and \$790,000 Special Fund) in 2025-26 and \$931,000 (\$197,000 General Fund and \$734,000 Special Fund) and 6.0 positions in 2026-27 and ongoing to maintain the ongoing workload for the Division of Law Enforcement, Background Investigations Unit.

Background. The Division of Law Enforcement (DLE), Background Investigations Unit (BIU) is responsible for pre-employment background investigations for all DLE personnel. This includes sworn personnel (i.e. Special Agent and Security Officer classifications), non-sworn personnel such as Criminalists for the Bureau of Forensic Services, and professional staff across all DLE bureaus. These investigations are statutorily mandated, and a Commission on Peace Officer Standards and Training (POST) requirement for sworn positions. Periodically, allied law enforcement agencies also request BIU services to conduct background investigations of high-ranking officials, or if they do not have resources to conduct their own background investigations.

BIU does not have dedicated positions for this workload, and instead relies on retired annuitants, external contractors, and Special Agents within DLE to conduct background investigations. The POST requirements and DLE hiring guidelines have also expanded these investigations over time, such as requiring a bias assessment and social media checks for all candidates.

DLE is experiencing significant delays in the pre-employment background investigation process due to the lack of dedicated investigators. Currently, the average time to complete a background investigation is approximately 15 weeks, exceeding BIU's target goal of four to six weeks, as shown below. This delay can affect DLE's hiring process, and DLE has a vacancy rate nearing 30 percent. In 2023-24, DOJ had 211 candidates enter the background investigation process. Of these, 21 withdrew during the background investigation, and 35 withdrew before the investigation was initiated. BIU will finish the calendar year with approximately 221 background investigations remaining unfinished in the pipeline, which will rollover into the 2025 calendar year.

Background Investigation Unit (BIU) Workload History

YEAR	SWORN RECEIVED	SWORN WITH-DREW	SWORN COMPLETED	AVG TIME FOR COMPLETION (DAYS)	PROFESSIONAL RECEIVED	PROF. WITHDREW	PROFESSIONAL COMPLETED	AVG TIME FOR COMPLETION (DAYS)	TOTAL COMPLETED
2020	79	2	77	92	126	2	124	91	201
2021	134	9	125	123	118	11	107	123	243
2022	77	14	63	147	148	13	135	145	198
2023	44	0	44	106	176	22	154	107	198
2024*	128	5	39	107	237	15	86	111	124

Requested Resources. The proposed budget includes \$1.0 million and six permanent Special Investigator positions dedicated to conducting these background investigations. DOJ projects that this staffing will allow them to complete investigations in an average of four weeks.

Staff Recommendation. Hold open.

ITEMS FOR COMMENT-ONLY

These items will not be presented, but the Department of Finance and the Legislative Analyst's Office are available to answer questions from the subcommittee members. Public Comment may be provided on these items.

0820 DEPARTMENT OF JUSTICE

Issue 7: California Consumer Privacy Act Enforcement Workload BCP and TBL

Proposal. The proposed budget includes \$350,000 Consumer Privacy Fund in 2025-26 and 2026-27 and statutory changes to support consumer privacy enforcement workload. The California Privacy Protection Agency (CPPA) has a related proposal. These will be heard in Subcommittee No. 4.

The California Consumer Privacy Act (CCPA), as amended by Proposition 24 in 2020³, established the Consumer Privacy Fund (CPF). All proceeds from enforcement of the CCPA (e.g. administrative fines, civil penalties, and settlements) are deposited into the CPF. The purpose of the fund is primarily to offset enforcement costs. If there are leftover funds at the end of the fiscal year, 91 percent of the leftover is used as an investment, where the principal is not spent and the interest and earnings go to the General Fund. The remaining 9 percent goes to grants to promote and protect consumer privacy, educate children in the area of online privacy, and fund cooperative programs with international law enforcement organizations to combat fraudulent activities with respect to consumer data breaches. Proposition 24 allows for amendments consistent with its intent to improve its operation by a majority vote of both houses and signed by the Governor.

However, the funding for DOJ and CPPA enforcement is available upon appropriation, which the Legislature has not yet done. In addition, the Administration has raised concerns with the enforcement funding being swept into the investment and grant components at the end of each fiscal year, which may not be compatible with the timelines of enforcement action.

The proposed trailer bill language would create three sub-funds: one for CPPA enforcement, one for DOJ enforcement, and one for grants. 95 percent of collected revenues related to enforcement would be deposited into the enforcement fund for the relevant agency, and the remaining 5 percent would be deposited into the grant fund. Interest from the enforcement funds would go into the General Fund. The accompanying BCPs provide appropriations for CPPA and DOJ to access the funds in the enforcement accounts (each department would have expenditure authority of \$700,000 over two years).

Staff Recommendation. Hold open.

³ <https://vig.cdn.sos.ca.gov/2020/general/pdf/top1-prop24.pdf>

Issue 8: Fingerprint Fees Account Authority Increase and Bureau of Criminal Information and Analysis Unit Workload

Proposal. DOJ is mandated by Section 11105 of the Penal Code to function as the criminal record repository for the state, and to serve as the single point of contact for the Federal Bureau of Investigation (FBI) to provide criminal offender record information to authorized agencies for persons seeking employment, licensure, or certification. The annual volume of fingerprints submitted to DOJ for criminal background check requests has been increasing and is compounded by legislative changes. Examples include the requirement by AB 506 (Lorena Gonzales), Chapter 169, Statutes of 2021 that all administrators, employees, and volunteers of youth service organizations (e.g., Girl Scouts, Little Leagues, etc.) undergo background checks. In addition, Sections 11120 through 11126 of the Penal Code allow individuals to request copies of their own record and submit a request to challenge incomplete or incorrect criminal history information.

Application Processing. DOJ is requesting 32 positions, funded by the Fingerprint Fees Account, for the Bureau of Criminal Information and Analysis to handle the increasing volume of requests. This includes 16 positions for application processing, 6 positions to provide oversight and auditing of agencies that request background check information that are not criminal justice agencies, and 10 positions for the Record Quality Services Program, which is responsible for record review and challenge requests and researching missing and/or incomplete criminal history information.

Federal Background Checks. Some of these checks only require California-level responses, and some of them require a federal background check. For federal background checks, DOJ collects fees on behalf of the FBI, which are deposited in the Fingerprint Fees Account. The FBI invoices DOJ monthly to collect those fees. DOJ's expenditure authority from the Fingerprint Fees Account no longer covers the volume of federal transactions. In 2021-22, the DOJ received 1.5 million federal level fingerprint submissions. In 2023-24, the DOJ received 1.8 million submissions. In 2025-26, the DOJ is projected to receive over 2 million submissions. Their expenditure authority is \$15.9 million, and the projected expenditures in 2025-26 are \$22.0 million. The proposed budget includes an increase of \$5.2 million Fingerprint Fees Account in 2025-26 and ongoing for processing federal level background check fees.

Fingerprint Fees Account. This fund was created for the deposit of fees collected and to pay for expenditures incurred by the Department of Justice for providing state summary criminal history information. The Fingerprint Fees Account has a projected fund balance of \$63.5 million at the end of fiscal year 2025-26. Revenues will continue to increase as the number of transactions increases.

Staff Recommendation. Hold open.

Issue 9: Office of General Counsel Proposals

Proposal. The 2023-24 budget included the creation of the Office of General Counsel (OGC) through a net-zero realignment of \$13.8 million General Fund and 75 positions. This included \$6.2 million and 19 positions from the Civil Law Division and \$7.6 million and 56 positions from the California Justice Information Services Division.

The Governor’s budget includes two net-zero proposals to shift OGC’s legal and executive workload and information security workload from direct funding to indirect funding. These units provide department-wide services that are typically categorized as indirect costs, including mitigating legal and operational risks, supporting the various databases and criminal history records stored by the DOJ, supporting cybersecurity and information security efforts, and handling public records requests, among other duties.

An indirect cost structure means that appropriation authority will be spread across DOJ’s programs, which will then use the resources to collectively support OGC’s work. This allows funding to be more appropriately aligned with the work it is supporting, and it allows expenditures to be made out of special funds when eligible. As shown in the proposed structure tables below, these two proposals shift a total of \$9.4 million from the General Fund to various special funds.

Legal and Executive Workload

2025-26 & Ongoing Existing Funding (Restructured from Direct to Direct & Indirect) <i>(\$s in thousands)</i>	Current Structure	Proposed Structure		
	Direct Only	Direct	Indirect	Total
General Fund	\$7,263	\$0	\$2,513	\$2,513
Special Fund	\$2,298	\$2,298	\$4,750	\$7,048
Total	\$9,561	\$2,298	\$7,263	\$9,561

Information Security Workload

2025-26 & Ongoing Existing Funding (Restructured from Direct to Direct & Indirect) <i>(\$s in thousands)</i>	Current Structure	Proposed Structure		
	Direct Only	Direct	Indirect	Total
General Fund	\$10,358	\$3,150	\$2,558	\$5,708
Special Fund	\$556	\$360	\$4,846	\$5,206
Total	\$10,914	\$3,510	\$7,404	\$10,914

Staff Recommendation. Hold open.

Issue 10: License 2000 System Replacement Project

Proposal. The proposed budget includes \$1.9 million and 3.0 positions ongoing from the Gambling Control Fund and the Indian Gaming Special Distribution Fund to continue the License 2000 System Replacement Project.

DOJ's Bureau of Gambling Control (BGC) and the California Gambling Control Commission monitor the controlled gambling industry and ensure compliance with state statutes and laws, including approving and monitoring gambling licensees. DOJ is currently undertaking an IT project related to tracking BGC enforcement activities, in response to an audit in 2019⁴ and requirements imposed by AB 553 (Ramos), Chapter 533, Statutes of 2023 and other legislation.

Currently, the California Department of Technology (CDT) Project Approval Lifecycle (PAL) Stage 2 planning activities have been approved and the project was delegated back to DOJ in March 2024. On June 5, 2024, DOJ successfully awarded a contract. DOJ internally approved the delegated CDT PAL Stage 3 and Stage 4 in June 2024. The full system deployment is planned by June 2025.

This project has received:

- \$724,000 Gambling Control Fund in 2020-21.
- \$902,000 Gambling Control Fund in 2022-23.
- \$3.2 million (\$1.7 million Gambling Control Fund and \$1.5 million Indian Gaming Special Distribution Fund) in 2023-24.
- \$3.1 million (\$1.57 million Indian Gaming Special Distribution Fund and \$1.57 million Gambling Control Fund) in 2024-25.

This proposal includes ongoing funding for support staff and additional software. These resources would support annual software renewals, perform daily ongoing support and maintenance activities for system functions, user access, and changes to address problem resolution/process changes driven by changes to policies.

Staff Recommendation. Hold open.

⁴ <https://information.auditor.ca.gov/reports/2018-132/index.html>



CALIFORNIA
High-Speed Rail Authority

Program Summary Update

Budget Subcommittee #5

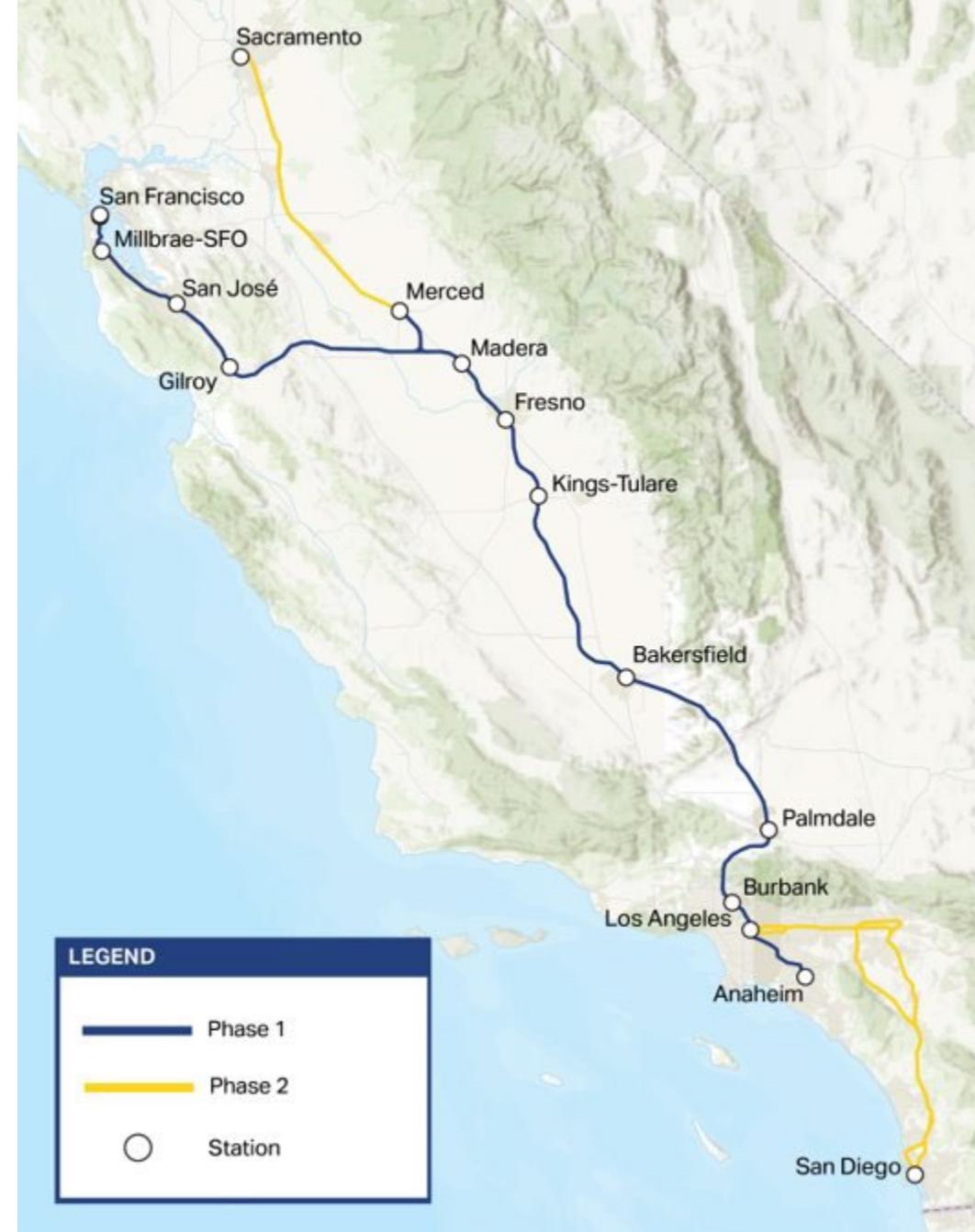
March 27, 2025

Connecting California

Program Highlights

- **Phase 1**
 - 494 Miles
 - San Francisco to Los Angeles/Anaheim
- **Phase 2**
 - After Phase 1 - Extends 300 Miles
 - Connections to Sacramento and San Diego

Up to 24 Stations



New Leadership, New Focus

Under new leadership – tighter focus on delivery:

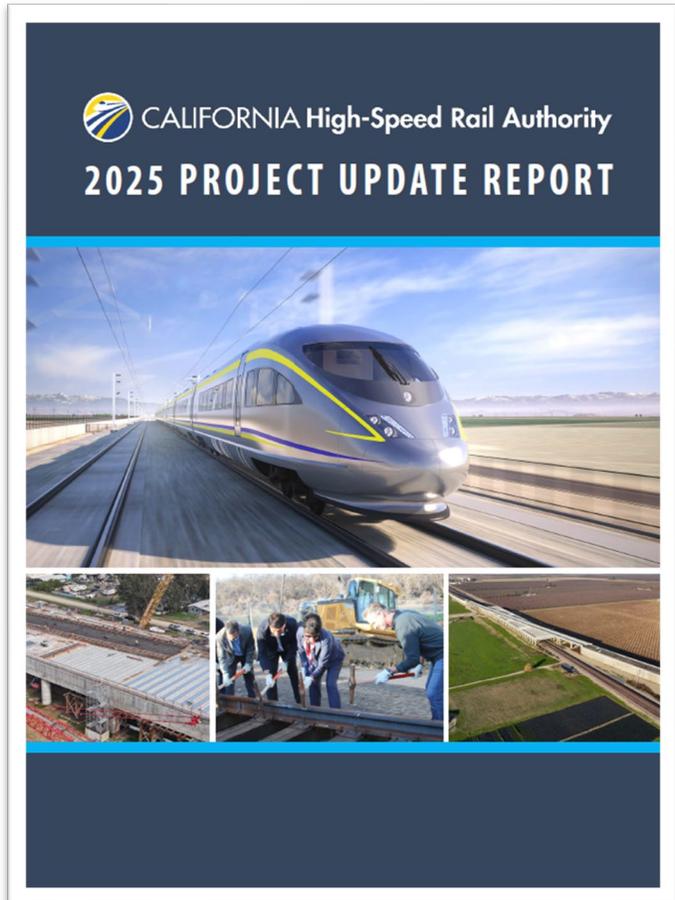
- » Analyze every aspect of this project to deliver the system efficiently and effectively
- » Engage with industry to accelerate delivery and refine our approach
- » Shift how we deliver the system by:
 - Building smarter, faster, more economically
 - Preventing costly delays
 - Structuring into a project delivery team
- » Work with legislature to provide more jurisdictional authority to CAHSRA
- » Find innovative methods to stabilize funding/financing
- » Advance development of the Southwest Region High-Speed Rail Network

Exhibit 1.0: Southwest High-Speed Rail Network Map





 CALIFORNIA High-Speed Rail Authority
2025 PROJECT UPDATE REPORT



SOUTHWEST REGIONAL HSR NETWORK

Gilroy-to-Palmdale Operating Segment in less than 20 Years,
 Connecting Caltrain in the North and Brightline West in the
 South through HDC

MAJOR PROJECT ACHIEVEMENTS

CP-4 Substantially Completed, ~15,000 Jobs Created,
 \$22 Billion Economic Activity, 463 Miles Environmentally
 Cleared

SUMMER UPDATE

New assessment of Scope, Cost, Schedule, Procurement
 Strategy, Ridership/OM, Design, and Sequencing

Program Summary Update

Central Valley

- 93 **Structures** – 53 completed (57%), 33 underway
- 119 Miles of **Guideway** – 60 completed (50%), 36 underway
- 99% **ROW** acquired, remaining parcels expected end of 2025
- 1,836 **Utility Relocations** – 1,523 completed (83%), 150 in progress
- Merced and Bakersfield **Extensions** – Design Advancing + ROW acquisition begins in 2025
- **Stations** – Design Advancing
- **Track and Systems** – Design Advancing on Track and OCS
- **Trainsets** – Active Procurement + Re-assessment

Northern Region

- Environmental Clearance – **Achieved to San Francisco** – Pending funding to advance work
- Caltrain Modernization Project – **Completed + Operational**
- 25th Ave (San Mateo) Grade Separation – **Project Completed**

Southern Region

- Environmental Clearance – **Achieved to Los Angeles** – Pending funding to advance work
- Environmental Clearance – **Expected in FY25-26** for LA to Anaheim
- Rosecrans/Marquardt Grade Separation Project – **Completion in 2025**
- LinkUS Project – EIS/EIR public review + comment period closed Aug 24, conducting preliminary field work, undergoing Value Engineering effort

Overview of the California High-Speed Rail Authority (Authority) Budget Change Proposals (BCPs) for Fiscal Year 2025-26

- **National Environmental Policy Act (NEPA) Assignment Support**
- **Operational Technology and Data Integration**
- **California High-Speed Rail Authority Office of the Inspector General Reimbursement Authority**

National Environmental Policy Act (NEPA) Assignment Support

- The Authority requests \$2.54 million and 13.0 positions in High-Speed Passenger Train Bond Funds (Proposition 1A), and associated reimbursement authority in Fiscal Year 2025-26 and ongoing, for costs associated with the renewed NEPA Assignment Memorandum of Understanding (MOU) executed with the FRA on July 22, 2024 and SB146 (*Responsibilities for NEPA on behalf of the federal government to support environmental review of rail and public transit projects*)
- The Authority is aware of currently eight projects of various sizes and complexity that local sponsors will seek to apply to the Authority for inclusion in the NEPA Assignment Program.
- Without additional resources, new NEPA workload will be a burden on the Authority's current projects. This would impact the Authority's ability to fulfill public commitments made in the 2024 Business Plan and the FRA's American Recovery and Reinvestment Act of 2009 (ARRA) Grant.

Potential Local Projects for NEPA Review

- **High Desert Corridor (HDC) Intercity High-Speed Rail Project**
 - **54-mile HSR project from Palmdale to Victor Valley**
- **Del Mar (LOSSAN Corridor) Bluffs Rail Realignment Project**
 - **Address on-going bluff erosion**
- **Merced Intermodal Track Connection Project (MTC)**
 - **Integrated HSR Merced Station with San Joaquins' cross-platform**
- **Madera High-Speed Rail Station Full-Build Project**
 - **HSR Station full build out**
- **San Jose Intermodal Station (Diridon)**
 - **New/expanded station integrating transit and HSR routes**
- **Metrolink Interlocker**
 - **Reconfigure pass-through to maintain freight and accommodate HSR at Fullerton**
- **Coachella Valley Rail Corridor**
 - **144-mile passenger service from Coachella Valley to LA Union Station**
- **Staging Tracks**
 - **Mitigation for passenger rail operations in SoCal – Caltrans lead agency for proposed relocation in Hesperia**

Operational Technology and Data Integration

- **The Authority requests \$1.16 million and 5.0 positions in Fiscal Year (FY) 2025-26 and \$1.81 million and 8.0 positions in FY 2026-27 and ongoing in High-Speed Passenger Train Bond Funds (Proposition 1A).**
- **These resources will:**
 - **Establish the standards and develop the architecture frameworks for the operational systems (technology) and data necessary for a well-integrated and efficient rail system that is ready for operations in the Central Valley between 2030 and 2033; and**
 - **Define the security requirements associated with the operational systems and integrations and develop vulnerability management, incident response, and other plans and playbooks designed to safeguard the rail system's integrity, confidentiality, and availability against intrusion and other cyber security threats.**

California High-Speed Rail Authority Office of the Inspector General Reimbursement Authority

- The Authority requests \$113,000 in High-Speed Passenger Train Bond Fund Reimbursement authority (Proposition 1A) starting in Fiscal Year (FY) 2025-26 and ongoing for costs associated with administrative services rendered on behalf of the High-Speed Rail Authority Office of Inspector General (HSR-OIG).
- Currently, the HSR-OIG utilizes HSR business services, mail services, human resources technical support, budgeting technical support, accounting services, and information technology services.
- This reimbursement authority will allow the Authority to provide ongoing support services in administrative areas and the Authority to recover hourly staff costs associated with ongoing administrative support for the HSR-OIG starting in FY 2025-26.



Questions?

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MARCH 27, 2025

High-Speed Rail 2025 Project Update Report

PRESENTED TO:

Senate Budget and Fiscal Review Subcommittee No. 5
On Corrections, Public Safety, Judiciary, Labor and
Transportation
Hon. Laura Richardson, Chair



LEGISLATIVE ANALYST'S OFFICE

Background

State Law Requires Annual Plans. State law requires the High-Speed Rail Authority (HSRA) to prepare a business plan every even year that provides certain key information about the planned high-speed rail system. State law also requires HSRA to prepare a project update report (PUR) by March 1 of every odd year that provides certain updated information, such as related to costs and schedule.

Legislature Added Additional PUR Requirements in 2022. Chapter 71 of 2022 (SB 198, Committee on Budget and Fiscal Review) expanded the required elements of the PUR to include additional information, such as specified updates on the cost and schedule for the Merced-to-Bakersfield segment. Chapter 71 also made various other statutory changes, such as creating a new High-Speed Rail Office of the Inspector General (HSR OIG) to oversee the project.

2025 PUR Released in March 2025 but Defers Some Statutory Requirements to Summer Update. HSRA released its most recent PUR on March 1, 2025 (2025 PUR). In the 2025 PUR, HSRA indicates that it is in the midst of a comprehensive review of the project. Accordingly, the department indicates it will provide a supplemental document upon the completion of its review in summer 2025. This supplemental document is anticipated to include some statutorily-required information, such as updated estimates of the Merced-to-Bakersfield segment's cost and schedule.



Major Features of the 2025 PUR

2025 PUR Largely Unchanged From 2024 Business Plan. The 2025 PUR is largely the same as the 2024 Business Plan. Specifically, the 2025 PUR:

- **Does Not Update Project Schedule.** The 2025 PUR does not provide any updates to the project’s schedule. In the 2024 Business Plan, HSRA proposed to launch interim high-speed passenger service on the Merced-to-Bakersfield segment sometime between 2030 and 2033.
- **Does Not Update Project Costs.** The 2025 PUR does not update any of the cost estimates included in the 2024 Business Plan (which were the same as the cost estimates included in the 2023 PUR). As shown in the figure on the next page, the 2024 Business Plan estimated the total cost to construct the Merced-to-Bakersfield segment and meet other local and federal obligations at \$35.3 billion.
- **Makes Minor Updates to Anticipated Funding.** The 2025 PUR updates the project’s funding assumptions to reflect actual Greenhouse Gas Reduction Fund (GGRF) revenues through November 2024 and the receipt of a \$90 million federal grant that was awarded in January 2025. With these updates, as shown in the figure on the next page, the 2025 PUR estimates total funding available to the project to be \$28.2 billion. (This estimate assumes the project will retain all awarded federal grants, including roughly \$700 million of federal funds that have not yet been obligated. It also assumes the project will receive \$1 billion annually from GGRF through 2030.)
- **Mentions New Financial Strategy, but Does Not Provide Details.** The 2025 PUR indicates HSRA plans to pursue a new financial strategy that includes: “(1) long-term sustained investment, (2) innovative financing to drive construction momentum, and (3) public-private partnerships to leverage state funds.” The PUR does not include details on this proposed strategy.



Major Features of the 2025 PUR

(Continued)

Estimated Merced-to-Bakersfield Segment Funding and Costs

(In Billions)

Projected Funding	Amount
Federal Funds	
Fed-State grant	\$3.1 ^a
ARRA grant	2.6
FY 10 federal grant	0.9
CRISI, RAISE, RCE, and other grants	0.4
Subtotal, federal funds	(\$7.0)
State Funds	
Proposition 1A	\$8.3
GGRF	7.4 ^b
Future GGRF	5.5 ^c
Subtotal, state funds	(\$21.2)
Total Funding Available	\$28.2
Merced to Bakersfield Costs^d	
Central Valley Segment	\$18.3
Merced and Bakersfield extensions	7.7
Other	9.3
Total Costs	\$35.3

^a Includes roughly \$2.4 billion in obligated funds and \$700 million in unobligated funds.

^b Received through November 2024.

^c Assumes GGRF revenues of \$1 billion annually through 2030.

^d Not updated in 2025 Project Update Report.

Fed-State = Federal-State Partnership for Intercity Rail;
 ARRA = American Recovery and Reinvestment Act;
 FY 10 = High-Speed Passenger Rail program in 2010;
 CRISI = Consolidated Rail Infrastructure and Safety Improvements;
 RAISE = Rebuilding American Infrastructure with Sustainability and Equity; Railroad Crossing Elimination = RCE; and GGRF = Greenhouse Gas Reduction Fund.



Key Issues for Legislative Consideration

No Detailed Plan to Meet Roughly \$7 Billion Funding Gap for Merced to Bakersfield. The information in the 2024 Business Plan and 2025 PUR suggests that there is a funding gap of roughly \$7 billion for completing the Merced-to-Bakersfield segment. HSRA has not put forward a specific plan to meet this funding gap.

Risk That Funding Gap Could Grow. HSRA indicates it is in the process of implementing strategies to control costs and is conducting a full program review in an attempt to identify further cost savings. These efforts might result in some cost savings. However, at this point, the level of any such potential savings is unclear. Additionally, other factors could drive growth in the project's funding gap, including: (1) potential loss of federal funds, such as those that have not yet been obligated; (2) inflation and other construction cost increases; (3) uncertainty related to assumed future GGRF revenues.

Legislature Faces Key Decisions Soon. The Legislature may need to make decisions on the project soon. This is because:

- ***HSRA OIG Has Indicated Funding Could Be Needed as Soon as 2026.*** In an October 2024 report, the HSRA OIG indicated that HSRA needs to secure funds to meet most of its identified funding gap before June 2026 to avoid negative impacts on the Merced-to-Bakersfield segment schedule. We note that the current federal administration has signaled a lack of support for the project, making additional federal grants unlikely, at least over the next four years.
- ***Decisions on Cap-and-Trade Reauthorization Might Be Made in Near Term.*** The Legislature is considering the potential reauthorization of the state's cap-and-trade program beyond its current sunset of 2030. As part of that reauthorization, the Legislature may want to consider whether it would like to retain or make changes to HSRA's continuous appropriation of 25 percent of GGRF revenues.



Key Issues for Legislative Consideration

(Continued)

Aligning Funding Availability and Needs Will Be Important. To the extent the Legislature is interested in providing additional funding to the project, considering how to best align the timing of that additional funding with the timing of the project's funding needs will be important. Timing considerations are especially critical for GGRF, as it is a funding source that is not well-suited to securitization.

Legislature Would Benefit From Additional Information for Upcoming Decisions. Having access to the most accurate, up-to-date project data—including related to cost estimates and schedules—is important to inform legislative decision making. The Legislature also should be apprised of details on HSRA's new proposed financial strategy—including the trade-offs associated with any innovative or traditional financing approaches HSRA is considering—as it weighs its options for proceeding.



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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 PUBLIC COMMENT

0521 CALIFORNIA STATE TRANSPORTATION AGENCY

Issue 1: California Office of Traffic Safety Federal Fund Authority

Governor’s Proposal. The Budget includes an increase of federal authority of \$40 million for the Office of Traffic Safety (OTS) to align with expected available federal funding. In addition, the OTS requests provisional budget bill language to allow traffic safety grant funding to be transferred between items.

Background. OTS implements competitive grant programs for traffic safety initiatives funded by the National Highway Traffic Safety Administration (NHTSA). The Infrastructure Investment and Jobs Act (IIJA) have increased the amount of funding for OTS from NHTSA in the last several years—for example, OTS saw a 22 percent increase in funding in 2022-23, and further increases in 2023-24 and 2024-25. OTS expects this trend to continue, and estimates a \$40 million increase over the next five years. This budget authority allows OTS to expend how much federal funding it expects, and the provisional language allows the office to shift funding between state operations and local assistance, depending on which type of entity (local, regional, or state) receives the competitive grant from OTS.

Staff Recommendation. Hold open.

2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION

Issue 2: Enterprise Data Governance Technology Solution

Governor’s Proposal. The Budget includes \$9.7 million in 2025-26 from the State Highway Account (SHA) for consulting services, equipment, and software to implement the enterprise data governance technology solution.

Background. This request is for the second-year implementation costs of a project currently in Project Approval Lifecycle (PAL) Stage 3 for which there was an approved increase in 2024–25 to cover the first-year implementation costs. Specifically, this solution would provide the ability to 1) assess and report on data quality, 2) manage metadata and data dictionaries that describe what a dataset represents, its limitations and its structure, 3) catalog data to enhance findability and accessibility, 4) create and execute data ETL processes to automate data preparation and interoperability activities, and 5) manage and discover data-related terminology and definitions as used by the various business areas to minimize misunderstandings when using data. The requested limited-term resources will enable implementation of the solution covering ten Caltrans corporate systems as well as the first six months of maintenance and operations, during which time Caltrans staff will onboard additional corporate systems. A follow-on request will be submitted in the future for permanent funding for positions and licensing costs for long term maintenance and operations.

Staff Recommendation. Hold open.

Issue 3: FI\$Cal Onboarding Planning

Governor’s Proposal. The Budget includes \$13.5 million one-time in 2025-26 to support the transition and onboarding to the Financial Information System for California (FI\$Cal) System.

Background. This request is a continuation of requests for resources that were approved in 2022-23, 2023- 24, and 2024-25 to onboard onto the FI\$Cal System. Resources received in 2022-23 supported 10 positions (seven in Accounting and three in IT) which completed the pre-planning onboarding phase. Resources received in 2023-24 started the onboarding process, reviewed, prioritized, and detailed functional and technical gaps with the FI\$Cal Team; completed the first phase of configuration testing; and drafted Summary Design Solutions for 9 of the 18 critical gaps identified. Resources approved for 2024-25 continue reviewing, updating, and modifying 74 interfaces of 26 legacy systems and begin reviewing system modifications that are being developed to solution critical gaps. Resources requested for 2025-26 are needed to support increased workload over the onboarding period in reviewing, analyzing, and updating business and technical gaps, business requirements and business processes, developing system interfaces, data conversion, testing, training, reporting (including review of data warehouse requirements), cybersecurity, communication, and organizational change management.

Professional consulting services resources totaling \$7,938,000 are also included in this request for Organizational Change Management consulting services to provide strategies for effecting change, controlling change, and helping staff adapt to change; Data Conversion consulting services to ensure data is successfully exported, cleansed, imported, and validated from Advantage and other Caltrans legacy systems that are being replaced by the System; Interface consulting services to build and validate the interfaces between the System and Caltrans Legacy systems; Data Reporting consulting services to address the need to develop an enterprise data warehouse and to compare Legacy Reports to System reports based on coding structures, business rules, and data element availability to create or re-engineer reports to align with mission critical needs, review Legacy Corporate Reports and determine Caltrans’ Business Intelligence needs; Testing consulting services to test interfaces, data conversion, business processes and all the new FI\$Cal system functionality that is being developed to support Caltrans’ business processes and technical needs.

Staff Recommendation. Hold open.

Issue 4: Implementation of Recently Enacted Legislation

Governor’s Proposal. The Governor’s Budget includes \$5.3 million ongoing from the State Highway Account (SHA) for 20 positions to implement AB 2086, AB 2525, SB 960, and SB 1488. Specifically, it includes the following:

- AB 2086: \$1 million ongoing for three positions and website maintenance to integrate a financial element into the California Transportation Plan, add additional project-specific performance data on projects to the Rebuilding California Website.
- AB 2525: \$190,000 ongoing for one position in Caltrans District 7 to expand the existing airspace lease program to include an emergency shelter or feeding program, a secure vehicle lot program, or any combination of those purposes with the City of Los Angeles.

- SB 960: \$4 million ongoing for 15 positions to establish a new transit priority policy, design and operational guidance, and a framework for the development of performance targets and measures for transit priority facilities on the state highway system; establish an inventory program for the development of appropriate performance targets and measures for bike and pedestrian facilities that contributes to complete streets; developing guidance for conducting and documenting equitable engagement on projects with bike and pedestrian facilities; and establish a project intake, evaluation, and review process for bike, pedestrian, and transit priority facilities, sponsored by a local jurisdiction or transit agency.
- SB 1488: \$150,000 ongoing for one position to support the increased frequency of sponsorship marketing plan submissions, address potential need for increased field enforcement and resolution of compliance challenges, as well as advocating for these displays with the Federal Highway Administration.

Staff Recommendation. Hold open.

Issue 5: Stormwater Asset Management

Governor's Proposal. The Budget includes \$35.2 million in 2025-26 and \$34.9 million in 2026-27 from the State Highway Account to perform inspections, maintenance, and repairs to its Stormwater Treatment Best Management Practices (TBMPs) as well as track their conditions and effectiveness in removing pollutants from highway runoff.

Background. The Caltrans Stormwater Management Program (SWMP) is responsible for managing stormwater runoff from the state highway system to reduce the number of pollutants that flow into the state's waterways. Caltrans works to control them in all its planning, design, construction, maintenance, and operations activities by using Stormwater TBMPs. TBMPs are permanent water quality controls used to remove pollutants from stormwater runoff prior to it being discharged from the state right of way. Caltrans is currently responsible for managing and maintaining more than 4,300 TBMPs statewide. The maintenance of a TBMP involves mowing vegetation, removing pollutants observed in the inspection, and performing minor repairs as necessary. Currently, 35 percent of the Department's active 4,342 TBMP inventory will reach their lower range lifecycle of 20 years in 2025.

Caltrans is also responsible to comply with the National Pollutant Discharge Elimination System (NPDES) permit requirements, which generally limits what the department can release into the state's waterways, and outlines monitoring and reporting requirements to ensure the pollutants do not impact the quality of the waters negatively, or the health of the people who live near and/or use the waterways. The most recent NPDES permit in 2022 included new requirements for Caltrans to implement beginning on June 30, 2025. This included requirements such as increased installations of TBMPs, trash reduction, retrofits, among others.

As such, the department requests funding for contracts for training inspection crews in the proper methods and procedures of conducting TBMP inspections rating, and database management; contract services for repairs and maintenance on TBMPs; rental vehicles to inspect, maintain, and clean TBMPs; and rental vehicle fuel. Caltrans requests two-year limited-term resources so that the department can pilot these activities and after which, the department may return with an ongoing request with a better understanding of the workload level.

Staff Recommendation. Hold open.

Issue 6: Transportation System Network Replacement

Governor’s Proposal. The Budget includes \$2.2 million in 2025-26 and \$2.5 million in 2026-27 and ongoing to maintain and operate the Transportation System Network Replacement (TSNR). The Transportation System Network (TSN) is a safety data system that collects collision data, highway inventory, traffic volumes, and other roadway data. Currently, the Caltrans TSN only includes data from the State Highway System (SHS). However, the federal government requires states to collect roadway inventory information for all public roads, and not just on the SHS. As a result, Caltrans has begun developing and planning a replacement for the TSN, beginning in 2021-22. This request includes five positions as well as ongoing maintenance and operations costs.

Staff Recommendation. Hold open.

2665 HIGH-SPEED RAIL AUTHORITY

Issue 7: California High-Speed Rail Authority Office of Inspector General Reimbursement Authority

Governor’s Proposal. The Budget includes \$113,000 from the High-Speed Passenger Train Bond Fund reimbursement authority in 2025-26 and ongoing for High Speed Rail Authority’s costs associated with administrative services on behalf of the independent Office of Inspector General, California High-Speed Rail (HSR-OIG). Given the size of HSR-OIG, certain administrative services are more cost-effective to be handled by the Authority. These types of services include business services and mail services; human resources technical support; budgeting technical support; accounting services; and information technology services. This reimbursement authority will allow the Authority to provide ongoing support for the HSR-OIG administrative functions. These services will be reimbursed at an hourly rate when services are rendered, which will be significantly more cost effective than if the HSR-OIG were to obtain the staffing required for all the administrative services required for the operations of the HSR-OIG.

Staff Recommendation. Hold open.

Issue 8: National Environmental Policy Act (NEPA) Assignment Support

Governor’s Proposal. The Budget includes \$2.5 million ongoing from the High-Speed Passenger Train Bond Funds (Proposition 1A) and associated reimbursement authority for 13 positions and costs associated with the renewed National Environmental Policy Act (NEPA) Assignment Memorandum of Understanding (MOU) executed with the Federal Railroad Administration (FRA) on July 22, 2024.

Background. In 2019, the FRA and the state of California completed a MOU for a five-year term for the High Speed Rail Authority (Authority) to assume FRA’s responsibilities as lead agency under NEPA. The NEPA Assignment MOU provided that the FRA assigns, and the State assumes, environmental review responsibilities under NEPA and other federal environmental laws with respect to projects in California’s High-Speed Rail system and projects that directly connect to stations on the high-speed rail system.

In 2024, the NEPA Assignment MOU was renewed for a 10 year period and broadened the types of local agency projects over which the Authority can take on the NEPA lead agency role. The new MOU states that eligible projects within this class may include grade separation projects on the California HSR System, and rail improvement projects connected to the California HSR System via existing rail corridors, such as the Coachella Valley Rail Corridor and the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor. The MOU enables local agencies and railroads to benefit from the state's NEPA Assignment Program. On a project-by-project basis, FRA and the Authority can agree to include a local or railroad project. This opens the door to more projects than what was possible in the original MOU. Currently, the Authority is aware of eight potential projects of various size and complexity which local sponsors will seek applying to the Authority for inclusion in the NEPA Assignment Program.

This requires the Authority to seek new staff resources as current staff are focused on the Authority's projects and fulfilling scope of the original NEPA Assignment MOU terms. Specifically, the Authority requests 13 positions to handle this new workload, with 12 positions for the Environmental Services Branch and one position for the Legal Office. These positions are proposed to be initially funded from bond funds, but the Authority reports that these costs will be reimbursed by local entities (hence requesting for reimbursement authority). Overall, this shift in NEPA to the Authority is expected to result in greater efficiency for environmental reviews and time savings for critical infrastructure projects.

Staff Recommendation. Hold open.

Issue 9: Operational Technology and Data Integration

Governor's Budget. The Budget includes \$1.2 million in 2025-26 and \$1.8 million in 2026-27 and ongoing from the High-Speed Passenger Train Bond Funds for eight positions to design the frameworks and identify the standards essential for the implementation, integration, and security of the technology required to establish train operations in the Central Valley between 2030 and 2033.

Background. The Authority's Information Technology (IT) Office currently lacks the state resources needed to effectively plan upcoming technology and digital advancements as the Authority prepares for rail operations. In addition to the track work, agreements for operational control systems, including overhead contact, train controls, electrification, etc., are all scheduled for award in 2024 and 2025. Each system has components that must be designed and integrated into a collaborative operating system (collectively referred to as "Operational Technology or OT"), which controls efficient, safe, and reliable train operations. Aligning Information Technology (IT) with Operational Technology (OT) within a unified cybersecurity framework is essential to ensure successful train operating services between 2030 and 2033.

To prepare for the implementation of numerous operational technologies in addition to supporting the existing applications, the IT Office must work closely with its rail operations partners to ensure seamless digital integration before testing begins in 2028-29. As such, the Authority request funding for five positions in 2025-26 to begin architecting the solutions, data, and cybersecurity frameworks; and collaborating with rail engineers and other subject matter experts to establish standards that are necessary to ensure a well-integrated, safe, and efficient rail system.

Staff Recommendation: Hold open.

ITEMS FOR DISCUSSION

0521 CALIFORNIA STATE TRANSPORTATION AGENCY

Issue 10: California State Transportation Agency Freight Policy Team

Governor’s Budget. The Budget includes \$603,000 ongoing from the State Highway Account, Motor Vehicle Account, and Public Transportation Account to convert three limited-term positions to permanent for the Freight Policy Team, to manage oversight and coordination of freight policy across the state.

Background. The 2022 Budget included three limited-term positions and funding for CalSTA to establish a Freight Policy Team, as part of a broader package addressing ports and supply chain issues. This package included \$1.2 billion for port and freight infrastructure, which was awarded to 15 grantees for long-term upgrades to increase the capacity to move goods throughout the state.

Prior to the Freight Policy Team, the responsibility and authority for freight policy was distributed across Caltrans, CARB, and GO-Biz. In addition, other departments, such as the California Energy Commission and the California Public Utilities Commission, are involved with programs related to the decarbonization of the freight sector. The Freight Policy Team was established to provide state leadership and coordinate with state and federal partners to advance state freight policy goals.

Currently, the CalSTA Freight Policy Team manages the State Freight Advisory Board; coordinates outreach to a diverse group of freight stakeholders representing public and private industry; develops legislative and regulatory recommendations; oversees freight related department research; applies for funding and financing; provides input into state infrastructure investment plans; and administers funding agreements. In addition, the team is beginning to manage and staff the California Freight Advisory Committee, which was previously delegated to Caltrans.

The Freight Advisory Committee advises the planning and programming of state freight-related surface transportation projects. Under CalSTA’s direction, the Freight Advisory Committee would identify and elevate emerging issues (policy, economic, operational, workforce, and technological) with California’s multimodal freight sector. It would serve as a sounding board for proposed projects, legislation, or regulations.

Staff Comments. In 2022, CalSTA originally requested ongoing funding and position authority for these three positions. However, the Legislature approved the positions on a three-year limited-term basis. This is in part to ensure the Legislature can evaluate the work of the new freight unit before approving permanent, ongoing funding. The Legislature may want to request additional information on what the Administration has learned in the last three years regarding the needs and duties of a state-level freight policy team, evidence of the necessity for and effectiveness of the team, and why ongoing resources are necessary.

Staff Recommendation. Hold open.

2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION**Issue 11: Clean California Community Cleanup and Employment Pathways Grant Program**

Governor’s Proposal. The Governor proposes \$25 million from the General Fund on a one-time basis in 2025-26 to establish a new Clean California Community Cleanup and Employment Pathways Grant Program. The program would offer competitive grants to local governments and federally recognized tribal governments for litter abatement efforts. As opposed to the previous Clean California Local Grant Program, this new program would focus exclusively on local litter abatement and would not support infrastructure-related beautification projects. The program would prioritize funding for (1) projects that create employment pathways, such as those involving partnerships with workforce development organizations, and (2) communities that are designated as Clean California Communities or are actively working toward this designation.

Background. According to the LAO:

Clean California Included Funding for Litter Abatement and Beautification Projects. The 2021-22 budget package provided roughly \$1.1 billion from the General Fund over a three-year period for Clean California, a statewide program centered around supporting litter abatement and beautification projects. The 2022-23 budget agreement committed an additional \$100 million from the General Fund that was provided in 2023-24 to augment funding for the Clean California Local Grant Program. The statewide program was administered by Caltrans and the combined \$1.2 billion was used for the following activities:

- ***State Litter Abatement (\$418 Million).*** To augment Caltrans’ ongoing litter abatement activities on the state highway system through its maintenance program.
- ***Clean California Local Grant Program (\$400 Million).*** For competitive grants to local governments for beautification and cleanup projects within public spaces and local right of ways. Beautification projects included infrastructure improvements such as art installations, graffiti removal, and landscaping. Trailer bill language—Chapter 81 of 2021 (AB 149, Committee on Budget)—guided the implementation of this new program.
- ***State Beautification Projects (\$287 Million).*** For Caltrans to implement beautification projects on the state highway system. Assembly Bill 149 guided the implementation of this new program.
- ***Program Support (\$62 Million).*** For Caltrans staff to support Clean California activities.
- ***Public Education (\$32 Million).*** For Caltrans to support a public education campaign aimed at reducing litter.

Caltrans Established the Clean California Community Designation. Along with the funded activities, Caltrans established a voluntary program to recognize certain localities as “Clean California Communities.” We note that this initiative was not directed in statute, but rather was established by the department as part of its statewide outreach and engagement for Clean California. Local governments and nongovernment entities (such as neighborhood groups and community-based organizations) can obtain this designation by applying and completing a variety of steps.

These include activities such as (1) having a local leader sign a pledge, (2) establishing an informal advisory board, (3) conducting an initial litter assessment, (4) organizing community cleanups, and (5) creating a long-term plan for keeping communities clean.

LAO Assessment.

High Bar for Approving New Proposals Under Current Budget Conditions. The Governor’s proposal to establish the new Clean California Community Cleanup and Employment Pathways Grant Program would commit a modest amount of discretionary General Fund in 2025-26. However, because our office currently estimates that the budget is roughly balanced, every dollar of new spending essentially requires offsetting reductions elsewhere in the budget. The Governor “makes room” for this proposal by making modifications to funds committed to other programs. As we discuss in our January 2025 report, [*The 2025-26 Budget: Overview of the Governor’s Budget*](#), overall, the Governor proposes \$2.2 billion in actions that would create capacity in the General Fund to support \$570 million of discretionary proposals (including this proposal), \$150 million of tax expenditures, and a larger discretionary reserve than the state typically plans. These actions include shifting nearly \$300 million in previous General Fund augmentations for climate- and environmental-related programs to instead be supported by the new Proposition 4 climate bond. While this would result in maintaining prior funding levels for these activities, it would preclude this amount of Proposition 4 funds from supporting expanded service levels or additional projects. Additionally, the budget faces a number of notable risks and uncertainties—including related to forecasted revenues, federal funding levels, and fire recovery costs—that could lead to the General Fund condition worsening over the coming months. Given this context, the Legislature will want to apply a higher bar to its review of new spending proposals than it might in a year in which the General Fund has more capacity to support new commitments. Overall, the Legislature will want to weigh the importance and value of the proposed new program against the activities to which it has already committed.

Local Litter Abatement Is Not a Core State Responsibility. The state is responsible for maintaining safe and clean conditions on its own property, such as on the state highway system. While addressing litter issues at the local level may be a worthwhile goal, it does not fall within the core responsibilities of the state—a distinction which is especially important in a budget environment with limited General Fund resources where the state may find it challenging to address its own areas of responsibility. Rather, addressing litter issues at the local level falls to local governments, which can raise funds, hire maintenance staff and solicit volunteers, and oversee practices within their own jurisdictions. Moreover, because it does not oversee local litter abatement, the state does not have a way to ascertain the magnitude of this problem. For the state highway system, Caltrans monitors data on the volume of litter collected and the number of service requests submitted by individuals related to litter. Caltrans does not collect similar data on an ongoing basis related to local streets and roads and public spaces more broadly. However, the department notes that based on discussions with local governments and feedback from the Clean California Local Grant Program, local governments continue to face persistent challenges related to litter.

One-Time Funding Unlikely to Address Persistent Issues Around Litter. One-time funding can provide short-term benefits by enabling cleanup in specific areas within a community, but it is unlikely to lead to sustained improvements without ongoing funding. The department indicates that by targeting funding to communities that are designated as Clean California Communities or are actively working toward that designation, the program can be focused on localities that have displayed a commitment to reducing litter and therefore hope to have a more enduring impact. However, this approach relies heavily on voluntary pledges that are not accompanied by long-term funding.

The department also indicates that it would require local governments to provide a match to receive this state funding. Yet, a one-time match similarly does not ensure lasting efforts to address litter.

LAO Recommendation.

Reject Funding to Establish Clean California Community Cleanup and Employment Pathways Grant Program. Given the limited General Fund available and uncertain budget context, we recommend the Legislature reject this proposal to create a new local litter abatement grant program. In our assessment, this proposal to create a new program does not meet the high bar for approving new discretionary General Fund spending because (1) local litter abatement is not a core state responsibility and (2) one-time funding is unlikely to address persistent local issues around litter. If litter abatement is an issue of high legislative priority, the Legislature could consider directing this funding to support state-level activities, such as for Caltrans’ ongoing litter abatement activities on state highways, although that too would face a number of competing priorities and likely would necessitate making modifications to other existing spending commitments.

Staff Recommendation. Hold open.

<p>Issue 12: Capital Outlay Support Transfer Authority</p>

Governor’s Budget. According to the LAO:

The department’s proposed [trailer bill language](#) seeks to remove the existing uncertainty by adding language that DOF can “increase or decrease funding appropriated to [Caltrans’] capital outlay support program using items from both the annual Budget Act and any other appropriation provided the combined adjustments total \$0.” The proposal also would maintain the requirement to notify JLBC of any adjustments DOF authorizes. The administration indicates this proposal is intended as technical “cleanup” to clarify authority for its longstanding practice and is not intending to request new or expanded abilities.

LAO Assessment.

Annual Budget Bill Language Allows Caltrans to Make Midyear Adjustments to Align Capital Outlay Staffing with Appropriate Fund Source. The California Department of Transportation’s (Caltrans’) Capital Outlay Support (COS) Program provides the staff support necessary to deliver transportation infrastructure projects, such as for engineering and design, environmental analysis, and right-of-way acquisition. Each year, the budget act includes provisional language allowing Caltrans to adjust the mix of funds allocated to the program across various budget items, provided that these adjustments result in no net changes to total program expenditures. The department makes these adjustments with the intent of aligning funding authority and sources with actual transportation project schedules and project-specific staff work. For example, within a given year, the department might increase support for the COS Program from the State Highway Account by \$15 million and decrease authority from federal funds for the program by a like amount, to reflect associated modifications in staff work for specific projects funded by those two sources. The Department of Finance (DOF) may authorize these adjustments no sooner than 30 days after notifying the Joint Legislative Budget Committee (JLBC).

Some Uncertainty Around Scope of Existing Authority. Historically, Caltrans has made these midyear COS-related budget adjustments across funds authorized through the annual budget act (budget act items) as well as those that are continuously appropriated to the department through statute (non-budget act items), reflecting the mix of fund sources the department uses to support its projects. However, the department indicates that questions have been raised about whether current law provides authority for it to make such adjustments with non-budget act items. This is because the annual budget act—through which this authority is granted—only references budget act items.

LAO Comments. Overall, we find that the rationale for the proposal is reasonable given that it provides clarity on technical adjustments the department currently undertakes. However, in our view, the proposed trailer bill language is overly broad and could authorize adjustments beyond the intended technical adjustments described. For example, the proposed language might authorize the department to adjust funding across programs outside of the COS Program, such as increasing funding for the COS Program and decreasing funding for Caltrans' Maintenance Program by a like amount.

While we do not believe this is the department's intent, the Legislature may find it beneficial to refine the proposed language to ensure it aligns more precisely with the administration's intended scope. For instance, the Legislature could modify the language to specify that adjustments can only be made within the COS Program.

Staff Recommendation: Hold open.

2665 HIGH-SPEED RAIL AUTHORITY

Issue 13: Project Update

Background. The California High-Speed Rail Authority's (Authority) mission is to plan, design, build, and operate a high-speed train system for California. The Authority is working toward three fundamental objectives:

1. Initiate high-speed rail passenger service as soon as possible.
2. Make strategic, concurrent transportation investments that will link over time and provide mobility, economic and environmental benefits at the earliest possible time.
3. Position ourselves to construct additional segments as funding becomes available.

Currently, the Authority has 119 miles of active construction in the Central Valley with dozens of active construction sites. 422 miles of the 500-mile Phase 1 system from San Francisco to Los Angeles/Anaheim have been environmentally cleared. The Authority has acquired almost all the right-of-way parcels needed for construction in the Central Valley. The design work for construction in the Central Valley is nearing fully complete.

The Governor's Budget includes \$117 million for the Authority in 2025-26. The department is primarily funded from the Greenhouse Gas Reduction Fund and the High-Speed Passenger Train Bond Fund. The proposed budget would support 517 positions.

Staff Recommendation: Hold open.

2667 HIGH-SPEED RAIL AUTHORITY, OFFICE OF INSPECTOR GENERAL**Issue 14: Department Overview and Continuing Establishment of the Office of the Inspector General, High Speed Rail**

Background. The High-Speed Rail Authority Office of Inspector General (HSRA OIG) is tasked with improving oversight and accountability of the California high-speed rail project by conducting independent, objective reviews and investigations of the High-Speed Rail Authority's planning, delivery, and operation of the project.

The Governor's Budget includes \$4.3 million for HSRA OIG in 2025-26. The department's budget is entirely funded from the Public Transportation Account. The proposed budget would support 16 positions.

During the fiscal year 2024-25, the Office released three reports thus far: the Funding Review of the Merced to Bakersfield Segment, Schedule Review of the Merced to Bakersfield Segment, and Review of Pre-Construction Activities for the Merced and Bakersfield Extensions. Moving forward, the Office anticipates reviewing the 2025 Project Update Report, as well as working on two additional reports on the Cost Controls and Estimates for Merced to Bakersfield and Procurement and Contracting.

Continuing Establishment of the Office of the Inspector General, High Speed Rail. The Budget includes \$1.3 million in 2025-26 and \$338,000 in 2026-27 and ongoing from the Public Transportation Account to continue the establishment of the Office of Inspector General, High Speed Rail (OIG-HSR). This includes:

- \$170,000 in ongoing funding for 1.0 permanent Staff Services Manager I (SSM I) to support the establishment and management the OIG-HSR's administrative functions, including recruitment, training, hiring, and procurement.
- \$17,000 in ongoing funding to increase the classification of the OIG-HSR's general counsel position from Attorney III to Attorney IV to better align the classification with the position's duties.
- \$8,000 in ongoing funding to provide the OIG-HSR access a needed legal research tool.
- \$113,000 in ongoing funding to reimburse the Authority for the administrative services it will provide pursuant a pending interagency agreement.
- \$30,000 in ongoing funding to right-size the department's operating expenses and equipment.
- \$936,000 in one-time funding in 2025-26 to support the OIG-HSR's completion of the California Department of Technology's (CDT) Project Approval Lifecycle (PAL) of two IT projects. The first project is to establish a system for confidentially receiving and investigating whistleblower complaints consistent with OIG-HSR's statutory responsibilities, and the second project is to develop a software solution to document, track, and manage the audits, inspections, and reviews performed by the OIG-HSR in its oversight of the high-speed rail project (Project).

This budget request continues the establishment of the OIG-HSR following the department's completion of extensive analysis regarding the additional resources needed to perform audit and review work, the administrative functions required to support the OIG-HSR in the fulfillment of its mission, and resources necessary to implement a confidential whistleblower complaint receipt and investigation system consistent with its responsibilities in Public Utilities Code 187032(a)(3).

Staff Recommendation: Hold open.

VARIOUS DEPARTMENTS

Issue 15: Motor Vehicle Account Fund Condition

Governor's Proposal. According to the LAO:

Fund Shift to Prevent Insolvency, Continue Existing Support for CARB Program in 2025-26. To maintain a positive MVA balance in 2025-26, the Governor proposes to transfer funds into the account from two other state accounts totaling \$166 million on a one-time basis. These transfers are intended to fully offset the estimated \$166 million that MVA annually provides to support CARB's Mobile Source Program. (That program aims to reduce emissions from on- and off-road mobile sources, such as vehicles and construction equipment.) The two components of these transfers consist of:

- ***\$85 million From the Air Pollution Control Fund (APCF).*** The proposal would transfer \$85 million from APCF to MVA. The APCF is overseen by CARB and receives revenues from fees and penalties on vehicle and non-vehicle pollution sources. The account's funds generally are used to carry out CARB's duties and functions.
- ***\$81 Million From GGRF.*** GGRF contains auction proceeds from the state's cap-and-trade program. The proposed funds to be transferred to MVA consist of \$49 million from unallocated projected discretionary GGRF revenues and \$32 million that would be "freed up" by shifting some prior planned GGRF expenditures for clean energy activities to the Proposition 4 climate bond. (More information about the climate bond fund can be found in our recent publication, *The 2025-26 Budget: Proposition 4 Spending Plan*.)

Reduces MVA Expenditures in Response to 2024-25 Budget Solutions. Through Control Sections 4.05 and 4.12, the 2024-25 budget package directed departments to identify expenditure reductions from vacancies and operational efficiencies regardless of fund source. The administration states that it has identified expenditure reductions from MVA-supported programs across CARB, DMV, and CHP totaling \$28 million in 2024-25 and \$33 million annually in 2025-26 and ongoing. While the administration has not yet provided specific details around which positions and activities it is reducing to achieve these savings—or how service levels might be impacted—it has stated that it is not reducing public safety positions at CHP. Absent these expenditure reductions, the MVA deficit in 2025-26 and future years would be larger.

Background. According to the LAO:

MVA Supports Various State Programs, Receives Revenues From Vehicle Registration Fees. MVA is the primary funding source for CHP and DMV. The account also provides some funding for the California Air Resources Board (CARB). The uses of most MVA revenues are constitutionally limited to the administration and enforcement of laws regulating the use of vehicles on public highways and roads, as well as certain other transportation activities. For 2025-26, MVA revenues are estimated to total about \$5 billion. Of this amount, over \$4 billion is projected to come from vehicle registration fees. The remainder largely is generated by other DMV fees such as driver license fees. (We note that DMV also collects various other fees at the time of vehicle registration that are not deposited into MVA, such as vehicle license fees, truck weight fees, and an additional registration fee charged to owners of zero-emission vehicles.)

Expenditures Outpacing Revenues. Since 2021-22, annual expenditures from MVA have exceeded the account's yearly revenues, resulting in a structural imbalance. Some of the major expenditure cost drivers have included (1) increased employee compensation costs which have been driven by both increases to staffing levels and growing salary and benefit costs at CHP, (2) workload related to the issuance of new driver licenses and ID cards that comply with federal standards (commonly referred to as "REAL IDs)," and (3) supplemental pension plan repayments that began in 2019-20. (These payments are related to a 2017-18 budget action that borrowed from the General Fund for a large one-time contribution to the state employee pension fund, requiring future repayment from all relevant funds that make employer pension contributions, including MVA. Over the next 30 years, MVA is expected to receive savings that outweigh these near-term loan repayment expenditures due to slower growth in employer pension contributions.)

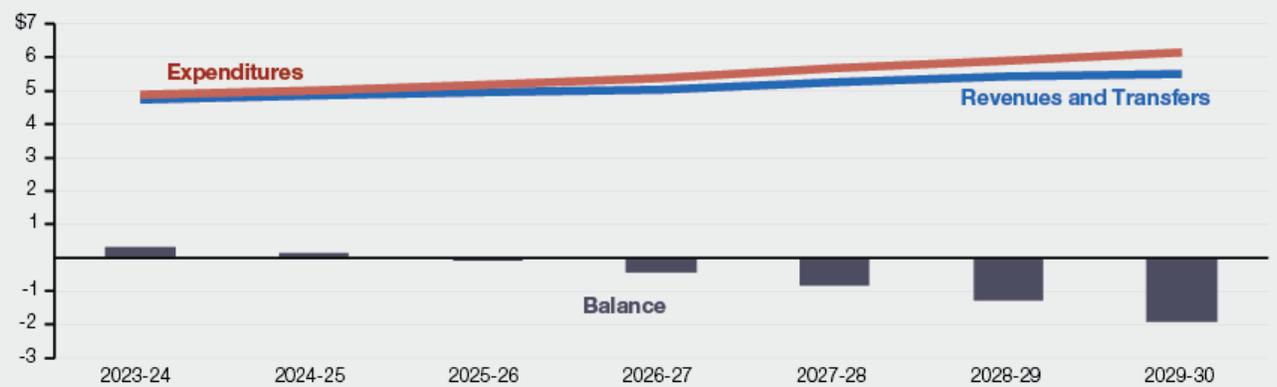
State Has Undertaken Previous Efforts to Help Address Deficits and Delay Insolvency. Over the last couple of decades, MVA has experienced periodic deficits and risks of insolvency. In response, the state has taken various actions to shore up the fund. Some of these past solutions provided temporary relief, such as the state making a one-time repayment of loans that previously were provided from MVA to the General Fund and delaying supplemental pension plan repayments to the General Fund (which temporarily reduced MVA expenditures but created additional out-year liabilities). Other actions provided longer-term solutions, including (1) ending a previous practice of transferring about \$90 million annually from MVA to the General Fund, (2) authorizing vehicle registration fees to be adjusted annually based on the percent change in the California Consumer Price Index to account for inflation, (3) shifting certain programs from MVA to other fund sources, and (4) the state recently shifting away from using up-front cash from MVA to pay for CHP's and DMV's facility needs.

MVA Projected to Become Insolvent Beginning in 2025-26. Without action, MVA is projected to become insolvent in 2025-26 with deficits increasing in future years, as shown in Figure 3. Specifically, if left unaddressed, MVA is projected to have a deficit of \$87 million in 2025-26, increasing to \$1.9 billion by 2029-30.

Figure 3

Motor Vehicle Account Facing Insolvency in 2025-26

(In Billions)



Note: Estimates reflect LAO adjustments to Department of Finance projections and do not include Governor's proposals or resulting impacts.

LAO

LAO Assessment.

Several Trade-Offs Associated With Proposal. We have identified a number of trade-offs raised by the Governor's proposed MVA transfers.

- Solves Shortfall in 2025-26 Without Impacting MVA-Supported Activities.** Based on the administration's estimated expenditures, the proposed fund transfers would provide sufficient resources to keep MVA balanced in 2025-26 without needing to make changes to service levels for MVA-supported programs or increasing fees.
- Results in Less Funding Available for Other Activities.** Shifting APCF and GGRF to MVA means that those funds are not available for other spending priorities across the budget which they typically help support. Additionally, one portion of the proposed GGRF transfer is dependent on shifting planned expenditures to Proposition 4, resulting in that amount of the bond being used to sustain existing commitments rather than to enhance state climate efforts.
- Does Not Address Underlying Problem.** The Governor's proposal represents a one-year fix but would not provide an ongoing and sustainable solution to address the MVA funding shortfall. Moreover, the shortfall is projected to grow in future years. The administration indicates that APCF will not have sufficient funds available to support MVA beyond 2025-26. MVA will remain at risk of insolvency until the state addresses the underlying imbalance between its revenues and expenditures.
- Relies on Revenue Source Subject to Uncertainty.** As we discuss in further detail in our publication, *The 2025-26 Budget: Cap-and-Trade Expenditure Plan*, GGRF revenues are subject to substantial uncertainty and are trending lower than forecasted in the current year. To the extent these declining revenue trends persist, GGRF may not have capacity to support new commitments—such as the proposed fund shift—without requiring reductions to the 2025-26 GGRF expenditure plan that was agreed to as part of the 2024-25 budget process.

Alternative Options Also Come With Trade-Offs. The Legislature could consider one or more alternative actions to keep the MVA balanced in 2025-26. However, each of these options also has associated trade-offs.

- **Use Funding From Other Sources.** Similar to the Governor’s proposal, the Legislature could consider using funding from other sources to bolster MVA. For example, the Legislature could consider a transfer from the General Fund to MVA. However, any shift would result in less funding from the transferring fund left available for other activities. Moreover, the General Fund does not currently have much capacity to take on new expenditures without impacting existing commitments.
- **Increase Revenues.** The Legislature could take steps to increase MVA revenues, such as by increasing DMV fees. For example, based on the number of cars currently registered in California, every \$1 increase in registration fees would raise about \$36 million. However, this would increase costs for businesses and households that own cars.
- **Reduce Expenditures.** The Legislature could take steps to reduce expenditures from MVA. For example, the Legislature could temporarily suspend the supplemental pension repayments. However, this would not be sufficient on its own to address the fund condition and would lead to increased cost pressures in the near future because the principal and interest for the loan still would need to be repaid by June 30, 2030. Other expenditure reductions likely would reduce DMV and/or CHP service levels, which could affect both customer service (in the case of DMV) and safety (with regard to CHP). In addition, implementing sufficient expenditure reductions in time to keep the fund balanced in 2025-26 could be particularly challenging.

LAO Recommendation.

Weigh Trade-Offs and Address 2025-26 MVA Shortfall in a Way That Best Aligns With Legislature’s Priorities. Any steps taken to address the MVA fund condition will come with trade-offs. However, given the operational funding shortfall, some action is needed in 2025-26 if the state wants to avoid significant impacts to public services. As such, we recommend the Legislature either adopt the Governor’s proposal or some alternative for the budget year. The Legislature likely will want to closely monitor evolving budget conditions over the next few months—including GGRF revenue trends—as it weighs its various options.

Develop Plan to Ensure Fund Remains Solvent. In order to remain solvent, MVA expenditures and revenues must be brought into balance. As such, we recommend that the Legislature develop a plan to address MVA’s structural deficit on an ongoing basis. To assist with developing such a plan, the Legislature could consider holding hearings this spring as part of the budget process to get a better understanding of the underlying causes of the MVA’s insolvency risk, the potential options for a long-term solution to the fund condition, and the trade-offs associated with these options.

Staff Recommendation: Hold open.

2740 CALIFORNIA DEPARTMENT OF MOTOR VEHICLES**Issue 16: Delay of Implementation of AB 3 (2021) Trailer Bill Language**

Governor's Proposal. The Budget includes trailer bill language that would delay the implementation of AB 3 until July 1, 2029.

Background. The implementation of AB 3 requires the DMV to modify its core legacy systems to accommodate a new court-ordered license suspension for those convicted of participating in sidschows. However, due to the department's existing IT workload, the programming for AB 3 cannot be completed by the scheduled implementation date of July 1, 2025.

To address this challenge, immediate action is needed to extend the due date. Delaying implementation until July 1, 2029, avoids additional cost pressures on the Motor Vehicle Account and ensures the necessary changes can be completed on a timeline that will not negatively impact ongoing modernization efforts. It also allows the DMV to avoid building a separate IT system outside its core legacy systems and instead integrate this functionality into its DXP modernization project, expected to be completed before the proposed 2029 date.

It is important to note that AB 3 is just one enforcement tool within a broader set of recently enacted legislative measures to combat sidschows.

The proposal to delay the implementation of AB 3's IT system changes does not affect these other efforts, which include:

- Chapter 501, Statutes of 2024 (AB 1978)
- Chapter 502, Statutes of 2024 (AB 2186)
- Chapter 2807, Statutes of 2024 (AB 2807)
- Chapter 504, Statutes of 2024 (AB 3085)

These recent statutes strengthen enforcement actions by allowing law enforcement to seize vehicles and apply penalties on-site, providing immediate deterrence.

Staff Comment. The Motor Vehicle Account (MVA) continues to face serious structural deficits. The Administration has indicated additional legislation is potentially at risk of being delayed in implementation as a result of the MVA fund condition. The Legislature may want to assess how the Administration is making such decisions, and how legislation implementation should be prioritized to the extent that not all can be implemented in a timely manner. In addition, it may be prudent to discuss how the identified savings from operational efficiencies and vacancy reductions will impact the DMV's ability to meet its statutory deadlines.

Staff Recommendation: Hold open.

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Thursday, April 3, 2025
9:30 a.m. or Upon Adjournment of Session
State Capitol – Room 112

Consultant: Diego Emilio J. Lopez

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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 DISCUSSION

VARIOUS DEPARTMENTS

Issue 1: State Departments' Operational Efficiencies (Control Sections 4.05 and 4.12)

Background. The 2024 Budget Act included two control sections—Control Section 4.05 and Control Section 4.12—that aimed to identify and implement efficiencies across nearly all state entities to produce ongoing budgetary savings without adverse effects on state services. Both control sections established statewide administrative exercises led by the Department of Finance (DOF) to (1) identify efficiencies and (2) eliminate vacant positions and related funding.

The budget assumed that these two exercises combined would (1) result in General Fund savings totaling \$2.9 billion (\$200 million of which was assumed from the universities) in 2024-25 and \$3.6 billion (\$774 million of which was assumed from the universities) in 2025-26 and ongoing and (2) reduce the number of vacant positions by about 10,000.

2024-25 Budget.

The 2024-25 budget included two control sections aimed at reducing General Fund state operations expenditures through efficiencies. In total, the 2024-25 budget assumed the savings from these control sections would reduce state expenditures by \$3.7 billion (\$2.9 billion General Fund) in 2024-25 and \$4.3 billion (\$3.6 billion General Fund) ongoing beginning in 2025-26. In total, these savings represent roughly 10 percent of General Fund state operations expenditures for affected departments in 2024-25.

Control Section 4.05. The enacted budget assumed General Fund savings of \$2.2 billion in 2024-25 and \$2.8 billion ongoing beginning in 2025-26 to reduce General Fund state operations expenditures by up to 7.95 percent. Although the budget assumed this level of savings could be achieved, it did not actually reduce departmental budgets by this amount. Instead, the reduction was made to the overall budget totals and remained “unallocated” to departments. The control section applied to almost all of state government, including the university systems and the state operations of the judicial branch (local assistance funding for trial courts was reduced by a similar amount outside of the control sections). Only the Legislature and Legislative Counsel Bureau were excluded from the language of the control section. Under the control section, the assumed General Fund savings would be achieved through “operational efficiencies and other cost reduction measures including, but not limited to, reorganizations, eliminations of boards and commissions, rate changes, contract reductions, elimination of excess positions, and the cancellation or postponement of information technology projects.” The control section specified that the savings would be allocated by DOF and that DOF would be responsible for determining the budgetary and accounting transactions to ensure proper implementation of reorganizations and eliminations.

Reporting Requirements of Control Section 4.05. The control section included specific requirements for the administration to report information to the Legislature. Specifically, (1) on or before October 1, 2024, DOF would notify the Joint Legislative Budget Committee (JLBC) what direction, if any, had been issued to affected state entities and the criteria DOF would use to assess

savings identified by state entities; (2) in the event that a reduction to a particular program, department, or agency exceeded 7.95 percent, DOF would notify JLBC 30 days prior to the reduction being implemented; and (3) on or before January 10, 2025, DOF would notify JLBC “how the reduction in state operations expenditures was achieved” by reporting by department and program the funding source and magnitude of any changes to departments’ budgets pursuant to the control section.

Control Section 4.12. The enacted 2024-25 budget assumed savings of \$1.5 billion (\$762.5 million General Fund) resulting from about 10,000 authorized positions being vacant in 2024-25. The control section applied to all state entities except the Legislature, Legislative Counsel, universities, and judicial branch. Like Control Section 4.05, Control Section 4.12 did not distribute savings or reduced position authority to departments. Instead, the reductions were made to the whole budget and were unallocated to departments. The budget specified that DOF would propose, as part of the Governor’s 2025-26 budget proposal, the permanent elimination of vacant positions and associated funding to make the assumed savings ongoing beginning in 2025-26.

Reporting Requirements of Control Section 4.12. The control section required DOF to report specific information to the JLBC and to the exclusive bargaining representatives of the state’s 21 collective bargaining units on January 10, 2025. Specifically, for each position proposed to be eliminated in 2025-26, DOF was required to report (1) the department and program associated with the eliminated position, (2) the job classification of the eliminated position, (3) the savings associated with the eliminated position, and (4) the total amount of savings associated with the eliminated positions.

2025-26 Budget.

Lower Savings Statewide Than Was Assumed in 2024-25... The Administration assumes that the administrative exercises conducted pursuant to Control Section 4.05 and 4.12 resulted in lower savings than was assumed as part of the 2024-25 budget. In both cases, the savings resulting from the control sections remain unallocated under the Governor’s proposal. The figure below compares the savings that were assumed in the 2024-25 budget with the savings that the Administration identified in its report to the Legislature.

Savings in Governor’s 2025-26 Budget Lower Than Assumed in Enacted 2024-25 Budget

(In Billions)

	2024-25		2025-26	
	General Fund	All Funds	General Fund	All Funds
Savings Assumed in 2024-25 Budget				
State Departments	\$2.7	\$3.5	\$2.8	\$3.6
Universities	0.2	0.2	0.8	0.8
Totals	\$2.9	\$3.7	\$3.6	\$4.3
Savings Identified in January 10, 2025 Report^a				
State Departments	\$0.8	\$1.8	\$0.7	\$1.7
Universities ^b	0.2	0.2	0.8	0.8
Totals	\$1.0	\$2.0	\$1.5	\$2.5

^aThe report also identified savings resulting from trial courts; however, these savings are not the result of Control Section 4.05 and so are not reflected in this figure.

^bRefer to analysis, *The 2025-26 Budget: Higher Education Overview*, for discussion of overall effects on universities’ budgets.

...Especially Across State Departments. The Administration identified significantly lower General Fund savings across state departments relative to what was assumed in the 2024-25 budget. The Administration indicates that it identified about \$800 million General Fund savings in 2024-25 and less than \$700 million ongoing General Fund savings beginning in 2025-26 across state departments—less than one-fourth of the \$2.8 billion in ongoing General Fund savings across state departments that was assumed in the 2024-25 budget. Across all funding sources, the Administration identified \$1.7 billion in ongoing savings resulting from the two control sections. Of this total, the Administration indicates that it was able to identify more non-General Fund savings than General Fund savings—with the General Fund representing 43 percent of the total identified savings—far below the 2024-25 budget assumption that 78 percent of the savings from state departments would benefit the General Fund. The administration also assumes that about 6,400 vacant positions would be eliminated, compared with the 10,000 assumed in the 2024-25 budget. The funding associated with these 6,400 vacant positions are more heavily funded from non-General Fund sources than the 2024-25 budget assumed. Whereas the 2024-25 budget assumed that one-half of the funding associated with eliminated positions would be from the General Fund, the administration indicates that 37 percent of the funding associated with the identified positions is from the General Fund.

Report Submitted to Legislature Lists Departments and Assumed Savings at High Level. The Administration submitted a letter to the JLBC on January 10 that included a two-page list organized by department that identified the “General Fund,” “Other Funds,” and “Total” savings identified in 2024-25 and 2025-26 pursuant to Control Section 4.05 and Control Section 4.12 for each state department, including the universities. The report did not indicate which specific programs or funding sources were affected by the identified savings. The report also included the number of positions identified for elimination; however, it provided no information as to which classifications or which programs were affected by the vacant position elimination. The California Department of Forestry and Fire Protection (CalFire) was included in the list of identified savings; however, a footnote indicated that CalFire would be exempted from the exercise and that savings would not be achieved for that department in light of the fires in Southern California.

Legislative Analyst’s Office.

We analyze and provide comments regarding the implementation of Control Sections 4.05 and 4.12 under the Governor’s proposed 2025-26 budget in the section below. Seeking efficiencies in state government always is a worthwhile effort. We find that the assumed level of savings in the proposed budget generally is more reasonable than the savings target that was included in the 2024-25 budget. That being said, the very limited information that has been shared with the Legislature to date makes it very difficult to assess the viability of the assumed savings and raises concerns that the administration will not be able to achieve the full level of savings assumed, especially in the current year.

Efficiencies in State Government

Finding Efficiencies in State Government a Good Endeavor. Control Sections 4.05 and 4.12 put forward a worthy goal for DOF to lead a statewide effort to identify budgetary inefficiencies in

state operations. Such an exercise is a meritorious endeavor in any year; however, it is particularly important to minimize unnecessary or duplicative spending when the state faces a budget problem.

Governor’s Proposal Reflects Significantly Lower—Perhaps More Reasonable—Savings From Efficiencies in Most State Departments. The report to the JLBC shows that most state departments are expected to achieve much lower levels of General Fund state operations savings than assumed in the 2024-25 budget. The identified ongoing savings represent 2.4 percent of the \$28.6 billion General Fund state operations expenditures associated with the affected departments in 2024-25. Given the exercises did not aim to reduce program service levels, achieving 2.4 percent in savings seems more reasonable than the roughly 10 percent target assumed in the budget.

Not Clear What Efficiencies Would Result in Identified Savings. We have tried to get information from some of the larger departments to better understand what types of operational changes are being implemented to achieve the identified savings. As we discuss in greater detail later, we have received limited information thus far. From the little information we have received, it seems that there may be variation in how the departments approached the exercise. Some seem to have identified true efficiencies—for example, identifying federal funds that could replace state General Fund expenditures—rather than indicating they are reducing services. Others have stated that they are unable to provide any detail at this time. Ultimately, our communications with the administration reveal that many of the details of how departments will implement the efficiencies are still under development. Moreover, whether there would be impacts on services is unknown at this time.

Lack of Information on Savings Provided to Legislature

List From Administration Does Not Fully Meet Reporting Requirements. The list of identified savings that the administration provided to the Legislature provides very high-level information and does not fully meet the reporting requirements specified under the control sections for the January 10 reports. (We note that the Control Section 4.05 October 1, 2024 reporting requirement was satisfied by the administration providing to the JLBC the instructions it sent departments in Budget Letter 24-24. The JLBC has not been notified of any departments with identified savings exceeding 7.95 percent.) There is no information about specific funding sources, affected programs, or affected job classifications as is required by the control sections.

Very Limited Information Available About How Savings Would Be Achieved From DOF... When compared with the amount of information that departments must submit to justify even small increases in their budgets (for example, the level of detail provided in budget change proposals), the two-page list to explain a multibillion-dollar adjustment to the budget that affects virtually all departments is insufficient to adequately inform the Legislature of the action. Moreover, discussions with DOF did not provide us much additional information about identified savings. DOF indicated that more information would be available in the spring, and suggested that we should ask individual departments for specific information about the actions they took to achieve the savings and the potential effects of the savings.

...Or Departments. We sent inquiries to some of the largest departments to better understand how the identified savings might be implemented. While a couple of departments provided us relatively

detailed information—for example, indicating that the savings would be achieved through hiring freezes, leveraging more federal funds, reducing general expenses (printing costs, travel, and/or discretionary training), or moving to supply more administrative services in-house—the most common response we received from departments was that DOF was working on the proposal and that more information would be available in the spring. Below, we discuss the current information gaps that we have identified and provide some of the limited information that we did receive from departments.

Limited Information From Asking Departments Directly

Cause of Variation in Savings Across Departments Unknown. When excluding the universities, the identified 2024-25 statewide savings under Control Section 4.05 is around 2 percent of 2024-25 General Fund state operations expenditures; however, there is significant variation among these departments. Some departments are identified as having no identified General Fund savings (for example, Department of Technology and the State Auditor), others are around the statewide average of 2 percent (for example, California Department of Corrections and Rehabilitation, Department of Finance, and Secretary of State), others are identified at or near the full 7.95 percent savings target (for example, the Agricultural Labor Relations Board, California Air Resources Board, and Department of Health Care Access and Information), and a handful appear to possibly exceed the 7.95 percent savings target (for example, the Tahoe Conservancy and the Citizens Compensation Commission). The rationale for the variation in the size of the savings is unclear. On the one hand, it could be that some departments were able to identify more efficiencies than others. On the other hand, because little information is available about the identified savings, it seems that departments are still working to find ways to achieve their identified level of savings making it difficult to assess whether any variation is connected to real, identified efficiencies.

Implementation of Current-Year Savings Efforts Underway. Many of the departments we communicated with indicated that they have begun implementing at least some of the operational changes that would be necessary to achieve the identified savings in the current fiscal year. However, other departments indicated that they could not share with us any information about current-year implementation of the identified savings at this time and that more information would be submitted to the Legislature in the spring.

Necessary Statutory, Regulatory, or Fee Changes Unknown. It is not known, but possible, that changes in law—whether in statute, regulations, fee structure, or other—are necessary to achieve some of the identified savings. This raises important implementation timing and oversight questions in the instances of savings being achieved in the current year. When we asked departments, they reported to us either that they did not anticipate changes were necessary or that they were reviewing whether any change would be necessary. In instances where savings have been implemented before necessary changes in law are enacted, it is unclear under what authority the savings have been implemented. In instances where savings have not yet been implemented and changes in law are required, it is unclear that there is sufficient time in the fiscal year for the changes in law to be enacted and for the savings to be implemented.

Lack of Information Raises Uncertainty Whether Administration Will Achieve the Identified Efficiencies Savings. In the few departments that provided relatively more detailed information,

it appeared that many departments identified actual efficiencies—that is, the savings would not affect services. In some cases, however, responses suggested that how efficiencies would be achieved was still under development. In these cases, impacts to service levels seems possible. Moreover, in some cases, the savings that departments have identified for 2024-25 cannot be repeated in the future. For example, multiple departments identified that the savings they identified in 2024-25 were one time in nature (contributing to the decline in savings from 2024-25 to 2025-26). In some of these cases, how the identified out-year reductions will be maintained is yet to be determined. The lack of information raises uncertainty that the identified savings necessarily are the result of identified efficiencies and whether the lower spending levels will be achieved fully in the current year or ongoing.

Assumed Savings

Exempting Departments Likely to Further Erode Assumed Savings. The list of identified savings reported to the Legislature indicated that, due to recent wildfire activity in Southern California, CalFire is now exempt from the exercise and that no savings were expected from that department. It is our understanding that other departments currently included in the report also might become exempt from the exercise due to concerns about the state’s ability to achieve savings while responding to the fires. The suggestion that these departments cannot maintain service levels while reducing their expenditures by the levels identified as efficiency savings in the report to the Legislature raises concerns that the identified savings are not true efficiencies but rather constitute cuts that could negatively affect current service levels. The report had identified about \$40 million General Fund in savings from CalFire (about 6 percent of the total identified General Fund savings). Because these savings were initially included in the Governor’s January proposal, this and any other savings or eliminated positions in the report associated with departments now exempted from the exercises would further erode the savings that were originally assumed in 2024-25.

Large Share of Assumed Total Savings From Unspecified “Other Funds.” Why non-General Fund sources reflect a majority of the identified savings is unclear. Further, with the report provided to the Legislature not identifying non-General Fund funding sources beyond labeling them “other funds,” it is not clear whether this category includes just special funds or other non-General Fund state funding sources or even nonstate sources, for example, federal funds. The administration should provide justification for any reduction to nonstate funds. (For example, lower federal funds reasonably could occur in instances where there are matching requirements that directly tie the amount of federal funds the state receives to the amount of state funds spent.)

Proposed Savings in Special Fund Expenditures Should Be Accompanied by Discussion of Effects on Charges. A special fund is created to fund a specific purpose and is supported by taxes and fees levied on payors who receive the service supported by the fund. The administration reports that it identified \$1 billion in reduced non-General Fund expenditures. We would expect any discussion of savings benefitting special funds to include a discussion of the effect, if any, lower spending from these special funds has on fees and other revenues that support the affected special funds. Based on our communications with departments, it seems that any such analysis currently is not available.

LAO Recommendations

Given the lack of information available to the Legislature, in this section we lay out our recommendation that the Legislature use the subcommittee process to solicit information from departments and to make its final determination regarding the savings assumed in the budget and the overall structure of Control Sections 4.05 and 4.12 after the administration has submitted its final report of identified savings.

Use Subcommittee Process to Provide Oversight of Identified Savings... We recommend that the Legislature use the subcommittee process to gain more clarity and increase transparency around the identified savings for each department. Similar to how a proposed budget augmentation requires justification, a budgetary reduction or savings identification also requires justification and explanation to ensure that legislative priorities are maintained. The purpose of these discussions would be to understand how the department plans to achieve the identified savings and whether the identified lower spending level is the result of efficiency gains or whether it could affect services. If services would be affected by the lower spending levels, the Legislature could use the discussion to understand if the effects on services are consistent with legislative priorities.

...Before May Revision. The administration has not provided a specific time line for its additional report on efficiencies. As such, the administration may not provide additional information until its May Revision proposal (or later). Waiting until May to understand departments plans would provide the Legislature limited time to assess the proposed savings. As such, the subcommittee hearings before May Revision could be an opportunity for the Legislature to make clear its priorities for each department as the administration determines the final savings it intends to present in the spring. The hearings also can be used to set expectations of DOF so that the Legislature can hold DOF accountable whenever it identifies the specific savings by funding source and program.

Ask Each Department Questions to Better Understand Identified Savings and Their Effects. We recommend the discussions in subcommittee hearings focus on five broad categories: (1) understanding the methodology used by the administration to arrive at the identified savings, (2) any potential effects on programs and services, (3) the effects on state law, (4) the effects on the state workforce, and (5) the implications of reducing non-General Fund sources through the exercise. In the figure below, we present questions that the subcommittees could use to direct the conversation through each of these categories. The overarching goals of these questions—and the discussion broadly—is to ensure that the Legislature is comfortable that the effects of the identified savings are consistent with Legislative priorities and intent.

Questions for Legislative Committees to Ask Affected Departments and the Department of Finance (DOF)**Budgeting Methodology**

- What information from departments did DOF review to arrive at the identified savings?
- Were departments given a target for the level of savings necessary pursuant to the control section?
- What, if any, specific instructions did departments receive related to the treatment of expenditures from the General Fund, special funds, federal funds, or other funds?
- What is the rationale for the variation in identified savings across departments?
- How were the requests for new funding in 2025-26 now before the Legislature considered in relation to the identified savings and reduced position authority under the control sections?

Programs and Services

- What operational changes, if any, will be made in order to achieve the identified savings in expenditures in the current year and ongoing?
- Has the department implemented any of the identified savings? If so, at a high level, what do they entail?
- What are the anticipated effects on programs and services once the ongoing lower spending levels are fully implemented?

State Law

- Are there any reductions already underway that may potentially require changes to statute or regulations? If so, under what authority is the administration implementing the reductions in the current year?
- Does the department anticipate that any changes in statute or regulations will be necessary in order to achieve the identified savings?
- How will the identified savings affect implementation of enacted legislation?

State Workforce

- What classifications and programs are affected by the identified elimination of vacant positions?
- Why were the identified vacant positions chosen for elimination over other vacant positions?
- What are the anticipated effects on the department's ability to fill vacancies going forward?

Affected Funding Sources

- Expenditures from what specific "other funds," if any, are expected to be reduced and by how much?
- What effect, if any, will identified savings to special funds expenditures have on fees and taxes levied to support the funds?
- Would the identified savings result in any loss of federal funds?

Staff Recommendation. Hold Open.

0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY
7100 EMPLOYMENT DEVELOPMENT DEPARTMENT
7120 CALIFORNIA WORKFORCE DEVELOPMENT BOARD
7300 AGRICULTURAL LABOR RELATIONS BOARD
7350 DEPARTMENT OF INDUSTRIAL RELATIONS

Issue 2: New Labor Agency Building Relocation

Governor’s Budget. The Governor’s budget requests \$10,359,000 and \$194,000 (reimbursements) in 2025-26, \$15,067,000 and \$93,000 (reimbursements) in 2026-27, \$16,221,000 and \$93,000 (reimbursements) in 2027-28, \$17,486,000 and \$93,000 (reimbursements) in 2028-29, and \$18,463,000 and \$93,000 (reimbursements) in 2029-30 and ongoing for the Labor and Workforce Development Agency, and the departments within it, to support the Workforce Management System, relocation and decommissioning activities, and increased lease costs associated with the move to the New Labor Agency Building (NLAB).

Background. The former Resources Building located at 1416 Ninth Street, Sacramento, is currently undergoing a comprehensive renovation and modernization, and will become the new Labor and Workforce Development Agency (Labor Agency) headquarters. The new Labor Agency building, referred to as the NLAB, will house 2,892 executives and staff from Labor Agency, Employment Development Department (EDD), Department of Industrial Relations (DIR), Employment Training Panel (ETP), California Workforce Development Board (CWDB), and Agricultural Labor Relations Board (ALRB). Currently, these entities reside in locations throughout the greater Sacramento area.

Construction on the building began in 2022 and the first occupants will begin to relocate in December 2025. The building will be Zero Net Energy, Carbon Neutral and Leadership in Energy and Environmental Design (LEED) Silver Certified. Labor Agency has designated EDD to be the lead partner in planning for the building’s occupancy. This proposal includes costs directly associated with EDD’s moving needs as well as the moving needs of other Labor Agency departments. Labor Agency departments will reimburse EDD for their proportionate share of the costs.

The 2023 Budget Act included \$5.8 million in 2023-24 and \$1.2 million in 2024-25 to begin the first phase of establishing network connectivity in the building and to bring on technical consultants to assist in project management activities related to data center infrastructure migration and provide technical expertise to properly relocate multiple technology business environments to the NLAB.

The 2024 Budget Act included \$5.7 million in 2024-25 and \$1.1 million in 2025-26 to further prepare the building for occupancy with a focus on workstation environments, an automated workforce management system, telephone systems, relocating data center server hardware and establishing a new system configuration that will connect field offices throughout the state.

The 2025-26 proposal requests funds to facilitate the movement of personnel and property into the NLAB, the decommissioning of vacated building spaces, and the ongoing costs associated with the increase in leasing costs. The figure below outlines the building project timeline:

New Labor Agency Building Project Timeline
(Includes activities associated with previous budget appropriations)

Activity	Start Date	Target End Date
Procure Consulting Services, Network, Telecommunications, Conferencing, and Local Application Delivery Services hardware from 23/24 BCP.	July 2023	Complete
Procurements from 24/25 BCP including workstation equipment.	July 2024	June 2025
Equipment Unboxing/Tagging, Configuration, Software Updates, Security Patching, and Testing (as items are received).	July 2024	June 2025
Continued collaboration between Labor Agency departments, relocation team leads and the builder to monitor progress.	July 2024	Spring 2026
Initiate the procurement process to identify a vendor for Move/Decommission Professional Services	July 2024	June 2026
Access to the facility to begin technology implementation; NLAB Information Technology production implementation for a network-ready and telecom-ready by November 2025.	March 2025	November 2025
Full access to the building and can start workstation equipment deployment and installations	November 2025	March 2026
Moving vendor and Labor Agency departments begin the relocation from existing locations to the new Labor Agency headquarters.	December 2025	Spring 2026
Decommission and disposal of office furniture and equipment related to vacated buildings	December 2025	June 2026
800 Capitol Mall Data Center Decommission	March 2026	June 2026

Source: Department of Finance

- EDD will be relocating 2,350 personnel from three locations,
- Labor Agency will be relocating 43 personnel from one location,
- DIR will be relocating 314 personnel across four divisions from three locations,
- ETP will be relocating 100 personnel from one location, CWDB will be relocating 126 personnel from one location, and
- ALRB will be relocating 35 personnel from one location.

One-time vendor costs for moving operations and decommissioning buildings are \$2,783,000 for 2025-26. This includes vendor assistance to prepare, package, tear down, relocate, and set up office equipment (files, printers, computers, monitors, chairs, etc.) and furniture from offices and conference rooms and any items that are deemed necessary for continuity of operations on day one

of the move. The decommissioning of offices and buildings that will no longer be occupied includes the teardown, removal, and disposal of modular furniture cubicles, removal of miscellaneous furniture and equipment that will not be moved to the new facility and disconnecting of electrical cables throughout every office and cubicle floors.

Workforce Management Solution. According to the Administration, due to the continued support of a hybrid telework environment, the new building will serve as the headquarters for significantly more staff than there are workstations and will feature a wide variety of shared collaboration and amenity spaces that will be able to be reserved by all building tenants through a Workforce Management System (WMS). One-time implementation costs for the WMS were included in the 2024 Budget Act. Ongoing renewal costs for WMS software are \$699,000.

Building Lease. Labor Agency departments will incur an increase in leasing costs with their relocation to the NLAB. Resources are not available to absorb these costs within existing budgets. Future lease cost estimates were based on the Department of General Services' Design/Build contractor's assessment of square footage per occupant and current rental rates per square foot, Central Plant rates and surcharges. EDD has worked closely with the Department of General Services and the build contractor to determine the future lease costs. Labor Agency departments are requesting ongoing funding to cover the future lease costs that are above their current lease costs because these increases are not currently absorbable and assume an annual four percent increase through 2029-30. Since initial occupancy occurs midyear, the first year will only include a partial year request. The costs of rent increases are:

- \$7,770,000 in 2025-26
- \$14,461,000 in 2026-27
- \$15,615,000 in 2027-28
- \$16,880,000 in 2028-29
- \$17,857,000 in 2029-30 and ongoing.

Staff Recommendation. Hold Open.

7100 EMPLOYMENT DEVELOPMENT DEPARTMENT

Issue 3: EDDNext Modernization

Governor’s Budget. The Governor’s budget requests \$124,238,000 in 2025-26, funded equally by the General Fund and the Unemployment Compensation Disability Fund, for EDD, to continue the EDDNext customer service improvement effort. These resources are intended to fund the fourth year of the modernization of EDD’s benefits systems and services – breakdown below:

2025-26 Governor’s Budget EDDNext Proposal
(In Millions)

Current IT Projects ^a	
IT Project	Requested Funding
SCP	\$8
DMS	6
Current IT Projects Subtotal	(\$14)
Current Non-IT Projects ^b	
Activity	Requested Funding
Integrated Contact Center	\$25
Fraud and Data Analytics	4
Current Non-IT Projects Subtotal	(\$29)
Supporting Functions	
Function	Requested Funding
Continuation of 2022-23 Vendor Services BCP Contracts ^c	\$32
Personal Services	26
Transformation Office	18
Other OE&E	3
CDT Oversight and Services	1
Supporting Functions Subtotal^d	(\$81)
Total Requested Funding	\$124

^aNo funding is specifically requested for the proposed ICMS/IDM IT project due to currently available 2024-25 funding and a modest delay in its procurement.

^bNo funding is specifically requested for the forms redesign and research/analysis non-IT project due to currently available 2024-25 funding and work incorporated into the proposed ICMS/IDM IT project.

^cEDD’s 2022 Vendor Services BCP included funding through 2024-25 for a number of contracts for supporting functions including, for example, automated batch review, identity risk analytics, and website managed security services.

^dDifferences in subtotal due to rounding.

EDD = Employment Development Department; IT = information technology; SCP = Shared Customer Portal; DMS = Document Management System; BCP = budget change proposal; OE&E = operating expenses and equipment; CDT = California Department of Technology; and ICMS/IDM = Integrated Case Management System/Integrated Data Management.

Background. EDD administers three large employment-related insurance programs. These include:

- Disability Insurance, short-term wage replacement for workers who are injured outside of work (and therefore not covered by workers' compensation insurance);
- Paid Family Leave, short-term wage replacement for workers to bond with new children or care for ailing family members; and
- Unemployment Insurance, the state-federal wage replacement program for workers who lose their jobs through no fault of their own.

Each year, about 1 million California workers receive a total of about \$13 billion in DI and PFL insurance benefits. Similarly, about 1 million California workers access about \$7 billion in UI benefits in a typical year. (Claims for UI tend to rise substantially during economic downturns, whereas claims for DI and PFL tend to remain relatively constant over time.) The IT systems the state uses to process incoming claims, ensure eligibility, and issue payments for these programs are aging. As a result, making technical changes to these systems to reflect legislative proposals or temporary federal policies related to UI during downturns has become increasingly complex and, in some cases, infeasible.

EDDNext Seeks to Modernize EDD. Beginning in March 2020, the state's unemployment rate sharply increased due to actions taken in response to the pandemic. As a result, EDD experienced an historic increase in UI applications that strained the department's existing IT systems and (together with other factors) led to delays in processing and payment of UI claims. In July 2020, the Governor formed a strike team to address the delays and in September 2020, the strike team released its assessment of the department's challenges in administering the UI program and its recommendations to solve them. One recommendation (of many related to EDD's outdated technology) was to restart the proposed Benefit Systems Modernization (BSM) IT project—the predecessor to EDDNext—using an incremental and iterative approach to address critical areas of need in the department's technology portfolio. (An incremental and iterative approach is one that delivers system functionalities to a department as they are developed, so a department can use and improve them over time instead of at the end of system development.) The 2021-22 Budget Act provided EDD with funds to restart the proposed BSM IT project, and the 2022-23 Budget Act funded the first year of projects in the new EDDNext portfolio.

EDDNext Is a Combination of IT and Non-IT Projects. The current EDDNext portfolio includes three IT projects that seek to modernize and/or replace existing IT systems and several non-IT projects that seek to improve the department's business processes, customer service, and information security. The figure below provides a summary of these current IT and non-IT projects.

Summary of the Current EDDNext Portfolio of IT and Non-IT Projects

Current IT Projects	
IT Project	Description
DMS	This approved IT project seeks to develop and implement a new system that captures, processes, and manages the large number of documents used by the department's programs. ^a Improved business processes, together with new technology and tools, are expected to make DMS a more flexible, reliable, and secure system than the existing document management system(s).
ICMS/IDM ^b	This proposed IT project seeks to replace the department's legacy claims management systems for its programs with a new claims management system. ^c This system also will integrate with a modern data management system that uses external and internal data sources to help facilitate program claims processing.
SCP	This approved IT project seeks to develop and implement an improved online portal for customers to log in and access their program benefits. ^d EDD implemented the first phase of this project in June 2023, and later provided six additional language options on the portal in 2023-24. The scope of the second phase of this project is being consolidated into the proposed ICMS/IDM IT project, after which this project will enter maintenance and operations.
Current Non-IT Projects	
Non-IT Project	Description
Forms Redesign and Research/Analysis	This project seeks to categorize, analyze, and prioritize program forms for improvement and/or re-design by creating a inventory of current forms for design work that is part of the proposed ICMS/IDM IT project, and making forms more usable through business process improvements and use of customer analytics data by, for example, using fewer questions and/or simpler language.
Fraud and Data Analytics	This project seeks to enhance the information security of the department's programs and prevent fraud through (among other enhancements) the deployment of tools to detect and mitigate cyberattacks, the integration of the department's event logging and management solution into EDDNext IT projects and systems, and the use of real-time identity proofing.
Integrated Contact Center	This project seeks to modernize the department's contact center through (among other improvements) additional self-service options, enhanced voice recognition, and multi-language functionality. Some of the stated goals of the integrated contact center include improved customer experience, reduced wait times, and streamlined business processes to better serve program claimants.
<p>^aAn approved IT project has completed all four stages of the state's IT project approval process—the PAL process.</p> <p>^bEDD combined the formerly separate ICMS IT project and IDM IT project into the currently proposed ICMS/IDM IT project in 2023-24.</p> <p>^cA proposed IT project is still completing at least one stage of the state's PAL process.</p> <p>^dThe California Department of Technology initially delegated the SCP IT project back to EDD, but later required approval of a Special Project Report (that is, an updated project plan) and independent project oversight once the scope of the second phase of the project was approved.</p> <p>EDD = Employment Development Department; IT = information technology; DMS = Document Management System; ICMS/IDM = Integrated Case Management System/Integrated Data Management; SCP = Shared Customer Portal; and PAL = Project Approval Lifecycle.</p>	

Majority of Funding Approved for EDDNext Available for IT Projects in 2024-25... As of January 2025, the estimated total cost of the EDDNext portfolio is \$1.258 billion, approximately half of which is General Fund. Through 2024-25, \$661 million (\$330 million General Fund) has been approved by the Legislature specifically for EDDNext. As of January 2025, \$415 million is available in 2024-25 to fund current EDDNext projects, as well as pay for services and tools that are used by all projects such as the Transformation Office. (The Transformation Office provides centralized services that support, for example, change management, project management, vendor procurement, and other functions.) The figure below provides a breakdown of available funding in 2024-25 by current IT project, non-IT project, and supporting function.

Available Funding for EDDNext Costs in 2024-25

(In Millions)

Current IT Projects	
IT Projects	Available Funding
ICMS/IDM	\$193
SCP	54
DMS	19
Current IT Projects Subtotal^a	(\$267)
Current Non-IT Projects	
Non-IT Projects	Available Funding
Fraud and Data Analytics	\$31
Integrated Contact Center	24
Forms Redesign and Research/Analysis	4
Current Non-IT Projects Subtotal^a	(\$60)
Supporting Functions	
Function	Available Funding
Transformation Office	\$58
Personal Services	23
CDT Oversight and Services	4
Other OE&E	3
Supporting Functions Subtotal	(\$88)
Total Available Funding	\$415

^aDifferences in subtotals due to rounding.

EDD = Employment Development Department; IT = information technology; ICMS/IDM = Integrated Case Management System/Integrated Data Management; SCP = Shared Customer Portal; DMS = Document Management System; CDT = California Department of Technology; and OE&E = operating expenses and equipment.

...and IT Projects Likely Source of Remaining EDDNext Costs in Outyears. Most of the remaining \$597 million in costs to complete the EDDNext portfolio (of the estimated \$1.258 billion as of January 2025) will come from its three IT projects—and namely the proposed ICMS/IDM IT project. It is also possible that the ICMS/IDM IT project will exceed cost estimates, and thereby increase the total cost of EDDNext. This is because the ICMS/IDM project must still complete its procurement(s) and awards a vendor contract(s) through the state’s IT project approval process—the Project Approval Lifecycle (PAL). (A nearby text box provides some background information on the state’s PAL process.) The figure below provides the most recent total cost for each of the three current EDDNext IT projects, as well as their start and end dates.

Proposed ICMS/IDM IT Project Most of Remaining EDDNext Portfolio Cost

(In Millions)

IT Project	Total Cost	Start Date	End Date
ICMS/IDM ^a	\$835 ^b	June 2025	June 2029
SCP	222 ^c	June 2022	June 2025
DMS	106	June 2024	June 2027

^aThe total cost, start date, and end date of this proposed IT project is based on market research conducted as part of its Stage 2 Alternatives Analysis during the Project Approval Lifecycle. Therefore, it is subject to change once the project’s procurement activities are completed and its Stage 4 Project Readiness and Approval is approved by the California Department of Technology.

^b\$73 million of the \$835 million is for planning activities for the previous iteration of EDDNext—the Benefit Systems Modernization IT project. Also, an additional \$75 million is specifically program-related costs.

^cThe total cost of the SCP IT project includes the scope of the second phase of the project, which is being consolidated into the proposed ICMS/IDM IT project. A Special Project Report will update this project’s total cost and transition it into maintenance and operations.

ICMS/IDM = Integrated Case Management System/Integrated Data Management; IT = information technology; EDD = Employment Development Department; SCP = Shared Customer Portal; and DMS = Document Management System.

Provisional BBL Used for Legislative Oversight of EDDNext. In both the 2023-24 Budget Act and 2024-25 Budget Act, the Legislature adopted provisional BBL that (1) provides two fiscal years to encumber and/or expend project funding; (2) submit an expenditure plan for DOF approval and JLBC review before one-quarter of project funding is released to EDD; and, (3) submit a quarterly progress report to DOF and the Legislative Analyst’s Office.

Legislative Analyst's Office.**Assessment**

EDD Continues to Make Progress on EDDNext... The department continues to advance both the IT and non-IT projects in its EDDNext portfolio. For example, phase one of the Shared Customer Portal (SCP) IT project created a new online portal for workers to log into and access their DI, PFL, and UI benefits in six new languages (in addition to English and Spanish). Also, EDD is nearing completion of forms redesign and research/analysis, fraud and data analytics, and integrated contact center non-IT projects at the end of 2025-26, and nearing its approval of the proposed ICMS/IDM IT project through CDT's PAL process in the summer of 2025. The department's forward momentum towards completion of EDDNext is encouraging.

...But A Number of Changes in 2024-25 Raise Questions About Strength of Legislative Oversight. Despite its encouraging progress, in 2024-25, the department made a number of changes to the three current IT projects within the EDDNext portfolio that suggests a need to consider whether the current legislative oversight through provisional BBL is sufficient:

Consolidation of Second Phase of SCP Into Proposed ICMS/IDM IT Project. On August 29, 2024, EDD entered into a vendor contract for the second phase of the SCP IT project. However, more than two weeks earlier on August 12, 2024, the department had already released a request for proposals for the proposed ICMS/IDM IT project that included the requirements from the second phase of SCP. EDD did not cancel the vendor contract until a month and a half later on October 11, 2024, noting the benefits of SCP's second phase would be limited given the overlap with the ICMS/IDM IT project schedule. EDD then requested redistribution of the 2024-25 funding allocated for SCP to instead cover integrated call center licensing and SCP maintenance and operation costs. This redistribution was possible because EDD knew the second phase requirements would be included in the cost, schedule, and scope of ICMS/IDM (though additional information will be available about the impact of this decision when ICMS/IDM completes the PAL process).

Modest Delay in Procurement of Proposed ICMS/IDM IT Project. In the 2024-25 Budget Act, the Legislature approved a total of \$141 million for the proposed ICMS/IDM IT project expecting the project would begin development and implementation in 2024-25. While the department still expects the proposed IT project will complete the PAL process at the end of 2024-25, EDD also acknowledges that the project start date could extend into 2025-26 and identifies the loss of approved 2023-24 funding as a project risk. As of January 2025, the project is in active negotiations with potential vendors, and it remains unclear whether there will be a delay in the project start date. Nearly all of the funding approved in 2024-25 remains available with no additional funding requested for the proposed IT project in 2025-26. With the project start date in question and a possible extension of planning into 2025-26, the Legislature may not have a complete project plan available to review during the 2025-26 budget process for the most complex, costly IT project in the EDDNext portfolio.

Other Underspending and Shifting of Funds Between EDDNext IT and Non-IT Projects. In 2023-24, \$105 million of the \$198 million approved for IT and non-IT projects in the EDDNext

portfolio was reallocated, largely due to consolidation of IT project scope into the proposed ICMS/IDM IT project and underspending on support functions provided by the Transformation Office. In 2024-25, \$60 million of the \$327 million approved was reallocated, again primarily due to consolidation of IT project scope. While the reallocation of funding between IT and non-IT projects is not a problem unto itself, it does raise questions about how appropriations the Legislature is asked to approve are ultimately calculated, allocated, and spent. The Figure below provides a summary of the reallocated funding in 2023-24 and 2024-25.

Significant Amount of EDDNext Funding Reallocated in 2023-24 and 2024-25

(In Millions)

Description	2023-24				2024-25			
	Starting Appropriations	Reallocations		Final Allocations	Starting Appropriations	Reallocations		Final Allocations
		(+)	(-)			(+)	(-)	
Current IT Projects								
ICMS	\$7	\$46	—	\$52	\$109	\$32	—	\$141
SCP - Phase 1	18	27	-\$1	45	24	16	—	40
DMS	11	—	—	11	19	—	—	19
IDM	46	—	-\$46	—	32	—	-\$32	—
SCP - Phase 2	27	—	-\$27	—	11	—	-\$11	—
Current IT Projects Subtotal	(\$109)	(\$73)	(\$-74)	(\$108)	(\$195)	(\$48)	(\$-43)	(\$200)
Current Non-IT Projects								
Fraud and Data Analytics	\$9	—	—	\$9	\$32	—	-\$5	\$27
Integrated Contact Center	1	\$28	—	29	10	\$4	—	14
Forms Redesign and Research/Analysis	3	—	—	3	—	2	—	2
Current Non-IT Projects Subtotal	(\$13)	(\$28)	—	(\$41)	(\$42)	(\$6)	(\$-5)	(\$42)
Supporting Functions								
Transformation Office - Services	\$46	—	-\$23	\$23	\$54	—	-\$5	\$49
Personal Services	22	—	-\$5	17	27	—	-\$4	23
Transformation Office - Tools	1	\$4	—	5	3	\$3	—	6
CDT Oversight and Services	1	1	—	2	1	3	—	4
Other OE&E	5	—	-\$3	2	5	—	-\$3	3
Supporting Functions Subtotal	(\$76)	(\$4)	(\$-31)	(\$49)	(\$90)	(\$6)	(\$-12)	(\$85)
Total Appropriations, Reallocations, and Allocations	\$198	\$105	-\$105	\$198	\$327	\$60	-\$60	\$327

³This allocation in 2024-25, together with \$88 million in remaining funding from 2023-24, equals the total available funding in 2024-25 shown in Figure 2.

EDD = Employment Development Department; IT = information technology; ICMS = Integrated Case Management System; SCP = Shared Customer Portal; DMS = Document Management System; IDM = Integrated Data Management; CDT = California Department of Technology; and OE&E = operating expenses and equipment.

Current Provisional BBL Only Provides Visibility Into Past EDDNext Decisions. The current provisional BBL not only provides extended encumbrance and expenditure deadlines that allow for significant reallocations of appropriated funding, but also provides a relatively limited view into how these and other EDDNext decisions were made. Expenditure plans are submitted more than halfway through a fiscal year with reallocations between IT and non-IT projects already approved, by DOF, and quarterly progress reports provide no substantive information about progress towards completion of EDDNext aside from high-level summaries and IT project approval letters.

Recommendations

Approve Requested Funding in 2025-26. We recommend the Legislature approve the requested funding for current EDDNext IT and non-IT projects in the 2025-26 Governor’s Budget.

Adopt Additional Oversight Tools in 2025-26. With the potential uncertainty of the budget condition in 2025-26, the most complex and costly IT project in the EDDNext portfolio on the horizon, and a number of other EDDNext projects reaching critical milestones in 2025-26, the Legislature’s adoption of more oversight tools that are commonly used for large IT projects is warranted. We recommend the Legislature amend the provisional BBL for EDDNext proposed in the 2025-26 Governor’s budget in four ways:

Remove Extended Encumbrance and Expenditure Deadlines. Consistent with best practice for other IT projects, we recommend the Legislature require annual budget requests without extended encumbrance and expenditure deadlines in 2025-26 and future fiscal years. Review of annual budget change proposals without significant reallocations between IT and non-IT projects will allow the Legislature to better oversee progress towards completion of EDDNext.

Build In Legislative Review of Final Project Plan for Proposed ICMS/IDM IT Project. Given the modest procurement delay of the proposed ICMS/IDM IT project and its potential to push CDT approval through the PAL process into early 2025-26, we recommend the Legislature require 30-day written notification of the JLBC once Stage 4 Project Approval and Readiness documentation for this project is approved by CDT. This notification requirement is consistent with a number of other IT project budget proposals that expected to finish planning in the fiscal year for which they are requesting or receiving development and implementation funding. (An example is the California State Payroll System [CSPS] IT project which, in provisional BBL the Legislature approved in 2024-25, provided for 45-day written notification of the JLBC after Stage 4 Project Approval and Readiness approval.) Given the anticipated complexity and cost of the proposed ICMS/IDM IT project and its importance to the EDDNext portfolio, this additional level of legislative review is needed.

Require CDT to Provide Bimonthly Independent Project Oversight Reporting on EDDNext Portfolio. We recommend the Legislature require that CDT, as the control agency charged with independent oversight of IT projects, publish oversight reports reviewing the entire EDDNext portfolio every other month. The absence of portfolio-level reports limits understanding of how decisions made by department and project leadership—such as the consolidation of IT project scope—impact each EDDNext project. Bimonthly portfolio-level reporting is already provided by CDT for other comparable IT project portfolios, such as the Department of Health Care Services’ Medi-Cal Enterprise Systems Modernization effort, and would be similarly useful for legislative oversight of EDDNext.

Require Quarterly Legislative Staff Meetings. We recommend the Legislature require EDD to provide quarterly meetings with CDT, DOF, and legislative staff to review current EDDNext project progress. In particular, quarterly meetings would allow the Legislature to monitor whether the proposed ICMS/IDM IT project is on time, on track, and within budget. Quarterly legislative

staff meetings are common practice for complex and costly IT projects such as the Child Welfare Services – California Automated Response and Engagement System and CSPS.

Staff Recommendation. Hold Open.

Issue 4: Unemployment Insurance & Federal Debt Repayment Overview

Governor’s Budget. The Governor’s budget includes \$643.3 million General Fund one-time to pay the annual interest payment on the state’s Unemployment Insurance loan balance.

Background. California’s Unemployment Insurance program provides temporary income for eligible workers who lost their job (or had hours reduced) through no fault of their own. Workers can receive \$40 to \$450 each week, depending on their earnings over the previous 18 months. As of December 2024, California had an unemployment rate of 5.5 percent and 18,129,000 payroll jobs reported.

In recent years, California’s Unemployment Insurance program experienced processing delays for applications, especially as pandemic-era related claims overwhelmed the state. The situation has improved; the department is reporting that 80.6 percent of claims are being paid within the first week of action. While over 45,000 claims were filed in the first week of February 2025, only 807 claims are pending past 30 days of application statewide. This represents a remarkable performance improvement, which can be both attributed to the improved business processes adopted by the department and the much lower level of unemployment reducing strain on the department.

Overview of the UI Federal Debt. California’s Unemployment Insurance program is financed through employers, who pay a payroll tax into the state’s UI trust fund. Under existing state tax and benefit rules, the UI trust fund does not build large enough reserves in normal times to cover the increase in claims during a recession. During recessions, states may borrow from the federal government to continue payment benefits if state UI funds are insufficient. These loans must be repaid, with interest, at a later time. The loan principal is repaid by automatic increases in the federal UI tax rate employers pay, and the interest has historically been paid from the General Fund. However, in recent years, the state budget began looking at special funds to finance a portion of the federal interest payment.

Prior to the pandemic, at the start of 2020, the state’s UI trust fund held \$3.3 billion in reserves. Despite these reserves, the state’s UI trust fund became insolvent during the summer of 2020, a few months following the start of the pandemic and associated job losses. California, like many other states, used federal loans to continue paying benefits during the pandemic. In total, the state needed to borrow about \$20 billion from the federal government, roughly twice the amount the state borrowed for UI benefits during the Great Recession of 2008. To repay the federal loans, the federal UI payroll tax rate on employers increases slightly each year until the loans are repaid.

Use of Special Funds to Pay the Interest on the Federal UI Debt. The Budget Act of 2024 provided \$331 million one-time funding to pay the annual interest payment on the state's Unemployment Insurance loan balance. Of that amount, \$231 million is from the General Fund, and \$100 million is from the Employment Training Fund. However, \$50 million from the Employment Training Fund to pay a portion of this interest payment in 2025-26; has since been determined by the department that the Employment Training Fund is unable to support this payment without reductions to existing programs and the payment is not included in the Budget.

The Employment Training Fund (ETF) is funded from contributions from employers, equal to 0.1 percent of wages, with the contributions generally used to reimburse the cost of employer-driven training for incumbent workers and funding training needed by unemployed workers to re-enter the workforce.

Staff Recommendation. Hold Open.

7300 AGRICULTURAL LABOR RELATIONS BOARD**Issue 5: Increased Workload Related to Chapter 7, Statutes of 2023**

Governor's Budget. The Governor's budget requests 7 positions and \$1,873,000 in 2025-26 and ongoing from the Labor and Workforce Development Fund, for the Agricultural Labor Relations Board (ALRB), to address the increased workload and unanticipated demands that have been generated by AB 113 (Committee on Budget), Chapter 7, Statutes of 2023.

Background. Governor Newsom signed AB 2183 (Stone), Chapter 673, Statutes of 2022 and a subsequently agreed upon clean-up measure, AB 113. This new law is intended to remove barriers for agricultural workers to elect union representatives, thereby facilitating union elections and increasing access to this process by allowing farmworkers to sign petitions for majority support, this is in addition to the existing secret ballot election process. AB 113 requires the ALRB to determine the validity of majority support within an extremely expedited timeframe of 5 days. This determination requires decisions such as the geographic scope and size of the bargaining unit. Expedited time frames also exist for adjudicating challenges to MSPs and hearings are to be held in no later than 14 days from the date the Majority Support Petitions (MSP) is filed. The ALRB is also charged with investigating unfair labor practices and election objections that result from election activity. Past contested elections at the ALRB have created a significant increase in ALRB's workload, given the number of unfair labor practice charges filed that must be investigated, prosecuted and adjudicated.

According to the Administration, this increase in workload has also exposed critical structural gaps, resulting in challenges to the Board meeting its statutory obligations and operational needs with respect to representation and compliance matters. This has been exacerbated by the increase in representation matters because of AB 113 and the complexity of the issues presented. The Board is proposing to align staffing to support the current workload of the Board, Adjudication unit and General Counsel program staff, and effectively addressing the new complexities that AB 113 presents.

Increase in Board's Workload. The MSPs have also resulted in lengthier and more complex adjudication for the Board. Upon a union becoming a certified bargaining representative the employer may file election objections within five days of the results of the investigation into the MSP. The Board then has 14 days to review the objections and issue an Administrative Order determining whether to set any of the objections for an investigative hearing and to commence that hearing within 14 days of the filing of the objections. This has led to increased workload in attorney hours to review objections and draft relevant administrative orders as well as having additional public meetings so the Board can deliberate on the filings in compliance with the Bagley-Keene Open Meeting Act.

The Board had one election matter in 2020-2021 and one in 2022-2023. In the election matter in 2022-2023, Sonoma Cho, the employer filed elections objections. The Board set several objections for hearing, this required 20 hours of attorney time and numerous meetings. For contrast, in 2023-24, the Board has had five MSPs filed. Election objections have been filed in four of the five

matters and each objections filing has required 50 hours of lead attorney time and numerous meetings.

Additionally, the MSP representation proceedings have also resulted in more interlocutory appeals further increasing the work of the Board and board counsel. Interlocutory matters have included motions relating to discovery requests, motions to stay proceedings, motions relating to charges stemming from the representation proceedings and motions for intervention from other parties. These matters are in addition to existing workload.

The legislation has resulted in litigation which the ALRB has had to contract with the Attorney General's office for representation as the ALRB did not have adequate staff capacity to represent itself due to the current demands on existing staff. ALRB expended \$61k in unbudgeted expenses for the first two months. At the current rate of workload, it is estimated the ALRB will spend over \$350k for legal services in 2024-25. It is estimated the litigation will be ongoing for a minimum of two years.

The ALRB requests \$1,873,000 from the Labor and Workforce Development Fund and the following 7 positions.

- 3 Attorney III positions
- 1 Attorney I position
- 2 Field Examiner II
- 1 Senior Legal Typist
- Reclassify 2 Attorney III positions to Attorney IV
- Reclassify 1 Attorney IV position to a Career Executive Assignment (CEA) Attorney
- Reclassify 1 Attorney I to an Attorney III

According to the Administration, these positions and reclassifications are necessary to address the increased workload and unanticipated demands that have been generated by AB 113. These positions would be added to the Board and General Counsel programs. The General Counsel staff are responsible for conducting elections as well as for investigating unfair labor practices and prosecuting violations resulting from election activity and subsequent bargaining. The Board staff are charged with reviewing investigation reports resulting from Majority Support Petitions (MSPs), issuing certifications, and overseeing adjudicatory matters related to elections including representation proceedings related to election objections.

Staff Recommendation. Hold Open.

7350 DEPARTMENT OF INDUSTRIAL RELATIONS**Issue 6: Audit & Enforcement Unit**

Governor's Budget. The Governor's budget requests \$3.2 million Workers' Compensation Administration Revolving Fund (WCARF) and 16.5 permanent positions in 2025-26, and \$2.9 million WCARF in 2026-27 and ongoing, for DIR, to enable the Audit and Enforcement Unit within the Division of Workers' Compensation (DWC) to address its increased workload and fulfill its statutory obligations to require that insurance companies, self-insured employers, and third-party administrators comply with the Labor Code and the California Code of Regulations.

Background. DWC regulates the administration of workers' compensation (WC) claims and provides administrative and judicial services to assist in resolving disputes that arise in connection with claims for WC benefits. California's WC system is a no-fault system, a trade-off between employees and employers. Employees promptly receive the statutory WC benefits for on-the-job injuries, and in return, the WC benefits are the exclusive remedy for injured employees against their employer.

DWC has identified a shortfall in the Audit and Enforcement (AE) Unit's ability to meet its obligations under Labor Code (LC) Sections 129 and 129.5, which require conducting Profile Audit Reviews (PAR) every 5 years. In addition, AE Unit has limited resources to expand PAR audits beyond the present focus to include inquiries into the possible unreasonable denial of workers' compensation claims, denials of reasonable and necessary medical treatment, and the late or denial of payment to providers. Presently, those issues are the subject of complaints that come to DWC and may give rise to target audits and civil penalty audits; however, current staffing and budgetary constraints limit investigation and focus on these additional areas. AE Unit has experienced an increased number of appeals and litigations from claims administrators resulting in numerous court hearings and trials, including a current writ of mandate presently pending before the California Superior Court¹, that divert time and resources from completing audits. The inability to conduct regular and expanded audits affects the quality of workers' compensation claims administration, potentially delaying or denying rightful benefits to injured workers.

AE Unit Audit Team. At present, the AE Unit consists on average of six Auditor Teams (Auditor Team: 0.5 Supervising Workers' Compensation Compliance Officer, 1.0 Senior Workers' Compensation Compliance Officer, 3.0 Workers' Compensation Compliance Officer); however, due the increased complexity, litigation, and backlog of audits, the AE Unit will need to expand the number of Auditor Teams from six to eight in order to effectively manage the areas where penalties are imposed. This increase in Auditor Teams will enable DWC to address its increased workload and fulfill its statutory obligations by ensuring that insurance companies, self-insured employers, and third-party administrators comply with the LC and the CCR, thus improving the delivery of benefits to injured workers and guaranteeing timely and accurate compensation.

AE Unit Support. To provide general administrative support to the AE Unit, assist and support the additional Audit Teams, conduct Utilization Review audits, mail audit reports, update the Annual Report of Inventory, process/code/file complaints, mail and answer phones, and complete special

projects, the DWC will also require 1.0 additional Workers' Compensation Assistant and 1.0 Associate Governmental Program Analyst.

Legal Support. DWC has encountered a significant increase in audit appeals and related litigation since 2020, resulting in the need for additional Legal Unit staff support for the AE Unit as it expands its efforts and to defend such appeals. DWC requests 2.0 Attorney III and 2 Legal Assistants for the AE Unit to meet its obligations under the Labor Code.

Division of Administration Support. With an increase of 15 positions to allow DWC to meet statutory and workload requirements, there will be increased demand on the DIR's general administrative support services. Currently, there is about a 1 to 9 ratio of administrative support staff to total Department staff. With an increase of 15 programmatic positions, the Department also requests 1.5 Staff Services Analyst positions to provide essential administrative support.

Staff Recommendation. Hold Open.

Issue 7: Cal/OSHA Data Modernization

Governor's Budget. The Governor's budget requests \$18.2 million Labor and Workforce Development Fund in 2025-26 to continue the development of the Division of Occupational Safety and Health's information technology system to meet federal and state-mandated requirements, consolidate information into a central database/repository, interface to other DIR systems, and automate manual processes across its units.

Background. The Division of Occupational Safety and Health (DOSH or Cal/OSHA) uses the Federal Occupational Safety and Health Administration (OSHA) Information System (OIS) for case management and mandated data entry requirements of Federal OSHA (Fed OSHA). The Federal OIS is overly cumbersome, time-consuming, labor-intensive, lacks datasets specific to Cal/OSHA operational tracking needs, and is paper-driven, which decreases the effectiveness of the Cal/OSHA program.

California received initial approval as a state plan in 1973 to assume responsibility to develop and enforce occupational safety and health laws in lieu of Fed OSHA performing those functions in California. Continued approval and funding of California's State Plan by Fed OSHA is contingent upon the State Plan performing in a manner that is "at least as effective as" the Federal program (29 US Code § 667). California has enacted both a statutory and regulatory framework necessary to meet this minimum requirement. Existing law requires the state to create a budget that includes amounts sufficient to carry out the State Plan. It also requires the state to seek maximum federal funding for the State Plan and to take all steps necessary to prevent withdrawal of approval for the State Plan.

The 2023 Budget included \$12.6 million one-time for the first year of this project. The 2024 Budget included \$25.3 million one-time for the second year of this project. DIR received approval from the California Department of Technology (CDT) for final Stage 4 Project Readiness and Approval (S4PRA) of the Project Approval Lifecycle (PAL) on June 27, 2024. After receiving

Stage 4 approval, the System Integrator (SI) contract was awarded and signed on June 27, 2024. DIR began implementation of the new Cal/OSHA Modernization Project in August 2024.

Implementation Plan. The project received Stage 4 PAL approval from CDT on June 27, 2024 and officially commenced execution on June 28, 2024. The system build phase is scheduled to begin in February 2025. A User Acceptance Testing period is planned to occur between August and October 2025. This comprehensive testing phase aims to ensure the system meets business requirements and user expectations before deployment. The proposed go-live date for Release #1, focusing on Enforcement and Consultation, is targeted for February 2026. Key components of this phase include data migration from the Federal OIS and seamless integration with the new Cal/OSHA system. Upon the successful completion and deployment of Release #1, the project team will reassess and finalize the schedule for subsequent releases. The resources requested will support the project team in their commitment to deliver a robust, integrated solution that aligns with the operational needs and long-term objectives of stakeholders.

Staff Recommendation. Hold Open.

Issue 8: Electronic Adjudication Management System Modernization

Governor's Budget. The Governor's budget requests \$25.8 million one-time Labor and Workforce Development Fund, for DIR, to continue the replacement of the Division of Workers' Compensation's aging Electronic Adjudication Management System, an electronic case management and document storage system, whose 16-year-old technology is nearing its end of life. This amount includes \$12.3 million for contract services and \$9.7 million for Information Technology costs.

Background. The Division of Workers' Compensation's (DWC) Electronic Adjudication Management System (EAMS) is nearing its technological end of life and must be replaced to maintain functionality.

EAMS is a mission critical system that serves the needs of employers and injured workers in California. The court case management and claims benefit administration management functions are currently in EAMS, which now supports over eight million cases and 96 million documents. The system is used primarily to manage the adjudication of benefit-related issues, including the scheduling of hearings to review the issues brought before the DWC, and as a document intake/repository for case related court documents.

EAMS is also used as a case management tool for the cases that fall under the jurisdiction of the Uninsured Employer Benefit Trust Fund (UEBTF) and Subsequent Injury Benefit Trust Fund (SIBTF) Units. The Qualified Medical Examiner (QME) system, by which DWC assigns independent physicians to evaluate injured workers for the purpose of determining benefit eligibility, is an integral part of the overall claims adjudication process. Both non-represented

injured workers and represented injured workers utilize this important process to assess their disability claims and determine how much they are entitled to in workers' compensation benefits.

The QME system is not currently part of EAMS; however, due to the fact that the QME process is a significant part of the litigation and dispute resolution process, its modernization is a required piece of the EAMS project and the overall modernization of the court management function. Without the QME system, DWC court cases would be severely delayed or even halted, therefore delaying benefits to injured workers. DWC processes about 200,000 of these requests per year.

The 2022-23 and 2023-24 Budgets included funding for the earlier phases of the EAMS Modernization project and the 2024-25 Budget included one-time funding for the current phase. DWC works closely with California Department of Technology (CDT) on this project and has been working through the project approval lifecycle (PAL). A Stage 2 Alternatives Analysis has been approved by CDT and work on Stage 3 is ongoing. Detailed functional and non-functional requirements have been completed, as well as the alternatives analysis. The Division has chosen a systems platform for the project and will be moving forward to complete the procurement process for the systems integrator. DIR has also recently completed a contract for the project manager to oversee the project. The resources requested in this proposal will fund the next stage of the project's cost in 2025-26.

Implementation Plan. Both the Stage 1 Business Analysis and Stage 2 Alternatives Analysis have been approved by CDT, which ensures sufficient planning, readiness, documentation, research, and justification for the selected alternative. DIR will continue working with CDT throughout the PAL process.

DWC contracted with an outside vendor to provide the replacement plan and the design, software, and implementation plan in conjunction with the DWC and the DIR's Office of Information Services staff. The requirements gathering and alternative analysis are complete, and DIR is working closely with CDT on the procurement plan. They expect to complete the procurement for both licenses and the systems integrator and start the system implementation in 2025-26.

Staff Recommendation. Hold Open.

Issue 9: Subsequent Injuries Benefits Trust Fund Workload

Governor’s Budget. The Governor’s budget requests \$2.7 million Workers' Compensation Administration Revolving Fund (WCARF) and 15 permanent positions in 2025-26 and \$2.5 million WCARF in 2026-27 and ongoing, for DIR, to address rising workloads in the Subsequent Injuries Benefit Trust Fund program.

Background. Established in 1945, the purpose of the Subsequent Injuries Benefit Trust Fund (SIBTF) program is to encourage employment of workers with disabilities by relieving employers of liability for the greater levels of permanent disability that may result if an already-disabled worker later suffers an industrial injury.

Labor Code section 4751 provides that if an employee who is already partially disabled suffers a subsequent industrial injury that is compensable through the workers’ compensation system, and if the employee’s resulting total permanent disability is greater than that caused solely by the subsequent injury, the employee is entitled to additional compensation, to be paid from the SIBTF, to compensate for that degree of additional permanent disability. Rather than incurring workers’ compensation liability for the entirety of the worker’s resulting total permanent disability, the employer is responsible only for the disability that results from the subsequent industrial injury; the SIBTF, supported by assessments on all employers, pays the additional compensation as necessary to compensate the worker for the total resulting permanent disability.

SB 899 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2004, among other reforms, changed the apportionment rules for “regular” workers’ compensation cases. These reforms, as codified in Labor Code sections 4663 and 4664, established that apportionment of permanent disability must be based on causation of the disability, and further, that the employer is liable only for “the percentage of permanent disability directly caused by” the work injury and that workers were not entitled to compensation for aggravating a preexisting condition. In addition, changes in recent case law have also made it easier for applicants to meet threshold eligibility requirements.

The combination of all these factors has led to a 1,090 percent increase in the annual liabilities of the Fund over the past 10 years, as well as increases to the number of new SIBTF cases and the average cost per SIBTF case.

Workload History

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24
Beginning Case Load	12,026	13,839	15,810	17,668	19,524
New Cases	2,226	2,496	2,448 ⁴	2,573 ²	3,132
Cases Closed	475	540	630	736	631
Ending Case Load ⁵	13,777	15,795	17,628	19,505	22,025
Annual Case Load Change	+1,813	+1,971	+1,858	+1,856	N/A

The 2019 Budget included \$4.8 million WCARF and 30 positions to support the SIBTF program, much of which was limited term (LT). The 2022 Budget made the LT resources from the 2019 Budget ongoing. The 2022 Budget also included 6 positions for the Division of Workers' Compensation (DWC) and 2 positions for the Office of the Director's Legal Unit (OD-Legal) for administrative support of the SIBTF program.

In 2022, DIR contracted with RAND to conduct a study of the SIBTF program. The key findings from the report are:

- The volume of applications for SIBTF benefits is growing
- The number of SIBTF cases resolved with benefits, including lifetime stream of benefits is growing
- Some chronic conditions that are rare in the regular workers' compensation system are common as permanent partial disabilities in SIBTF
- An increase in claimants with a 100-percent Permanent Disability rating increases SIBTF liabilities
- Payments from SIBTF rose moderately until 2020, when they accelerated quickly
- The total estimated SIBTF liability

Staff Recommendation. Hold Open.

7501 DEPARTMENT OF HUMAN RESOURCES**Issue 10: CalHR Internal Content Management System/Intranet**

Governor’s Budget. The Governor’s budget requests \$1,520,000 General Fund in 2025-26 and \$500,000 General Fund in 2026-27, for the Department of Human Resources (CalHR) to replace its Internal Content Management System/Intranet.

Background. CalHR is responsible for managing the State’s human resources functions and issues related to recruitment, selection, salaries, benefits, position-classification and provides various training and consultation services to state departments and local agencies. The intranet is a critical tool for delivering these services, and it is hosted on an on-premises SharePoint Content Management System (CMS). CalHR staff relies on the Intranet to support California state departments, agencies, labor organizations, and all state and/or prospective employees.

Microsoft published an End-of-Support date of July 14, 2026, for SharePoint 2016. This places CalHR at high risk of being unable to deliver reliable, secure, and functional CalHR Intranet sites to CalHR employees to support the public, state agencies, and employees; it is necessary to migrate the existing SharePoint 2016 platform to a more sustainable, supported and cost-effective Microsoft SharePoint Online.

In 2023-24, CalHR received approval for \$775,000 to procure resources to perform analysis on available solutions, identify a strategy to move CalHR off SharePoint 2016, complete PAL S1BA and S2AA for solution(s), and develop a Budget Change Proposal for the following budget year to achieve implementation and delivery before End-of-Support. CalHR received approval to move forward with migrating the CALHR.CA.GOV website, which also resides in SharePoint 2016 during 2024-25 to the California Department of Technology’s CAWEB product offering.

Implementation Plan

Milestone	Start Date	Completion Date
S1BA submitted to CDT	July 2024	July 2024
Delegation Request submitted to CDT	August 2024	August 2024
Publish RFP and award contract to contractor	March 2025	June 2025
Plan the implementation	July 2025	July 2025
Install Intranet default implementation	August 2025	October 2025
Configure and customize the Intranet	October 2025	January 2026
Migrate existing content for the Intranet	January 2026	March 2026
Train users	March 2026	April 2026
Test and launch both sites	June 2026	June 2026
Implement enhancements based on user feedback	July 2026	June 2027

CalHR Intranet's On-Premises SharePoint 2016 will be replaced with SharePoint Online before July 2026. It will be imperative to implement a project plan that will be tracked and measured against deliverables and milestones listed below. All SharePoint 2016 Intranet pages will be archived, usage will be made inactive, and replacement CMS functionality and intranet services will be launched before July 2026.

CalHR will institute a content management governance plan for the CalHR Intranet, determining how the organization's content will be created, published, maintained, and removed. CalHR staff will retain the ability to access required information to support stakeholders. By July 2026, the CalHR Intranet will have and follow clear and effective governance guidelines. Staff will be trained to appropriately manage and maintain content according to state and department policies. After implementation, CalHR will be tracking site usage metrics.

Staff Recommendation. Hold Open.

ITEMS FOR COMMENT ONLY

These items will not be presented, but the Department of Finance and the Legislative Analyst's Office are available to answer questions from the subcommittee members. Public Comment may be provided on these items.

7900 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) 7920 STATE TEACHERS' RETIREMENT SYSTEM (CALSTRS)

Issue 11: CalPERS & CalSTRS Retirement Contributions

Governor's Budget. The Governor's budget includes \$9.1 billion (\$4.9 General Fund) for the statutorily required annual contribution to CalPERS for state pension costs in 2025-26

The Governor's budget also includes \$4.6 billion General Fund for the statutorily required annual state contributions to CalSTRS in 2025-26.

Staff Recommendation. Hold Open.

7920 STATE TEACHERS' RETIREMENT SYSTEM

Issue 12: Enterprisewide Operational Support

Governor's Budget. The Governor's budget requests \$6.3 million Teachers' Retirement Fund ongoing, for the State Teachers Retirement System (CalSTRS), for enterprise-wide operational support. This includes \$2.6 million to establish 15 permanently authorized positions. In addition, this proposal includes \$3.7 million for various information technology (IT) service contracts.

Background. CalSTRS was established by law in 1913 to provide retirement benefits to California's public school educators from prekindergarten through community college. It began by serving 120 retired members and 15,000 active members. More than a century later, the system serves more than 1 million educators and their beneficiaries. With approximately \$343.5 billion in net assets as of June 30, 2024, CalSTRS is the largest educator-only pension fund in the world. CalSTRS administers a hybrid retirement system, consisting of traditional defined benefit, cash balance and voluntary defined contribution plans, and provides disability and survivor benefits for California public school educators. Additionally, CalSTRS administers a postemployment health benefit program. CalSTRS members include educators employed by approximately 1,800 school districts, community college districts, county offices of education and other public education employers.

CalSTRS is governed by a 12-member board, which sets policies and rules for the system. Consistent with Article 16, Section 17 of the California Constitution, the board maintains plenary authority and fiduciary responsibility for the investment of monies and administration of the system.

In support of CalSTRS, this proposal includes \$6.3 million in permanent funding for enterprise-wide operational support resources. This includes \$2.6 million to establish 15 permanently authorized positions. These resources will support workload associated with Assembly Bill AB 1667 (Cooper) Chapter 754, Statutes of 2022; diversity, equity and inclusion (DEI) efforts, which align with Executive Order N-16-22 and encompass compliance with AB 2019 (Petrie-Norris & Holden), Chapter 730, Statutes of 2022 and SB 588 (Archuleta), Chapter 80, Statutes of 2020; and innovation initiatives.

- AB 1667 – \$1.8 million, 10 positions
- DEI – \$500,000, 3 positions
- Innovation – \$300,000, 2 positions

Additionally, this proposal includes \$3.7 million for various IT service contracts for security software, SAP managed services, and software maintenance and operations (M&O) costs.

This proposal was presented to and approved by the Teachers' Retirement Board (board) at the November 7, 2024, board meeting.

AB 1667. AB 1667 provides relief prospectively for CalSTRS' retirees affected by benefit overpayments resulting from errors that were not their own. AB 1667 is intended to improve reporting and reduce future errors by providing additional resources to clarify creditable compensation and creditable service requirements. Ten positions will be dispersed across four business areas (Service Retirement –4, General Counsel–3, Disability and Survivor Benefits–2, Financial Services–1) to support workload associated with AB 1667 by performing the following key tasks:

- Research, review and analyze member benefit overpayments; prepare formal decision letters; and reissue payments.
- Prepare documentation for overpayment liability; recommend resolutions for payment discrepancies; and provide status updates to members.
- Ensure compliance with applicable laws, rules and regulations.
- Perform billing and collection processes to recover benefit overpayments from employers and the General Fund.
- Conduct legal research and analyses; draft advisory opinions and other legal documents; and represent CalSTRS in administrative hearings.

Diversity, Equity and Inclusion. CalSTRS' core values and strategic plan priorities align with the state's directive to foster the advancement of equity and inclusion practices. Thus, two positions will address workload associated with Executive Order N-16-22, AB 2019 and SB 588. Collectively, these bills require additional outreach efforts to advance economic equity in state procurement processes. One position will lead enterprise-wide DEI efforts in alignment with CalSTRS' strategic plan. The three positions are being proposed for two business areas (Procurement–2, Human Resources–1) to support DEI efforts by performing the following key tasks:

- Plan and organize procurement outreach efforts to certify women, disabled veterans, minorities and LGBTQ community owned businesses.
- Manage CalSTRS' enterprise-wide DEI program, including development and maintenance of a DEI policy; foster integration of DEI principles and practices; and establish measures of success throughout the organization.
- Develop key performance indicators in partnership with business stakeholders across the organization to monitor and track progress of DEI initiatives.

Innovation. In support of CalSTRS' strategic plan priority to lead innovation and manage change, and in alignment with Executive Order N-12-23 to responsibly employ GenAI within state government, two positions are being proposed for the Enterprise Strategy Management Unit to perform the following key tasks:

- Assist with managing innovation and AI projects through monitoring and reporting progress; develop project plans and timelines; collect, organize and analyze data related to innovation activities; establish and monitor performance metrics; and assist with the establishment of an AI framework.
- Conduct assessments on current innovation capabilities and identify strategies for improvement; assist in development of enterprise-wide innovation culture exercises and training; facilitate workshops; and communicate with stakeholders.

IT Service Contracts. This proposal includes \$3.7 million for IT service contracts for security software, SAP managed services and software maintenance and operations (M&O) costs.

Security Software. Consistent with CalSTRS' strategic plan to strengthen preparedness capabilities to address change and disruptions, this proposal includes \$1.7 million for security software contracts to further enhance and protect our information security architecture—critical to maintaining core business operations and sustaining the security and integrity of data. This software will unify security services under a single technology platform to strengthen our information security posture in both the cloud and hybrid work environments, provide advanced cybersecurity, and enhance data privacy and email security.

SAP Managed Service. This proposal includes \$1.2 million for the SAP Managed Services contract, which was approved by the board on January 10, 2024. Services include essential M&O support for CalSTRS' existing SAP solutions, including BusinessDirect, Concur and HR Link systems. The BusinessDirect system relies on SAP technology and incorporates the functionality essential to maintain CalSTRS' financial and management needs at the highest level of integrity and efficiency. BusinessDirect provides CalSTRS with one comprehensive system for the tracking and reporting of critical activities as diverse as budgeting, procurement, asset management, contract processing, business partner relationship management, accounts payable, accounts receivable, investment accounting, and tax and financial reporting. SAP Concur is CalSTRS' travel and expense management system, and HR Link is an all-inclusive system for Human Resources processes that utilizes SAP SuccessFactors modules.

Software M&O. This proposal includes \$800 thousand for various software M&O contract costs. This includes funding for additional network circuits for cloud datacenter accessibility and

improve data redundancy, additional Microsoft product support due to increases in application usage, and license fees for new software to access our remote network.

Staff Recommendation. Hold Open.

7100 EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD)

Issue 13: Continuation of Cybersecurity Staffing, Security Audit, Logging and Data Security

Governor's Budget. The Governor's budget requests \$13.8 million ongoing (\$6.9 million General Fund and \$6.9 million Unemployment Compensation Disability Fund) and 29 positions, for EDD, to continue support for its Cybersecurity Program. This funding will support the permanent extension of the cybersecurity resources that began in 2022-23, continued support for the movement of critical audit related data to a cloud solution, and maintain a secure Information Technology (IT) environment with Managed Detection and Response (MDR) services.

Background. EDD is one of the largest state departments with employees at service locations throughout the state offering services to millions of Californians through Job Service, Unemployment Insurance (UI), Paid Family Leave (PFL), State Disability Insurance (SDI), Workforce Investment, and Labor Market Information programs. EDD's benefit programs administer billions of dollars in benefits each year. As California's largest tax collection agency, EDD also handles the audit and collection of payroll taxes and maintains employment records for more than 18 million California workers.

EDD's multi-billion-dollar benefit programs make it a high-value target for cybercriminals. The 2022 Budget included three-year limited-term funding to increase staffing resources within EDD's Cyber Security Division, purchase fraud-related risk management tools, invest in a data classification tool, and implement additional security assessment tools to reduce the risk of data breaches and improve EDD's overall cybersecurity posture. These efforts formalized EDD's cybersecurity management program by mitigating security findings, enhancing and replacing inadequate security solutions and controls, and securing data entrusted to the EDD and the State.

EDD safeguards the data and privacy of over 8,000 employees and millions of California citizens. MDR provides incident investigation and response, threat detection, and threat hunting capabilities 24 hours a day, 7 days a week, 365 days a year.

In 2022-23, EDD moved its security audit logging solution from on-premises to the cloud because it is more scalable and allows for easier retrieval of older logs upon request. According to the Administration, continued funding for the cloud solution is requested to not only meet mandatory requirements for the California Department of Technology (CDT), Social Security Administration (SSA), Internal Revenue Service (IRS), and other control agencies, but also to continue to support ongoing fraud investigations, security incidents, and other requests from law enforcement entities.

Staffing. This request includes ongoing funding for 29 positions to continue to facilitate Security Policy and Compliance, Risk Management and Analysis, Privacy, Litigation Support, eDiscovery, Disclosure, Cybersecurity Architecture, Fraud Detection/Prevention, Vulnerability Management,

Application Security, Penetration Testing, Threat Cybersecurity System Engineering, Endpoint Security, Data Loss Prevention, and Access & Identity Management. The total cost of the staffing, including salaries and benefits, is \$5.1 million annually. The following is the breakdown by classification of the 29.0 requested positions:

- 1 Career Executive Assignment (C.E.A.)
- 1 Information Technology (IT) Associate
- 4 IT Manager I
- 1 IT Manager II
- 9 IT Specialist I
- 12 IT Specialist II
- 1 IT Specialist III

Security Information and Event Management (SIEM) (Cloud Licensing, Support Services, and Training). The SIEM solution provides the following critical security functions, according to the Administration:

- Flexible data handling of analytics and a security compliance platform that provides visibility into who is accessing what data sets and systems.
- Customized watch lists that match compliance analysts' needs and priorities to provide quick visibility, insight, and monitoring into the activity that is happening within those systems so that malicious or noncompliant activities can be detected.
- Linking and analysis of user and entity activity to better inform security and compliance staff about threats, breach of information, and corresponding remediation.
- Threat hunting capabilities with a point-and-click interface that simplifies the process of creating complex search queries. Analysts will be able to quickly and easily engage in threat hunting by developing searches that otherwise may have been extremely difficult or impossible. The tool will remove the manual steps in threat hunting and provide automatic incident timelines instead of logs for rapid and proactive threat hunting.
- Log gathering to monitor network or system activity that is not "normal" or secure, which will enhance the ability to perform monitoring, initiate alerts, assist with defining compliance metrics, and train EDD staff with the use of these dashboards.
- Quick response to security events that will allow the security teams to react quickly to identify what is happening, stop the attack, and mitigate the damage.
- Simplification of the investigation process that will allow EDD to expand its capabilities for security application information, making security investigation faster and easier. In many cases, this will involve escalating only the most important information so that human staff can intervene, and when the staff does get involved, there is a consolidated place to correlate alarms from different tools and drill down to the root cause of attacks.
- Damage mitigation from attacks from quicker staff response and investigation.

- Minimization of false positives. False alarms are frequent throughout the current security suite of tools. These false positives eat into staff time that could be spent much more productively and may reduce response times to true emergencies.
- Fraud detection and prevention with GenAI to detect and analyze IP address and geospatial velocity or anomalies on vast amounts of data.
- Threat intelligence feeds and correlation of data with GenAI to identify emerging threats and vulnerabilities via indicators of compromise that are associated.
- Reduction in manual processes. Many staff spend a large portion of their day handling cumbersome manual tasks like updating firewall rules, adding new users, or de-provisioning users who have left the company. These sorts of repetitive tasks are ideal for automation.
- Integration with IT operations tools that provide security analysts with the ability to integrate with asset databases, helpdesk systems, configuration management systems, and other IT management tools.

The ongoing Cloud Licensing, Support Services, and Training total \$4.96 million.

Project Management (Consulting Services). This contractor will assist in planning and refining system architecture, building reports/dashboards, and drafting Standard Operating Procedures. These consulting services will continue project management activities for the SIEM migration and integration activities, monitor standards and expectations to plan and deliver Cybersecurity initiatives, manage dedicated resources, track and report on progress, decisions, risks, and issues, and coordinate communication amongst teams and broader stakeholders. The contractor will also continue to identify roles and responsibilities needed to support new capabilities/service delivery models and establish a program to support staff through changes in process, structure, and expectations, as well as continue to develop and execute internal and external communications strategies to support stakeholders. These critical efforts require a dedicated full-time project manager as EDD does not currently possess the staff capacity to accommodate or assign to these efforts. This request will allow EDD to continue with the same project manager for the lifecycle of these active projects, which will allow for continuity of services and to prevent a disruption in project progress.

The project management services total \$300,000.

Managed Detection and Response (MDR). MDR is an add-on to EDD's current Extended Detection and Response (EDR) platform, which offers 24/7 incident monitoring, containment, and response solutions with expertise on thousands of indicators of compromise and threat intelligence analyzed daily. While EDD's critical services, such as UI Online, SDI Online, and Accounting and Compliance Enterprise System, are available 24/7 to the public via the web, EDD staff is not available 24/7. The MDR contract is essential for maintaining a secure IT environment and protecting sensitive data and provides the following benefits:

- **Cost-Effectiveness:** Compared to building and maintaining an in-house MDR team with the required expertise, the MDR offers a cost-effective solution with proven scalability to accommodate a large department like EDD (8,000+ users, 30,000+ hosts).
- **Enhanced Security Posture:** The MDR augments existing security measures with continuous threat monitoring, expert analysis, and rapid incident response, significantly bolstering EDD's overall cybersecurity posture.
- **Improved User Productivity:** By proactively addressing security threats, the MDR minimizes security incidents and disruptions, allowing departmental staff to focus on their core tasks.
- **Containment and Response:** The MDR service provides services for containment and response exceeding and enhancing state staff capabilities of monitoring. This provides a level of assurance for the department unmatched by any other offering.
- The ongoing MDR services total \$2.5 million.

Staff Recommendation. Hold Open.

7320 PUBLIC EMPLOYMENT RELATIONS BOARD**Issue 14: Attorney Classification Realignment**

Governor's Budget. The Governor's budget requests \$115,000 General Fund in 2025-26 and ongoing, for the Public Employment Relations Board, to refine and improve the organizational structure and supervision of the Office of the General Counsel.

Background. The Public Employment Relations Board (PERB) administers and enforces California public sector collective bargaining laws in an expert, fair, and consistent manner; promotes improved public sector employer-employee relations; and provides a timely and cost effective method through which employers, employee organizations, and employees can resolve their labor relations disputes.

The work of the Regional Attorneys at the General Counsel (GC) Office includes:

- The investigation and legal evaluation of unfair practice cases.
- The administration of representation processes such as elections.
- Defending final Board decisions where the parties challenge those decisions in the state appellate or trial courts.
- Evaluating requests for injunctive relief and preparing court documents where the Board determines an injunction is warranted.
- Assisting parties in reaching negotiated agreements through the fact finding process.
- Conducting informal settlement conferences before cases are heard by the Division of Administrative Law.
- Rulemaking.

PERB requests to upgrade three Supervising Attorney positions to the newly created Attorney Supervisor classification (class code 5749, approved by SPB on January 12, 2023). The Supervising Attorney classification has been difficult to utilize because they cannot supervise Attorney IIIs due to salary compaction issues. Due to this limitation, this position is being eliminated for statewide use. As the current Supervising Attorneys vacated their positions, PERB does not have the funding to upgrade them or the ability to fill in the old classification. The current funded structure provides one Supervising Attorney at each of the regional offices. The interim structure has three (unfunded) Attorney Supervisors that are able to supervise all Attorneys and Attorney III's at their regional office.

	Position	Min	Max
From	Supervising Attorney (5815)	\$10,537	\$14,135
To	Attorney Supervisor (5749)	\$12,223	\$16,408

Impact each position	\$27,276
Impact X3 positions	\$81,828
Total 3 positions with benefits	\$114,559

Staff Recommendation. Hold Open.

Issue 15: Information Technology Civil Service

Governor’s Budget. The Governor’s budget requests to add one position in 2025-26 and ongoing, for PERB, to move from contracted IT Services to utilization of state civil service staff. This request is budget neutral (\$0 impact).

Background. According to the Administration, PERB has historically contracted out for Information Technology services but has determined that it is no longer a cost-saving measure. In the interest of reducing costs, PERB requests \$223,945 be moved from OE&E to Personal Services and leave \$25,000 in OE&E for IT projects/consultation. The difference of \$1,000 has already been reduced through the Control Section 4.05 process. The figure below outlines current and estimated outyear costs for contracting out for third-party IT vendor costs.

Third-Party IT Vendor costs:

FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	25/26 + (est.)
\$132,000	\$144,000	\$160,000	\$235,000	\$250,000*	\$275,000+

*Current year includes \$17,500 for 100 hours/year for other projects, unanticipated tasks.

California Government Code section 19130 states (a) Personal services contracting is permissible to achieve cost savings when all of the following conditions are met: (1) The contracting agency clearly demonstrates that the proposed contract will result in actual overall savings to the state. The figure below outlines the costs associated with transitioning to civil service staff to fulfill IT services functions.

	Operating Expenses & Equipment	Personal Services- IT Manger I	TOTAL
From	\$250,000	\$0	\$250,000
To	\$25,000	\$223,945	\$248,945
IT Manager I (1405) (mid-range)		\$127,968	
Benefits (\$76,777) + OE&E (\$19,200)		\$95,977	
Total one position with benefits		\$223,945	

In addition to no longer meeting the requirements to sustain an IT contract, PERB believes that the addition of a civil service IT Manager provides leadership stability. Previous contractors have provided various levels of service and frequently rotate their staff and project managers. Continuity in projects and strategies is difficult to accomplish with constant change. The addition of an IT Manager I will provide the experience and knowledge to oversee the transfer of critical information, ensuring that PERB retains key institutional knowledge in-house. Consulting firms take their acquired knowledge with them when their contract ends, leading to knowledge gaps. The process of onboarding new firms takes months due to the numerous policies that PERB must follow as set-forth by the California Department of Technology (CD) in the State Administration Manual (SAM) and Statewide Information Management Manual (SIMM) guidelines.

PERB has “tested” this model by hiring a limited term IT Manager I in late 2023-24 and has eliminated the use of contracted IT services for desktop support. The remainder of the current contract will be used for system upgrades and other special projects. PERB has also established relationships with CDT IT contracted partners and would utilize the remaining \$25,000 OE&E annually for consultation where that is the most efficient means. The goal is to make this structure permanent on July 1, 2025.

The reliance on outside contractors for PERB’s IT services has been problematic over the past five years. In addition to the increased costs, there has been a lack of accountability that has resulted in negative consequences for PERB staff, inefficiency of operations, and in one event a network outage that caused disruption to constituent services. The focus of the IT Manager on staff will be to ensure continuity of operations and aligning IT initiatives with the department’s long-term strategies.

Staff Recommendation. Hold Open.

7350 DEPARTMENT OF INDUSTRIAL RELATIONS**Issue 16: Administrative Support**

Governor's Budget. The Governor's budget requests \$2.4 million various special funds and 17 positions in 2025-26 and ongoing, for the Department of Industrial Relations (DIR), to address the growing administrative need within DIR's divisions.

Background. The Department of Industrial Relations (DIR) protects and improves the health, safety and economic well-being of workers in California. DIR is responsible for enforcing the sections of the Labor Code that protect the health and safety of workers; promulgating regulations and enforcing laws relating to wages, hours, and workers' compensation insurance laws; adjudicating workers' compensation claims, and working to prevent industrial injuries and deaths. The Department also promotes apprenticeship and other on-the-job training, as well as analyzes and disseminates statistics measuring the condition of labor in the state.

Office of Administrative Services. The DIR Office of Administrative Services (OAS) is responsible for providing essential support to all DIR divisions, offering services such as Human Resources management including classification, pay, benefits, Return-to-Work (RTW), performance management, and development and administration. OAS also includes the Training and Special Projects Branch focusing on training programs, policy development, telework agreements, and compliance with the Form 700 process issued by the California Fair Political Practices Commission. Furthermore, OAS encompasses Contracts, Procurement, Business Services and Facilities Office, handling vital tasks like safety and security services, facilities and fleet management, contracts, and procurements.

The Human Resources Office's (HRO) current structure was established in 2021, with 98.5 authorized positions to support DIR's 3,081.3 total authorized positions. DIR's overall authorized positions have increased to 3,807.8 in 2024-25, an increase of approximately 24 percent.

As currently structured, the DIR Performance Management (PM) Unit in DIR's HRO lacks sufficient positions to address operational needs and inefficiencies in the Unit. To streamline and ensure consistency throughout DIR, the PM Unit will provide performance management training to all DIR supervisory/managerial staff. This request for additional positions is necessary to effectively perform these duties and provide the appropriate staffing resources to DIR managers and supervisors.

The HRO Operations Branch is responsible for documenting, key entering, and validating all DIR employee's personnel, payroll, benefits, and leave transactions. The HRO Operations Branch has seen an increase in workload activities due to a growth in the number of employee appointments and separations, along with changing control agency procedural changes and data cleansing.

HRO's Return-To-Work Unit has experienced a significant increase in workload due to several factors including, but not limited to, an increase in reasonable accommodation requests and workers' compensation injury and illness reporting due to COVID-19 submissions, and the

transition of Cal/OSHA injury and illness reporting from HRO's Transactions Unit to HRO's RTW Unit.

The Facilities team within OAS is responsible for coordinating all facility activities at approximately 50 DIR offices located throughout the state. These offices currently accommodate DIR's employees and serve thousands of members of the public annually. The number of facilities-related requests has grown drastically to meet these new workplace standards for office space and with the currently established positions, DIR cannot meet its facility needs. These facility requests will continue to increase as DIR continues to hire more staff.

DIR's growth has also resulted in an increased number of contracts, grants, and procurement requests to successfully carry out its mission. The Contracts and Procurement (C&P) Unit is responsible for processing all contracts, grants and procurement requests for DIR's many programs and divisions. The increase of contract solicitations, grant agreements, and policy and procedure development and training has resulted in an increase of responsibilities and workload for the C&P Unit. The current resources are not sufficient to meet the increase in workload in support of DIR's programs.

In summary, to address the workload associated with demands impacting DIR's OAS, DIR requests 10.0 permanent positions in the following capacities and functions:

- 1 Associate Governmental Program Analysts (AGPA)
- 2 Office Technicians (OT)-Typing
- 1 Staff Services Manager I (SSM I) for HRO
- 1 Associate Business Management Analyst
- 1 AGPA
- 2 OT-General
- 2 OT-Typing for the Contracts, Procurement, Business Services and Facilities Offices

Office of Fiscal Services. The DIR Office of Fiscal Services (OFS) Accounting Office is responsible for accurately accounting for DIR's financial assets by recording, classifying, and summarizing its financial transactions to inform executive staff of the DIR's financial health. OFS is also accountable for preparing and submitting comprehensive financial reports to control agencies such as the State Controller's Office and to grantors such as the Federal government. The number of positions in DIR has grown by 897, or approximately 30 percent, from 2,910.8 in 2019-20 to 3,807.8 in 2024-25. While the overall positions in DIR have increased, OAS and OFS have not seen similar increases.

The Collections Unit in DIR-Accounting is responsible for the collection activities of delinquent accounts referred from various Accounts Receivable (A/R) Units (Cal/OSHA, Elevator, Pressure Vessel and Amusement Ride and Tramway). Currently, the processing time for each delinquent account may take weeks as it involves a lengthy process of collection letters, collection calls, filing of judgments with California Superior Courts, Employment Development Department levies,

referrals to the State Franchise Tax Board for collection, and recommendation for Discharge from Accountability (write-offs). Providing the Collections Unit with permanent resources will help prevent delays collecting civil penalties or fees by the statute of limitations per CA Labor Code section 6651.

DIR-Accounting's General Ledger (GL) Unit is primarily responsible for the timely closing of fiscal months and year-end financial reporting. In a recent reorganization of the office, the GL Unit also absorbed the Federal Grants Unit, responsible for the timely reporting and categorizing of federal expenditures, drawing down of federal funding, and providing audit support. The number of federal grants awarded to DIR has increased over the past 10 years from maintaining and monitoring five federal awarded grants to eight federal awarded grants, along with three state grant funding programs available for the public. The increased workload and responsibility have expanded and strain the Unit's ability to provide adequate support for DIR's programs and the timely completion of financial reports to the State Controller's Office and Department of Finance. Accounts Payable, Travel Services, and Office Revolving Fund

DIR-Accounting's Accounts Payable, Travel Services, and Office Revolving Fund Units are primarily focused on duties relating to money leaving DIR (i.e., paying employees, contractors, and vendors for goods and services received by DIR and for DIR employees traveling on business). Per the CalHR-approved reorganization of the Accounting Office, the Accounting Administrator II will perform a full range of management duties providing general direction to subordinate managers and supervisors responsible for planning, organizing, and directing the work of the Units. Because the number of positions in DIR has increased from 2,911 positions in 2019-20 to 3,808 in 2024-25, the number of employees traveling for business has increased, as has the demand for payroll-related duties, thus creating additional workload for both the Travel Services Unit and the Office Revolving Fund Unit. In addition, as evidenced by DIR's budget increasing from \$789 million to \$1.4 billion, the demand for Accounts Payable services has increased, especially with DIR now serving as a pass-through entity for Local Assistance programs and Federal grants. The Accounting Administrator II will manage the implementation of modernization efforts in all three units.

Since implementing the Financial Information System for California (Fi\$Cal) in 2018, OFS has not consistently updated its policies and procedures to reflect the functionality of the new system. Because OFS serves in a controlling capacity for all DIR divisions, this lack of thorough documentation presents a high risk to DIR. The State Leadership Accountability Act (SLAA) requires a sustainable, on-going program to design, implement and operate internal controls. In addition, DIR has several modernization projects that affect the operations of both DIR-Accounting and DIR's Budget Office. The SSM I represents OFS and serves as project manager to ensure sufficient internal controls on mission-critical projects, supporting OFS management with complex and sensitive program and policy-related project management. The SSM I conducts monitoring, testing, and auditing of internal controls and completes the associated modifications and maintenance.

In summary, OFS is requesting a total of 7.0 permanent positions as follows:

- 2 Accountant Trainees,
- 1 Accounting Administrator II,
- 1 OT-Typing, 1 Senior Accounting Officer (Supervisor),
- 1 Staff Services Analyst (SSA), and 1.0 SSM I.

Staff Recommendation. Hold Open.

Issue 17: Domestic Worker Definitions (SB 1350)

Governor’s Budget. The Governor’s budget requests \$1.2 million Occupational Safety and Health Fund (OSHF) and 4.5 positions in 2025-26 and \$1.1 million OSHF and 4.5 positions in 2026-27 and ongoing, for DIR, to provide resources for the Division of Occupational Safety and Health to implement the new requirements of SB 1350 (Durazo), Chapter 895, Statutes of 2024.

Background. SB 1350 removes the household domestic service exclusion from California’s occupational safety and health statute and replaces it with a more limited exclusion for workers hired directly by a private household to perform “ordinary household domestic tasks” for the benefit of the household. This will allow DOSH to exercise jurisdiction over household domestic workers who are employed by a business or otherwise perform work not subject to exclusion under federal law. This amendment aligns California law with Federal OSHA on this issue, which is a necessary condition of Cal/OSHA’s ability to enforce occupational safety and health standards in the state. SB 1350 also exempts publicly funded domestic work and family daycare homes.

The Division’s enforcement activities will be impacted by SB 1350, as the Division will now have jurisdiction over certain household domestic services, an industry that has never been regulated by the Division. The Division will be required to respond to complaints, conduct inspections, and issue citations for this industry. Due to the additional enforcement work, the Division’s Legal Unit will also be impacted by additional appeals of citations. The Legal Unit will also need to conduct in-house training to all Division staff and develop and review publications for employers, employees and advocacy groups.

SB 1350 removes the blanket exclusion for household domestic service employment so that the majority of household domestic workers, with some exceptions, are a part of Cal/OSHA’s jurisdiction, meaning all of the Labor Code sections and California Code of Regulations Title 8 regulations that provide workplace protections to workers will apply to them. This will create new and additional workload for the Division’s Enforcement Branch and Legal Unit, because it will result in new inspections involving work and places of employment that historically fell outside of Cal/OSHA’s reach.

Household domestic work includes the maintenance of the inside and outside of a house. For reference, DOSH estimated the number of new inspections based on inspections conducted on a comparable industry in landscaping services. Between 2015 and 2019, DOSH opened an average

of 224.8 Cal/OSHA inspections per year on landscaping services. According to a report on the landscaping industry, residential maintenance and general service account for 33 percent of the landscaping industry². Based on 33 percent of the 224.8 average inspections for landscaping services, the Division anticipates a minimum of 75 additional inspections per year, primarily in outdoor work such as residential landscaping. In addition to residential landscaping services, other types of household domestic service work such as pool maintenance may trigger additional inspections.

In addition to inspections, the Division anticipates an increase in appeals. Currently, approximately 48 percent of citations are appealed by employers, which will result in 36 additional appeals per year. A majority of these appeals will likely be referred to the Legal Unit, with an attorney then defending the citations.

Based on this assessment, at a minimum, it is estimated that the Division would need three and a half Associate Safety Engineers and one Attorney IV.

Staff Recommendation. Hold Open.

Issue 18: Occupational Safety and Health Standards Board Rulemaking Support

Governor's Budget. The Governor's budget requests \$301,000 Occupational Safety and Health Fund (OSHF) and 1 position in 2025-26, \$588,000 OSHF and 2 positions in 2026-27, \$874,000 OSHF and 3 positions in 2027-28, and \$857,000 OSHF and 3 positions ongoing, for DIR, for the Occupational Safety and Health Standards Board (OSHSB or Standards Board) to assist with the rulemaking backlog and workload levels that have increased in recent years. These permanent positions are intended to help reduce the rulemaking backlog and adopt critical occupational safety and health regulations.

Background. Due to understaffing and the inability to meet its increased workload, OSHSB is requesting a total of 3.0 SSE positions to be phased in over three years. These resources will enable OSHSB to achieve timely workflow, begin alleviating backlog, and move forward with long-term planning. An increase in engineering staff will also help OSHSB promulgate new occupational safety and health regulations that existing regulations are ill-equipped to address. This would help update rules that are outdated, impractical, or silent to modern workplace hazards resulting in a safer workplace for 19 million California workers.

Workload. OSHSB's workload and stakeholder engagement have grown significantly; however, staffing levels needed to work on complex rulemaking have not kept up with demands for new regulations. As a result, OSHSB's mandated work on regulations has been increasingly delayed or indefinitely paused as staff resources are redirected to more immediate operational needs. Stakeholders at public meetings often reiterate that their championed regulatory proposal has not yet seen action while also acknowledging that more staff is needed to make that a reality. With this budget change proposal (BCP), OSHSB will begin addressing this problem.

Over the past two years, OSHSB's regulatory calendar has increased in size and complexity (i.e., two separate emergency regulations were issued since 2019, Federal and State mandates for

rulemakings and non-elevator variance applications have steadily increased). There remains a need to fortify OSHSB’s engineering team by adding additional staff. In addition, California’s workforce has grown in size and complexity. Engagement by federal OSHA, public stakeholders, media, and the Legislature has also grown.

Workload History

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24
Petitions	7	5	5	1	6
Active Rulemaking Packages	7	5	4	5	10
Non-Elevator Variances	6	4	7	6	7
OSHSB Advisory Committee	6	1	3	8	8
Cal/OSHA AC	2	3	9	5	4
Backlogged Rulemaking Projects	38	42	34	36	31

Per Labor Code section 142.3(a)(1), the Standards Board is “the only agency in the state authorized to adopt occupational safety and health standards”. OSHSB has a duty under the Administrative Procedures Act (APA) to substantively scrutinize, with the benefit of formal public participation, any Cal/OSHA-developed regulation being proposed.

The pandemic consumed the vast majority of OSHSB rulemaking resources for 2020-21, 2021-22, and much of 2022-23, leading to a significant increase in backlog. In 2019, OSHSB had 38 backlogged rulemaking projects and 7 active rulemaking projects. In 2020, OSHSB had 42 backlogged projects and 5 active projects. In 2021, OSHSB had 34 backlogged projects and 4 active projects. In 2022, OSHSB had 36 backlogged projects and 5 active projects. In 2023, with the addition of two new staff and the conclusion of the COVID-19 rulemaking project, OSHSB was able to reduce the backlog to 31 projects and had 10 active rulemaking projects.

Through a 2023-24 Legislative BCP for Chapter 778, Statutes of 2022 (AB 2243), OSHSB received four-year limited-term resources to assist with rulemaking related to outdoor heat and exposure to wildfire smoke.

Due to understaffing and the inability to meet its increased workload, OSHSB is requesting a total of 3.0 SSE positions to be phased in over three years. These resources will enable OSHSB to achieve timely workflow, begin alleviating backlog, and move forward with long-term planning. An increase in engineering staff will also help OSHSB promulgate new occupational safety and health regulations that existing regulations are ill-equipped to address. This would help update rules that are outdated, impractical, or silent to modern workplace hazards resulting in a safer workplace for 19 million California workers.

Staff Recommendation. Hold Open.

Issue 19: Property Service Worker Protection (AB 2364)

Governor’s Budget. The Governor’s budget requests \$900,000 one-time various special funds, for DIR, to commission a study on improving worker safety and safeguarding employment rights in the janitorial industry, and to convene an advisory committee to make recommendations regarding the scope of the study consistent with AB 2364 () Chapter 394, Statutes of 2024.

Background. AB 2364 amends the Property Service Protection Act to increase and re-cast the fees that qualified organizations can charge janitorial employers for providing the required sexual harassment training and requires DIR to contract with the University of California, Los Angeles Labor Center (UCLA-LC) to conduct a study to evaluate opportunities to improve worker safety and safeguard employment rights within the janitorial industry. AB 2364 also requires DIR to convene an advisory committee comprised of representatives from Cal/OSHA, DWC, the Civil Rights Department, a recognized or certified collective bargaining agent that represents janitorial workers throughout the state, employers and labor management groups in the janitorial industry, UCLA-LC, and other relevant subject matter experts to make recommendations regarding the scope of the study. Finally, AB 2364 requires DIR to submit the completed report to the members of the specially established advisory committee and specified legislative committee chairs on or before May 15, 2026.

AB 2364 sets a clear deadline for DIR to submit the UCLA-LC report to the members of the specially established advisory committee and the Chairs of the Assembly Committee on Labor and Employment and the Senate Committee on Labor, Public Employment and Retirement, on or before May 15, 2026. Based on the Department’s experience, a study of this nature is reasonably estimated to cost \$750,000.

DIR expects the advisory committee to convene ten times during its operational period and will be responsible for coordinating audio-visual and interpretation services, with an estimated cost of \$10,000 per meeting, ensuring that the committee meetings are accessible and inclusive. DIR requests \$100,000 in one-time funding to provide webcasting and translation. With travel for advisory committee members estimated at \$5,000 total per meeting, the Department also requests \$50,000 to fund travel.

Staff Recommendation. Hold Open.

Issue 20: Schools' Occupational Injury & Illness Prevention Programs

Governor's Budget. The Governor's budget requests \$170,000 Workers' Compensation Administration Revolving Fund (WCARF) annually from 2025-26 through 2027-28, for DIR, to allow the Commission on Health and Safety and Workers' Compensation (CHWSC) to assist schools in establishing effective occupational Injury and Illness Prevention Programs.

Background. Existing law requires CHSWC to assist schools in establishing illness and injury prevention programs. Labor Code Section 78(a) specifies that, "The commission shall review and approve applications from employers and employee organizations, as well as applications submitted jointly by an employer organization and an employee organization, for grants to assist in establishing effective occupational injury and illness prevention programs. The commission shall establish policies for the evaluation of these applications and shall give priority to applications proposing to target high-risk industries and occupations, including those with high injury or illness rates, and those in which employees are exposed to one or more hazardous substances or conditions or where there is a demonstrated need for research to determine effective strategies for the prevention of occupational illnesses or injuries."

Recent data from the U.S. Bureau of Labor Statistics indicates that although the injury and illness rate for schools has declined since the inception of the program, about 25 percent of the 114,800 non-fatal occupational injuries and illnesses in California's local governments still occur in elementary and secondary schools. In addition, California elementary and secondary schools have occupational injury rates nearly 30 percent higher (5.4 cases per 100 full-time employees) than the overall injury rate for Californians injured at work (4.2 cases per 100 full-time employees).

This augmentation will allow CHSWC to utilize funds that have accumulated in the WCARF specifically for the schools' Injury and Illness Prevention Programs that are mandated for this purpose and cannot be utilized for any other activity.

Staff Recommendation. Hold Open.

Issue 21: Workplace Violence Prevention Plans in Hospitals (AB 2975)

Governor's Budget. The Governor's budget requests 0.5 permanent positions and \$125,000 in 2029-30 and ongoing from the Occupational Safety and Health Fund to implement AB 2975 (Gipson), Chapter 749, Statutes of 2024.

Background. AB 2975 requires the use of devices that automatically screen a person's body at specific entrances of hospitals. Additionally, hospitals are required to post a notice near the screening checkpoints advising of the screening and that no person shall be refused medical care, pursuant to specified federal law. Finally, hospitals are to adopt reasonable protocols for when a weapon is detected at screening, alternative weapons screening options, and proper training and hiring of security personnel. The legislation also charges Division of Occupational Safety and Health (DOSH) and Occupational Safety and Health Standards Board (OSHSB) to develop and

adopt rulemaking to amend Labor Code Section 6401.8(a). After the new standard is adopted, DOSH will be charged with conducting ongoing enforcement of the new regulations. Accordingly, DOSH will require the following to properly implement the requirements of AB 1975:

Enforcement: Once the rulemaking process is completed, DOSH is responsible for the enforcement of activities to effectively implement this legislation. Ensuring that hospitals are complying with the new requirements of AB 2975 will increase the time and resources required for DOSH inspections of hospitals, including additional resources for preparation and on-site visits, meeting with employers, conducting walk-around of facilities, interviewing employees, and conducting return visits to verify abatement. In order to conduct enforcement efforts to ensure the developed regulations are implemented and enforced properly, DOSH requests permanent resources of 0.5 Associate Safety Engineer to handle the increased workload, starting in 2029-30 and ongoing.

Staff Recommendation. Hold Open.

Issue 22: Employer Assessment Regulatory Alignment Trailer Bill

Governor's Budget. The Governor's budget includes trailer bill language to make technical changes related to workers' compensation assessments on employers.

Background. Existing law requires the director of the Department of Industrial Relations to levy and collect assessments from employers, for purposes of collecting the aggregate amount determined by the Fraud Assessment Commission. Existing law requires revenues derived from the assessments to be deposited in the Workers' Compensation Fraud Account in the Insurance Fund and to only be expended, upon appropriation by the Legislature, for the investigation and prosecution of workers' compensation fraud and the willful failure to secure payment of workers' compensation. Existing law requires the director to promulgate reasonable rules and regulations governing the manner of collection of the assessments.

The proposed trailer bill language would make technical and conforming changes to the assessments and related provisions and would also exempt from the rulemaking provisions of the APA regulations adopted pursuant to those promulgated by the director governing the manner of collection of the above-described assessments.

Staff Recommendation. Hold Open.

7501 DEPARTMENT OF HUMAN RESOURCES**Issue 23: LMS Consolidation with CalHR and DGS**

Governor's Budget. The Governor's budget requests 1 position and a total of \$399,000 General Fund for 2025-26 and \$392,000 General Fund ongoing, for CalHR, to address the consolidation of three statewide training systems into one Statewide LMS.

Background. The Department of Human Resources (CalHR) and the Department of General Services (DGS) have identified opportunities to more efficiently and effectively utilize state resources through the consolidation of the following three (3) statewide learning management systems (LMS) that house training for state employees:

1. DGS' statewide procurement LMS.
2. DGS' statewide LMS offering Defensive Driver training.
3. CalHR's statewide LMS (CalLearns).

To achieve these efficiencies, CalHR is requesting the following: 1 position and \$399,000 General Fund for 2025-26 and \$392,000 General Fund in 2026-27, and ongoing. Please see the concurrence letter from DGS on this proposal.

This proposal reduces expenditures with DGS' Procurement Division (PD) by eliminating a duplicate statewide LMS allowing the consolidation of LMS administration and customer support into one unit at CalHR. It also allows for the elimination of a second external facing LMS at DGS that hosts the Defensive Driver training. The proposal streamlines statewide training registration and delivery processes for State of California employees into a consolidated LMS.

DGS PD's LMS software contract ends in August 2025 and if this proposal is not approved, DGS will need to renew the LMS software contract to avoid an impact to current services.

Staff Recommendation. Hold Open.

Issue 24: Recruitment System Enhancements

Governor’s Budget. The Governor’s budget requests \$300,000 General Fund in 2025-26, \$450,000 General Fund in 2026-27, and \$400,000 General Fund in 2027-28 and ongoing to invest in the State Recruitment platform and Examination and Certification Online System (ECOS) to continue to support Anonymous Hiring.

Background. The California Department of Human Resources (CalHR) is responsible for issues related to employee salaries and benefits, job classifications, civil rights, training, exams, recruitment and retention.

In 2022, Governor Newsom signed into law Executive Order N-16-22, which focused on advancing equity and tackling disparities and discrimination within the hiring process. Among other hiring reforms, the Executive Order calls for creating an anonymous hiring capability in the Examination and Certification Online System (ECOS) for job applicants. Anonymous hiring aims to eliminate bias and ensure privacy of personally identifiable information (PII) in the hiring process. The critical element to achieve anonymous hiring is the redaction of personally identifying information in an individual's application, including form fields, resumes, cover letters, and other documents submitted as part of the recruitment process.

Anonymous Hiring aims to remove PII during the early screening stages of recruitment. By anonymizing documents like resumes, cover letters, driving licenses, and other application forms such as form 678, this method seeks to reduce unconscious biases that may arise from visible details such as names, addresses, gender, and more. With this technology integrated into the hiring process, hiring managers will only focus on candidates' qualifications, experience, and competencies, ensuring a more equitable and merit-based evaluation. This technology may also create department efficiencies as this tool will replace the time consuming manual process of redacting.

The proposed budget of \$300,000 for 2025-26, \$450,000 for 2026-7, and \$400,000 in 2027-28 and ongoing will cover software licensing and services essential to advancing our strategic initiatives to enhance system functionality, capabilities, and overall user experience supporting Anonymous Hiring to redact free-form data such as resumes.

Staff Recommendation. Hold Open.

Issue 25: Savings Plus' Education & Outreach Travel Reimbursements

Governor’s Budget. The Governor’s budget requests a \$79,000 augmentation to the Savings Plus’ Deferred Compensation (DC) fund for 2025-26 and ongoing to fund travel costs that are currently prefunded by Savings Plus’ Third-Party Administrator (TPA) Nationwide Retirement Solutions (Nationwide) and reimbursed by the Program’s contracted Investment Managers.

Background. CalHR’s Savings Plus Program (“Savings Plus” or “the Program”) offers a robust Education and Outreach communication plan consisting of both virtual and on-site education. Financial Education Specialists frequently attend benefits and career fairs, open-houses, and

CalPERS' Benefits Education Events (CBEE) statewide to provide education to eligible employees, participants, and retirees. This includes visiting state agencies that are challenging to reach due to their location (CalFire, State Parks) or by the nature of their work (State Hospitals, State Prisons).

Education & Outreach travel costs are prefunded by the Program's Third-Party Administrator (TPA), Nationwide Retirement Solutions (Nationwide) and reimbursed to Nationwide by the Program's contracted Investment Managers annually. Each contracted Investment Manager bears a proportionate share of education and outreach (communication) costs, which includes marketing, investment education, outreach, and training costs. Savings Plus coordinates annual reimbursement of communication costs to the TPA (Nationwide) from the Investment Managers.

Coordinating the reimbursement of these expenses annually is cumbersome and the three-pronged method no longer aligns with current industry best practices.

Staff Recommendation. Hold Open.

Issue 26: Diverse, Ethnic, and Community Media Outreach (AB 1511)

Governor's Budget. The Governor's budget requests 1 position and \$5,167,000 (\$5,088,000 General Fund, \$67,000 Reimbursements, \$1,000 Flex Elect Benefit Fund, and \$11,000 Deferred Compensation Plan Fund) in 2025-26 and \$5,160,000 (\$5,081,000 General Fund, \$67,000 Reimbursements, \$1,000 Flex Elect Benefit Fund, and \$11,000 Deferred Compensation Fund) in 2026-27, 2027-28, and 2028-29 and \$160,000 (\$81,000 General Fund, \$67,000 Reimbursements, \$1,000 Flex Elect Benefit Fund, and \$11,000 Deferred Compensation Fund) ongoing, for CalHR, to maximize the use of ethnic and community media outlets for advertising and outreach, expanding the state's ability to reach California's diverse communities in accordance with Assembly Bill 1511 (Santiago), Chapter 352, Statutes of 2024.

Background. Assembly Bill (AB) 1511 requires each state agency that expends funds on marketing, advertising or outreach to develop a plan for increasing expenditures directed to ethnic and community media outlets serving specified populations and report annually on progress of implementation using a template created by the Department of General Services. CalHR currently has a budget of \$250,000 which was meant to be used statewide. Due to budget constraints, the initial campaign was limited to the Sacramento market.

According to the Administration, if the budget remains at current levels, CalHR will not be able to afford both adequate general market and ethnic and community media outlet purchases in multiple California media markets. Competitive media markets, such as Los Angeles, San Francisco and Sacramento, require millions of dollars to adequately reach the communities in those areas. This does not account for the lack of media outlets in certain regions and the scarcity of airtime due to competing contracts or other special events, such as elections and high-profile sporting events.

To reach ethnic communities, CalHR requests funding to create marketing in specific languages and to possibly have different creative collateral from what is used in the general market. This ensures the message resonates with the audience. Translation is not enough in most cases; therefore, trans-creation is necessary. It is for this reason that many agencies often have separate ethnic media contracts, which is a separate investment from the advertising time. At this time, CalHR does not expend funds on these materials and will need to newly do so in order to reach the communities defined in AB 1511.

Staff Recommendation. Hold Open.

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Thursday, April 24, 2025
9:30 a.m. or Upon Adjournment of Session
State Capitol – Room 112

Consultant: Nora Brackbill and Eunice Roh

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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 DISCUSSION

2720 CALIFORNIA HIGHWAY PATROL

Issue 1: California Highway Patrol Officer Perspectives

Panelists.

- Jake Johnson, President, California Association of Highway Patrolmen

Background. The primary mission of the California Highway Patrol (CHP) is to ensure safety and enforce traffic laws on state highways and county roads in unincorporated areas. The CHP also promotes traffic safety by inspecting commercial vehicles, as well as inspecting and certifying school buses, ambulances, and other specialized vehicles. The CHP carries out a variety of other mandated tasks related to law enforcement, including investigating vehicular theft and providing backup to local law enforcement in criminal matters. The operations of the CHP are divided across eight geographic divisions throughout the state.

The Governor's budget includes 11,299 positions at the CHP, of which 7,620 are uniformed personnel (and of this amount, 6,407 are officer classifications). Uniformed personnel includes officers as well as supervisors, such as lieutenants. As of April 2025, the CHP reports a 9.7 percent vacancy rate in uniformed positions and a 10.4 percent vacancy rate in uniformed officer positions.

All CHP officers complete an extensive process to become a uniformed officer at the department. This process includes a written application, physical abilities test, written exam, background investigation, medical and psychological evaluation, and 26 weeks of training at the CHP Academy. Officers work in various capacities. Specializations can range from different modes of transportation (such as motorcycle officers as well as officers in the Mounted Patrol Unit, Bicycle Patrol Unit, and Air Operations) as well as various investigative and law enforcement capacities (such as the SWAT Team, Commercial Operations Unit, Hazardous Device Detail, Background Investigators, Capitol Protective Services, Dignitary Protection Section, Multi-Disciplinary Accident Investigation Team.)

The California Association of Highway Patrolmen (CAHP) is the labor union that advocates on behalf of uniformed CHP officers in matters related to pay, benefits, and working conditions. CAHP is the dedicated bargaining unit (BU5) for CHP officers, and negotiate on their behalf with the California Department of Human Resources through a collective bargaining process to reach agreement on a contract (called a Memorandum of Understanding, or MOU) covering a specified time period.

Staff Recommendation. This item is informational, and no action is required.

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION**Issue 2: Institutional Employee Perspectives****Panelists.**

- Dr. Navreet Mann, Psychiatrist at CDCR and member of Union of American Physicians and Dentists
- Dr. Aaron Cannon, Psychologist at CDCR and member of AFSCME Local 2620
- Heather Markovich, Licensed Vocational Nurse and SEIU Local 1000 Bargaining Unit 20 Chair

Background. The California Department of Corrections and Rehabilitation (CDCR) is responsible for the incarceration of certain adults convicted of felonies, including the provision of rehabilitation programs, vocational training, education, and health care services. As of February 26, 2025, CDCR was responsible for an incarcerated population of 90,900 individuals¹. Most of these people are housed in the state's 31 prisons and 34 firefighting and conservation camps. CDCR also supervises and treats about 34,600 adults on parole, is responsible for the apprehension of those who commit parole violations, and operates one juvenile conservation camp.

The Governor's budget includes 60,018.1 positions for CDCR in 2025-26, making it the largest state department by nearly three-fold (excluding the Judicial Branch and higher education; the next largest is the Department of Transportation at 22,614.2 employees). CDCR staff include 33,983.7 positions for operations (general security, inmate support, and institution administration) and 18,113 positions for medical, mental health, dental services and related administration, among other areas. In fiscal year 2023-24, CDCR reported an average vacancy rate of 19.0 percent.

CDCR employees are represented by nine labor organizations and 18 of the state's 21 bargaining units. Some of the largest by number of CDCR employees include the California Correctional Peace Officers Association, SEIU Local 1000, and AFSCME, among other organizations. This panel will focus on the experiences of non-peace officer staff in CDCR institutions.

Staff Recommendation. This item is informational, and no action is required.

¹ <https://www.cdcr.ca.gov/research/wp-content/uploads/sites/174/2025/02/Tpop1d250226.pdf>

Issue 3: Rehabilitative Programming**Panelists.**

- Sydney Tanimoto, Deputy Director, Division of Rehabilitative Programs, CDCR
- Kenneth Hartman, Executive Director of Transformative Programming Works
- Calliope Correia, Land Together (formerly Insight Garden Program)

Background. More than 30,000 people are released from California’s prisons each year, and 39.1 percent are reconvicted within three years². This rate of recidivism results in increased crime and costs to the state, and reflects the significant barriers to successful reentry. Rehabilitative programs at CDCR help individuals develop various types of social and educational skills, and ultimately help prepare individuals for release. CDCR both directly offers rehabilitative programming, and partners with a number of nonprofit organizations and colleges to provide rehabilitative programming for incarcerated individuals. Both types of programming are described below.

Programming Offered by CDCR. CDCR and the California Correctional Health Care Services (CCHCS) run approximately 5,000 activity groups and therapeutic groups. These include programs such as Mental Health and Wellness and Substance Abuse Treatment. These programs provide rehabilitative programming and skills to incarcerated individuals to reduce their likelihood of reoffending and standardizes education on disease processes, positive health behaviors, and improves incarcerated patient health and wellness. The 2018 Budget Act included \$2.5 million and 13 positions ongoing, and the 2022 Budget Act included an additional \$4.6 million and 72.5 positions ongoing for rehabilitative programming.

Programming Offered by Community-Based Organizations. In addition to programming offered by CDCR and CCHCS, programming is offered by community-based organizations and volunteers. These programs providing the incarcerated population with reentry support, skills and workforce development as well as trauma healing and restorative justice programs. They include arts, mindfulness, social and emotional learning, life skills and accountability, victim awareness, reentry planning, gardening, education, animal care and training, and many others.

The state has provided various grants to CBOs providing in-prison programming, including the California Reentry and Enrichment (CARE) Grant (\$5 million per year), Innovative Programming Grants (\$4 million per year), Victim Impact Grant (\$1 million per year), Restorative Justice Grant (\$10 million one-time), and Rehabilitative Investment Grants for Healing and Transformation (RIGHT; \$20 million in 2022-23, \$21 million in 2023-24, and \$2.2 million in 2024-25).

Credit Earning. In 2016, voters approved Proposition 57, which authorizes CDCR to “award sentence credits for rehabilitation, good behavior, or educational achievements.” (Cal. Const., art. I, § 32). These credits are used to accelerate release dates or parole consideration hearings as applicable. Incarcerated persons can get credits in five categories: (1) Good Conduct Credit (GCC), (2) Milestone Completion Credit (MCC), (3) Rehabilitative Achievement Credit (RAC), (4) Education Merit Credit (EMC), and (5) Extraordinary Conduct Credit (ECC).

² <https://www.cdcr.ca.gov/research/wp-content/uploads/sites/174/2025/04/Statewide-Recidivism-Report-for-Individuals-Released-in-Fiscal-Year-2019-20.pdf>

Incarcerated people can earn RAC for participation in approved rehabilitative programs. The credit earning rate is 10 days per 52 participation hours, up to 40 days per year. All eligible activities, attendance, and credit awarding must be entered and tracked in the Strategic Offender Management System (SOMS).

Of people released from prison during the 2019-20 fiscal year, 59.6 percent earned some type of enhanced credit. The three-year conviction rate for people who earned credit was lower than the rate for those with no enhanced credit earnings (35.8 percent and 44.0 percent, respectively). Individuals earning multiple types of credits had the lowest recidivism rates, as shown in the table below, from the *Statewide Recidivism Report For Individuals Released From The California Department Of Corrections And Rehabilitation In Fiscal Year 2019-20*, published by CDCR in April 2025³.

Type of Enhanced Credit Earning	Number Released	One-Year		Two-Year		Three-Year	
		Number Convicted	Conviction Rate	Number Convicted	Conviction Rate	Number Convicted	Conviction Rate
EMC Only	319	35	11.0%	71	22.3%	101	31.7%
MCC Only	13,205	2,011	15.2%	4,237	32.1%	5,734	43.4%
RAC Only	552	33	6.0%	97	17.6%	138	25.0%
More than One Credit Type:							
EMC and RAC	35	3	8.6%	4	11.4%	5	14.3%
EMC and MCC	1,283	79	6.2%	237	18.5%	346	27.0%
RAC and MCC	4,010	219	5.5%	548	13.7%	834	20.8%
EMC, MCC and RAC	978	27	2.8%	91	9.3%	145	14.8%
No Enhanced Credit	13,833	2,269	16.4%	4,589	33.2%	6,092	44.0%
Total	34,215	4,676	13.7%	9,874	28.9%	13,395	39.1%

EMC: Education Merit Credit

MCC: Milestone Completion Credit

RAC: Rehabilitative Achievement Credit

Staff Recommendation. This item is informational, and no action is required.

³ <https://www.cdcr.ca.gov/research/wp-content/uploads/sites/174/2025/04/Statewide-Recidivism-Report-for-Individuals-Released-in-Fiscal-Year-2019-20.pdf>

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION
5420 PRISON INDUSTRY AUTHORITY**Issue 4: Employment Training****Panelists.**

- Genevieve Candelaria, Superintendent of Correctional Education, Division of Rehabilitative Programs, CDCR
- Michele Kane, Assistant General Manager, External Affairs, Prison Industry Authority
- Dolores Olivarez, Assistant Chief, Workforce Development, Prison Industry Authority
- Angelica Martin, Director of Workforce and Education, Anti-Recidivism Coalition

Background. Employment upon release is a critical factor in successful reentry, with various studies showing it can reduce recidivism by over half⁴. CDCR provides various types of employment training, including job training through mandatory work assignments and career technical education and other programs. However, the unemployment rates among the formerly incarcerated is 27 percent, nearly five times higher than the rate for the general U.S. population⁵. Over half of unemployed men in the U.S. have a criminal record, with 64 percent having been arrested and 46 percent having been convicted⁶. Convictions can be a barrier to eligibility and licensing in some professions.

Career Technical Education (CTE). Incarcerated individuals may have access to various CTE programs depending on the institution, such as building and construction, business and finance, fashion, information and communication technologies, manufacturing, transportation, carpentry, commercial diving, computer-aided design and coding, construction labor, and iron working. These programs can lead to certifications such as the Multi-Craft Core Curriculum (MC3), which is an apprenticeship requirement for the National Association of Building Trades Unions.

CalPIA Enterprises and Joint Ventures. The Prison Industry Authority (CalPIA) is a semi-independent agency that operates enterprises employing incarcerated individuals, and has CTE programs, apprenticeship programs, and other employment support. CalPIA is required to be self-supporting, and does not rely on General Fund. CalPIA enterprises include office furniture, custodial services, the production of license plates, and optical services (eye wear), among others. CalPIA's biggest customer is CDCR (\$177.1 million, representing 62.2 percent of sales in fiscal year 2022-23). CalPIA currently manages more than 100 enterprises employing approximately 5,800 incarcerated individuals. CalPIA also operates four Joint Venture Programs, where it contracts with public businesses to offer incarcerated labor to be paid wages comparable to non-incarcerated individuals. CalPIA operates in every prison, although not all incarcerated individuals are eligible to participate. Generally, individuals with life sentences without the possibility of parole, people convicted of certain crimes, and people with certain security concerns are not eligible⁷.

⁴ <https://prison2ec.org/employment-fact-citations/>

⁵ <https://www.prisonpolicy.org/reports/outofwork.html>

⁶ <https://www.science.org/content/article/staggering-study-reveals-46-unemployed-u-s-men-have-criminal-convictions>

⁷ https://www.calpia.ca.gov/wp-content/uploads/calpia/news/Reports_and_Publications/FY2021-22LegislatureReport-PIA.pdf

During fiscal year 2023–24, there were 2,126 incarcerated individuals registered into the state apprenticeship program with 689 incarcerated individuals completing an apprenticeship program. There were also 5,513 participants who successfully completed an accredited certificate program.

Recidivism Impact. A 2021 study on the effect of CalPIA programs on recidivism showed that CalPIA participants had lower rates of arrests, convictions, and incarcerations during a three-year follow up than the control group (individuals accepted into CalPIA but without time to participate before they were released)⁸. Only 15 percent of CalPIA participants returned to custody within three years.

Employment Centers and Reentry. CDCR and CalPIA have initiatives to help incarcerated individuals find employment prior to release. This includes access to the Entry to Employment (E2E) Network and CalPIA Workforce Development Coordinators for individuals within 180 days of release. The E2E network started at California State Prison, Solano in January 2024 and will be available at every prison in California by the end of 2025. CalPIA has also helped coordinate three hiring events with Caltrans leading to 31 job offers. CDCR also partners with the American Job Center of California to provide reentry support and services such as career counseling and job placement assistance at a handful of institutions, including Valley State Prison. CDCR is proposing to expand this partnership to San Quentin Rehabilitation Center.

Staff Recommendation. This item is informational, and no action is required.

⁸ https://www.calpia.ca.gov/wp-content/uploads/calpia/news/Reports_and_Publications/CALPIARecidivism.pdf

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Thursday, May 8, 2025
9:30 a.m. or Upon Adjournment of Session
State Capitol – Room 112

Consultant: Nora Brackbill

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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 DISCUSSION

0250 JUDICIAL BRANCH

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

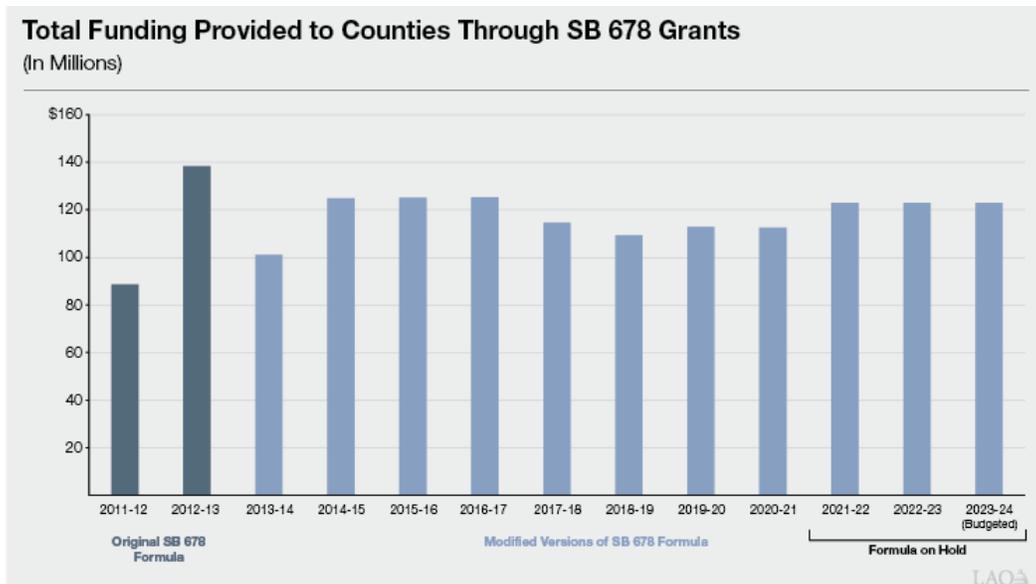
Issue 1: Community Corrections Performance Incentives Grant (SB 678)

Proposal. The proposed budget includes \$126.5 million General Fund in 2025-26 and an updated methodology for Community Corrections Performance Incentives Grants to county probation departments.

Panelists.

- Justin Adelman, Assistant Program Budget Manager, Department of Finance
- Francine Byrne, Judicial Council, Director of Criminal Justice Services, Judicial Council
- Orlando Sanchez Zavala, Fiscal & Policy Analyst, Legislative Analyst’s Office
- Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst’s Office

Background. SB 678 (Leno), Chapter 608, Statutes of 2009, also called the California Community Corrections Performance Incentives Act of 2009, created a program to incentivize county probation departments to reduce the number of individuals on felony supervision who were sent to state prison (the “failure-to-prison” rate), which the LAO had estimated made up 40 percent of new prison admissions¹. The grant was designed to share a portion of state savings with county probation through a performance-based formula, with funds to be used on evidence-based practices. The program aimed to reduce prison overcrowding, create savings, and improve public safety. Since the enactment of SB 678, the state has allocated roughly \$1.5 billion to county probation departments, with annual amounts ranging from \$88.6 million to \$138.3 million, as shown in the chart below from the LAO².



¹ https://www.lao.ca.gov/2009/crim/Probation/probation_052909.pdf

² <https://lao.ca.gov/Publications/Report/4806>

However, calculating the state savings attributable to reduced failure-to-prison rates has been complicated by significant policy changes and other factors. For example, the 2011 Public Safety Realignment reduced the number of probationers eligible for revocation to state prison and created two new groups of offenders subject to local supervision, leading to a modified formula included in the 2015-16 budget package. In addition, the COVID-19 pandemic had a substantial impact on the data used in the formula, resulting in the allocations for 2021-22 through the current year determined by a fixed schedule rather than by the formula. Other recent policy changes may also impact the data used in the formula, such as AB 1950 (Kamlager), Chapter 328, Statutes of 2020, which reduced maximum probation terms to one year for misdemeanors and two years for felonies, and the implementation of Proposition 36 (2024).

Current Statutory Formula. Below is a summary of the SB 678 funding formula, which would resume effect in 2025-26 without statutory changes. The formula includes three components:

- ***Component #1: Comparison of county to static statewide baseline return to prison rates.*** The county's performance is defined by their failure-to-prison rate, which is the number of individuals on felony probation, mandatory supervision, and Post-Release Community Supervision (PRCS) sent to prison as a percentage of the total supervised population. This is compared to a static statewide baseline, defined as the statewide average felony probation failure-to-prison rate between 2006 to 2008, which was 7.9 percent. Depending on how the county compares to this statewide baseline, the county receives between 40 percent and 100 percent of the highest payment received between 2011-12 and 2014-15.
- ***Component #2: Comparison of each county's return to prison rate and its failure rate in the previous year.*** The second funding component is based on how each county performs in comparison to its performance the previous year. Each year, a county's failure-to-prison rate from the previous year is applied to its current year's felony supervised populations to calculate the expected number of prison revocations. If a county sends fewer individuals on felony supervision to prison than the expected number, the county receives 35 percent of the state's costs to incarcerate an individual in prison multiplied by the number of avoided prison stays. The number of avoided prison revocations are calculated separately for each felony supervised population (i.e. felony probation, mandatory supervision, and PRCS).
- ***Component #3: \$200,000 minimum payment.*** The third funding component guarantees a minimum payment of \$200,000 to support ongoing implementation of evidence-based practices. If a county's total payment (from funding components 1 and 2) is less than \$200,000, DOF will increase the final award amount so that it totals \$200,000.

Proposed Formula. The proposed budget includes \$126.5 million General Fund for county probation departments. The proposed updated formula includes:

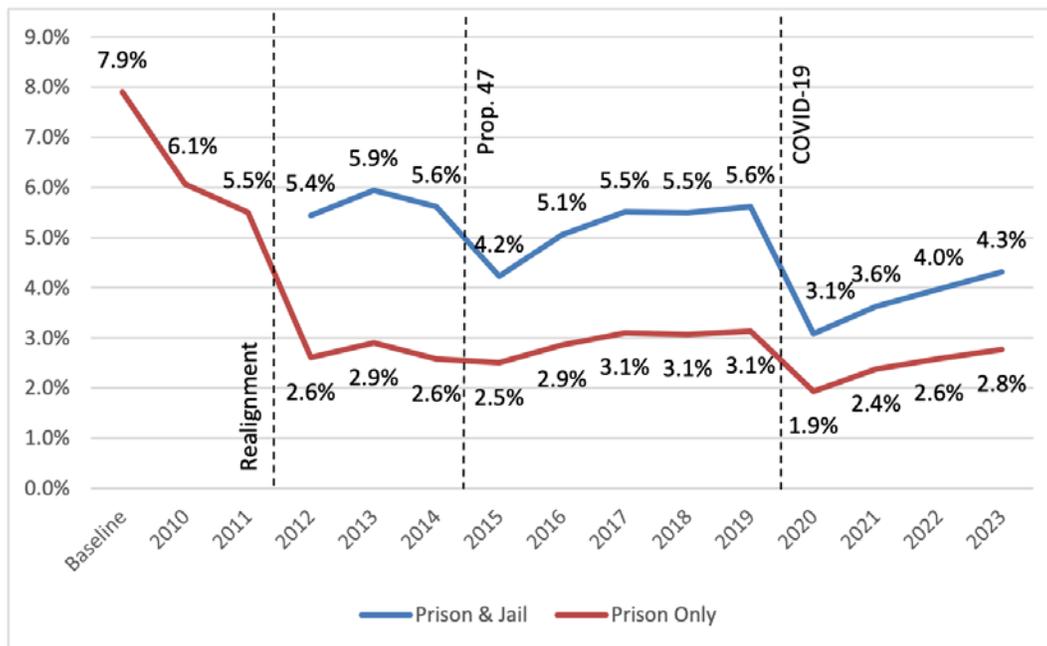
- ***Component #1: Maintenance Payment.*** This component would provide counties with a fixed amount, plus an automatic growth factor for future fiscal years, based on recent funding levels. The county would not need to maintain any specific performance level to

receive this funding. This component comprises \$104 million of the proposed 2025-26 allocation.

- *Component #2: Incentive Payment.* The second proposed funding component would be based on how each county performs in comparison to its previous performance. However, compared to the existing Component #2, instead of comparing year-over-year, the proposed methodology would compare a county to a new static baseline defined as the county’s average admission-to-prison rate between calendar years 2021 and 2023. It also reduces the portion of state savings passed to counties from 35 percent to 25 percent of the average annual per person cost for prison and parole, or about \$18,200 per person diverted.
- *Component #3: \$200,000 minimum payment.* The proposed methodology maintains the existing minimum payment.

Oversight and Reporting. The Judicial Council reports annually on the implementation of SB 678, including various outcome metrics and probation departments’ self-reported evidence-based practice implementation. The Administration noted that in-person site visits to observe counties’ SB 678 programs were halted during the pandemic, but hope to resume them soon. The most recent report, published in September 2024, noted that in each of the years since the start of the SB 678 program, the state’s overall revocation rate has been lower than the original baseline rate of 7.9 percent, as shown in the chart below from the Judicial Council’s report³.

Percentage of Felony Probation Incarceration Rates



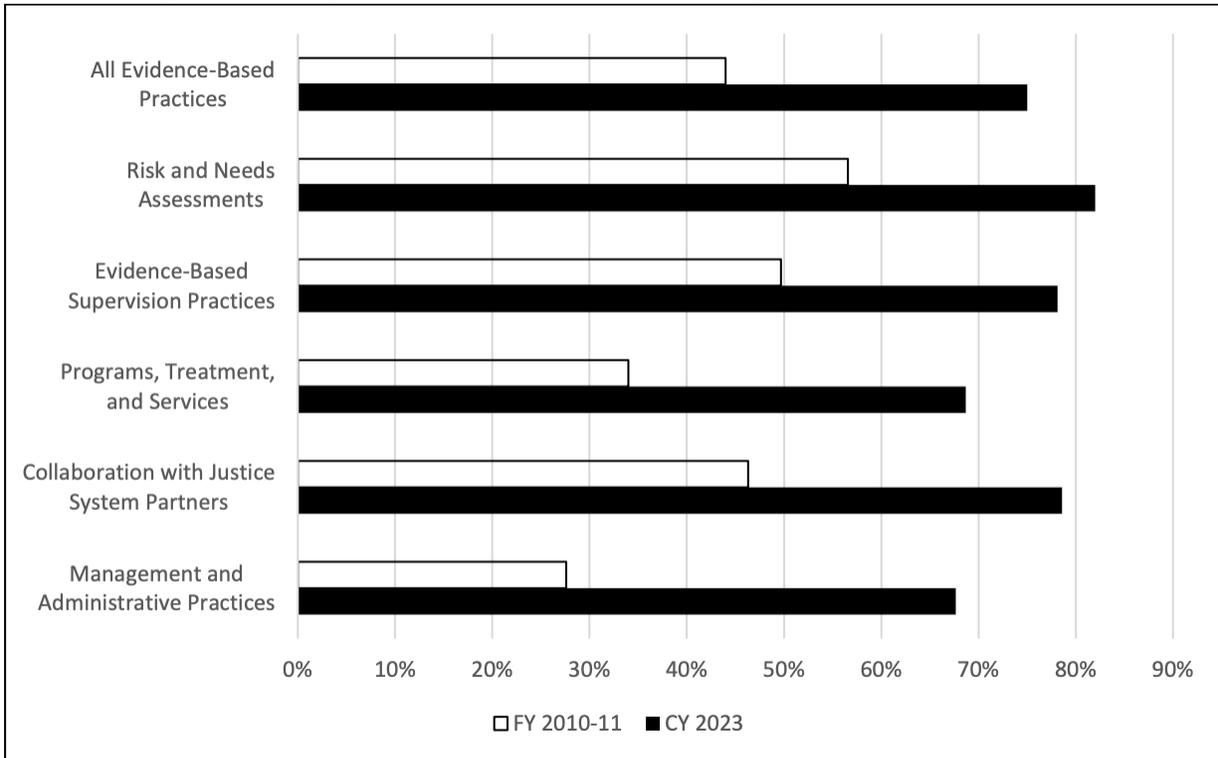
Source: Probation revocation data reported by probation departments to the Judicial Council.

Note: Incarceration rate includes only those supervised under adult felony probation.

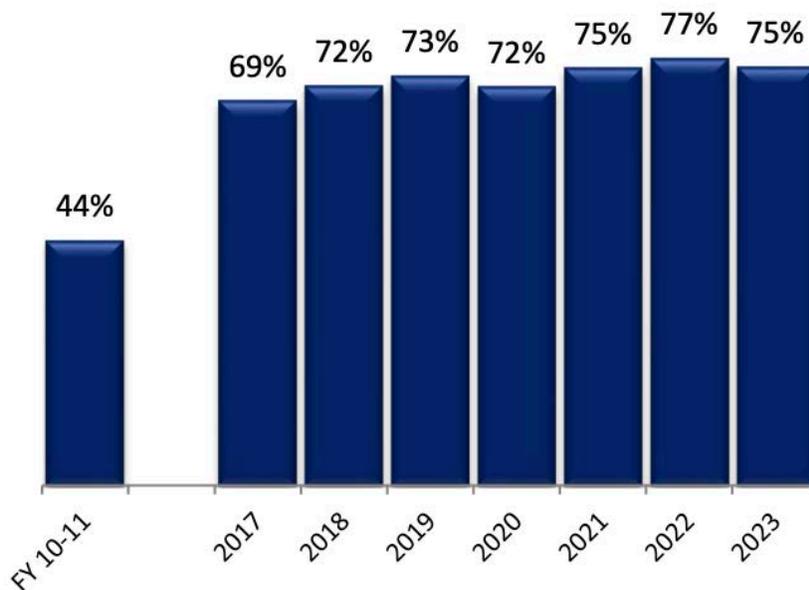
³ <https://courts.ca.gov/sites/default/files/courts/default/2024-12/lr-2024-ca-community-corrections-performance-incentives-act-2024.pdf>

The report also indicates that the use of evidence-based practices is substantially higher than the baseline prior to this program, and overall reported implementation rates were lower in 2023 than in the prior two years, matching the 2019 rate, as shown in the graphs below from the report.

Reported Use of Evidence-Based Practices by Type, Baseline Versus 2023



Reported Use of All Evidence-Based Practices Over Time



Source: The Judicial Council’s *Report on the California Community Corrections Performance Incentives Act of 2009: Findings From the SB 678 Program (2024)*

The Judicial Council also includes information on the use of funds through self-reported data from probation departments. As shown in the table below from the report, probation departments have consistently reported using most of their SB 678 funds on the hiring, retention, and training of probation officers to supervise medium- and high-risk probationers, consistent with evidence-based practices. Probation departments also report using a sizable proportion of their SB 678 funds on evidence-based treatment programs and services.

Reported Use of Funds for Evidence-Based Practices

Spending Category	Average % Spent, per Calendar Year ^a						
	CY 2017 (N = 55)	CY 2018 (N = 52)	CY 2019 (N = 49)	CY 2020 (N = 58)	CY 2021 (N = 58)	CY 2022 (N = 49)	CY 2023 (N = 54)
Hiring, support, and/or retention of case-carrying officers/supervisors	63%	59%	57%	63%	60%	58%	57%
Evidence-based treatment programs	18	18	17	16	16	17	18
Improvement of data collection and use	3	4	5	4	5	5	6
Use of risk and needs assessment	4	6	6	4	6	6	4
Use/implementation of intermediate sanctions	2	3	4	3	5	5	4
Evidence-based practices training for officers/supervisors	4	3	4	3	3	4	4
Other evidence-based practices ^b	5	7	8	7	6	6	7

^a The following counties provided incomplete or invalid responses to these questions and were excluded from these analyses:
CY 2017 — Alameda, Del Norte, Mendocino
CY 2018 — El Dorado, Glenn, Los Angeles, Mendocino, Stanislaus, Tehama
CY 2019 — Del Norte, El Dorado, Glenn, Inyo, Kings, Los Angeles, Modoc, San Diego, Santa Cruz
CY 2022 — Amador, Glenn, Imperial, Mariposa, Modoc, Mono, San Joaquin, Shasta, Trinity
CY 2023 — El Dorado, Mariposa, Santa Cruz, Sacramento

^b Includes operational costs, administration and clerical support, materials, incentives, and associated start-up costs. A number of counties reported placing some funds in a reserve account for program maintenance, additional positions, and services related to their SB 678 program.

Source: The Judicial Council’s *Report on the California Community Corrections Performance Incentives Act of 2009: Findings From the SB 678 Program (2024)*

LAO Comments and Recommendations.

In October 2023, the LAO released a report on the SB 678 grant program⁴. In it, the LAO noted that the program appeared to effectively achieve its three goals in the initial years of implementation. However, significant sentencing changes and modifications to the formula over the years have made it unclear whether the program continues to achieve its goals. This is because (1) the effects of SB 678 on the prison population, state savings, and crime are difficult to

⁴ <https://lao.ca.gov/Publications/Report/4806>

distinguish from other policy changes; (2) components of the current formula do not align with the original goals of the program; and (3) it is unclear whether counties are actually implementing evidence-based practices, which is important for achieving the goal of improving public safety. The LAO also found that it is more challenging to use state savings to incentivize performance given the various sentencing changes affecting felony supervision. However, there are state benefits from supporting evidence-based practices at the local level. The LAO recommended creating a new formula with two portions: (1) a portion based on direct measures of performance and state savings and (2) a portion designed to pay for specific evidence-based practices. This, as well as establishing additional oversight mechanisms of the program, would better ensure the program is effectively reducing failure-to-prison rates for those on county felony supervision, creating state savings, and improving public safety.

In April 2025, the LAO released updated comments in response to the Administration's SB 678 program proposal⁵. They noted that changes to the formula are warranted, but outlined several concerns with the Administration's proposal, including:

- *Proposed Baseline for Performance Payment Is Problematic.* The Administration's proposal to measure county performance against baselines using failure-to-prison rates from 2021 through 2023 is problematic because failure-to-prison rates during 2021 were artificially low due to factors related to the COVID-19 pandemic rather than county performance. Additionally, the administration indicates it does not anticipate proposing future changes to the baseline, meaning it would not be adjusted for future policy changes, such as Proposition 36 (2024).
- *Methodology for Estimating State Savings Per Person Diverted Has a Few Drawbacks.* The LAO notes that the estimated state savings uses average, rather than marginal cost, which better captures how much the state saves when one fewer person enters prison, such as savings on food, clothing, and medical care. The LAO also notes that the formula assumes all people are released to parole, and does not include adjustments for amount of time in prison or on parole. On net, the LAO finds that the administration's methodology underestimates the amount of state savings for each person diverted.
- *Aspects of Maintenance Payment Are Problematic.* The LAO finds that aspects of the maintenance payment are problematic for several reasons, including: (1) there is not a clear rationale for the total amount allocated to maintenance payments or why it should make up over 80 percent of the total grant under the proposed formula, (2) it does not support the original program goals, and (3) the growth adjustment is not tied to actual costs and reduces legislative oversight, which is particularly problematic since the program would no longer be structured in a way to ensure it generates net state savings.
- *Minimum Guarantee Disconnects Actual State Savings From Performance.* The LAO notes that the minimum guarantee of \$200,000 to counties undermines the goal of generating state savings and reducing prison commitments. This is because a county could continue to receive SB 678 funds despite not diverting anyone from prison. This

⁵ <https://lao.ca.gov/Publications/Report/5031>

disconnects actual state savings from performance, thereby providing little incentive for improvement for some counties with lower performance.

- *No Proposed Changes to Oversight.* While counties are required to use SB 678 funds on evidence-based practices, there are no required audits or assessments of the evidence-based practices counties are using. This makes it difficult for the Legislature to assess whether counties that report funding evidence-based practices and programs are in fact doing so. This is concerning given one of the goals of the program is to improve public safety by incentivizing the use of these practices.

As a result, the LAO recommends modifying the formula to address these issues, include increased oversight, reject the proposed growth adjustment, and reject the minimum guaranteed payment, as detailed below:

- *Modify Performance Payment.* The LAO recommends modifying the performance payment to use 2022 and 2023 as the new baseline and consider future updates to account for additional policy changes, and updating the state savings methodology to be based on marginal costs and account for the time spent on parole and in prison.
- *Modify Maintenance Payment.* The LAO concurs with the administration that some funding similar to the proposed maintenance payment is necessary to help support evidence-based practices. However, the LAO recommends an alternative maintenance payment that either: (1) pays only for specific evidence-based practices that will improve public safety and does so in ways that are more likely to generate state savings, or (2) includes simple changes to the Governor's proposed maintenance payment that would address some of the LAO's concerns. These options are outlined below:
 - *Maintenance Payment for Specific Evidence-Based Practices.* For the first option, the LAO recommends convening a group of experts to identify evidence-based practices, estimate the state savings from each practice, establish a total grant amount and allocation, and establish oversight for use of the practices. The LAO also recommends providing interim funding while this is being established.
 - *Simple Modifications to Governor's Proposed Maintenance Payment.* If the Legislature would prefer to implement a more permanent maintenance payment immediately, the LAO recommends adopting the Governor's proposed maintenance payment but rejecting the growth adjustment, and ensuring counties use evidence-based practices by tasking BSCC with oversight. The LAO estimates that this could require a few million dollars annually, which could be paid for by correspondingly reducing the amount available for grants.

Staff Comment.

Maintaining the intent of the funding. This funding is intended to serve as a financial incentive for county probation departments to prevent individuals under their supervision from returning to state

prison. The Legislature should consider whether converting \$104 million of this grant to a maintenance payment fulfills the goals of the program.

Oversight. The LAO's report included several recommendations around identifying evidence-based practices and providing additional transparency and oversight. The Legislature should consider whether these aspects should be incorporated into the grant program, and if so, how.

Staff Recommendation. Hold open.

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION**Issue 2: Correctional Peace Officer Perspectives****Panelists.**

- Joseph Cisneros, Correctional Officer at California Correctional Institution – Tehachapi and member of the California Correctional Peace Officers Association (CCPOA)

Background. The California Department of Corrections and Rehabilitation (CDCR) is responsible for the incarceration of certain adults convicted of felonies, including the provision of rehabilitation programs, vocational training, education, and health care services. As of February 26, 2025, CDCR was responsible for an incarcerated population of 90,900 individuals⁶. Most of these people are housed in the state’s 31 prisons and 34 firefighting and conservation camps. CDCR also supervises and treats about 34,600 adults on parole, is responsible for the apprehension of those who commit parole violations, and operates one juvenile conservation camp.

The Governor’s budget includes 60,018.1 positions for CDCR in 2025-26, making it the largest state department by nearly three-fold (excluding the Judicial Branch and higher education; the next largest is the Department of Transportation at 22,614.2 employees). CDCR staff include 33,983.7 positions for operations (general security, inmate support, and institution administration) and 18,113 positions for medical, mental health, dental services and related administration, among other areas. In fiscal year 2023-24, CDCR reported an average vacancy rate of 19.0 percent.

CDCR employees are represented by nine labor organizations and 18 of the state’s 21 bargaining units. Some of the largest by number of CDCR employees include CCPOA, SEIU Local 1000, and AFSCME, among other organizations. CCPOA alone has over 20,000 members at CDCR. This panel will focus on the experiences of peace officer staff in CDCR institutions, following a previous panel on non-peace officer staff at the April 24, 2025 Subcommittee 5 Hearing.

Staff Recommendation. This item is informational, and no action is required.

⁶ <https://www.cdcr.ca.gov/research/wp-content/uploads/sites/174/2025/02/Tpop1d250226.pdf>

0552 OFFICE OF THE INSPECTOR GENERAL
5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION**Issue 3: Handling Allegations of Staff Misconduct****Panelists.**

- David Chriss, Deputy Director, Office of Internal Affairs, CDCR
- Amarik Singh, Inspector General
- Shaun Spillane, Chief Deputy Inspector General, Office of the Inspector General

Background. In recent years, CDCR has made several changes to its process for handling allegations of staff misconduct. These changes were largely in response to a series of reports from the Office of the Inspector General (OIG) and court orders in the *Armstrong* case, which is a class action lawsuit filed in 1994 on behalf of prisoners with disabilities.

CDCR defines a staff misconduct grievance as an allegation that staff violated a law, regulation, policy, or procedure, or acted contrary to an ethical or professional standard. CDCR receives most of these through the general grievance process (also sometimes referred to as the 602 process), which also includes routine grievances and other requests. For example, a routine grievance could be that the temperature in a cell is too hot, whereas an allegation of staff misconduct would be that staff are deliberately raising the temperature in the cell as retaliation or punishment.

CDCR receives \$64 million annually and has 325 positions directly supporting this process, and receives around 220,000 grievances per year statewide.

Process for Handling Allegations of Staff Misconduct.

CDCR handles allegations of staff misconduct through its grievance process. Prior to January 1, 2025, the process worked as follows:

1. *Intake, Screening, and Routing.*
 - Grievances are collected by the prison's Office of Grievances, and screened for any urgent issues (i.e. anything that would require an immediate response) within one business day.
 - Grievances are sent to the Centralized Screening Team (CST) at the Office of Internal Affairs (OIA) and processed within three to five business days. There, staff decide whether it contains: (1) a serious allegation of staff misconduct that requires investigation by the Allegation Investigation Unit (AIU) at OIA (which includes allegations of sexual misconduct), (2) an allegation of staff misconduct that can be returned to the prison for a local inquiry, or (3) a routine grievance that does not contain any allegations of staff misconduct and can be returned to the prison. CST staff may also follow up with the person who submitted the grievance for more information if needed, and they log the grievance in the Allegation Against Staff Tracking System (AASTS).

2. *Investigation, Inquiry or Other.* Depending on the decision of CST, AIU will perform an investigation within 120 days, or a Locally Designated Investigator (LDI) will perform a local inquiry within 60 days. In the case of a local inquiry, the final report must be reviewed by an AIU Captain before the inquiry is completed. If the LDI establishes reasonable belief that an allegation occurred that is likely to lead to adverse action, the LDI is supposed to stop the inquiry and escalate the complaint directly to AIU. LDIs are also required to be at least one rank above the highest-ranking officer in the allegation.
3. *Resolution.* The results of the investigation or inquiry are returned to the hiring authority for review and disposition. The reports only contain a finding of facts – it is up to the hiring authority to decide if an allegation of staff misconduct is sustained. Hiring authorities must order some action if an allegation of staff misconduct is sustained. The outcome is recorded in the AASTS.

Changes Effective January 2025. Due the volume of grievances and allegations received, CDCR modified the staff misconduct process through emergency regulations, effective January 1, 2025⁷. CDCR indicated that the regulations will be finalized by this July. Major changes include:

- *Local Inquiries.* Eliminates local inquiries to simplify the routing process. Grievances will now either go to OIA for investigation or are handled as a routine grievance through the institution (including lower-level allegations that will be returned to the institutions for routine inquiry). Grievances will be routed to OIA if they contain an allegation outlined on the decision index, or if they require interviews or may lead to adverse action, or if the subject has another sustained allegation.
- *Centralized Hiring Authority Unit.* Establishes a new centralized hiring authority unit for the review and resolution of investigations conducted by AIU. This unit initially started at the six institutions covered by the *Armstrong* litigation.
- *Grievance Teams.* Creates multi-disciplinary grievance teams to meet with individuals who frequently file grievances and help resolve their issues or open investigations.
- *Auditing and Oversight.* Enhances internal auditing to help ensure corrective and disciplinary actions are taken.

Source of Allegations. CST screens grievances from the following sources: CDCR Form 602-1 (Custody Grievance), CDCR Form 602-HC (Health Care Grievance), and CDCR Form 1824 (Reasonable Accommodation Request). In addition, CST also accepts grievances filed by third parties, including from or on behalf of *Armstrong* plaintiffs, and from anonymous parties, CDCR staff, and families.

OIG Oversight of the Staff Complaint and Employee Discipline Processes. The OIG is currently tasked with monitoring the staff complaint process and the employee discipline process. On March 10, 2025, the OIG released their annual monitoring report⁸. According to the report,

⁷ https://www.cdcr.ca.gov/regulations/wp-content/uploads/sites/171/2025/01/2024-1206-02EON-Approval_12.26.24.pdf

⁸ <https://www.oig.ca.gov/wp-content/uploads/2025/03/2024-Staff-Misconduct-Investigation-Monitoring-Report.pdf>

The OIG determined the department's performance was poor both in conducting staff misconduct investigations and in handling the employee disciplinary process. From January 1, 2024, through December 31, 2024, the OIG monitored and closed 162 staff misconduct investigations and the employee disciplinary process, if any, for those cases. The OIG assigned one of three overall ratings for each case: superior, satisfactory, or poor. The department's overall performance was poor in 119 of 162 cases, or 73 percent, and satisfactory in 43 cases, or 27 percent.

OIG Direct Intake. The OIG also maintains a statewide complaint intake process to address concerns from any individual regarding allegations of improper activity within the department. So far in 2025, the OIG has received over 1,000 claims each month, up from an average of 874 monthly claims in 2024 and 675 monthly claims in 2023. More information on the complaints received by the OIG is included in the attached handout.

OIG Local Inquiry Monitoring. In a recent report⁹, the OIG recently noted that CDCR's performance was poor in conducting local inquiries. Identified issues include failing to meet a 90-day goal for resolving local inquiries, failing to identify appropriate policies and procedures, approving reports that lacked thorough investigation and missed relevant evidence, performing inadequate inquiries, failing to request video-recorded evidence, and an over-reliance on video evidence over interviews. The OIG also found that CDCR performed worse when not being monitored.

Staff Recommendation. This item is informational, and no action is required.

⁹ <https://www.oig.ca.gov/wp-content/uploads/2025/05/2024-Local-Inquiry-Monitoring-Report.pdf>

Issue 4: Natural Disaster and Emergency Preparedness and Mitigation Efforts**Panelists.**

- Amarik Singh, Inspector General
- Shaun Spillane, Chief Deputy Inspector General, Office of the Inspector General

Also available for questions: Melissa Prill, Special Agent-in-Charge, Headquarters Operations, Office of Correctional Safety, CDCR; Don O’Keefe, Chief of Law Enforcement, Cal OES

Background.

California has experienced an unprecedented number of emergencies and disasters in recent years, including wildfires, drought, flooding, extreme heat, and the COVID-19 pandemic. A 2023 report by the UCLA Luskin School of Public Affairs and the Ella Baker Center for Human Rights¹⁰ highlighted the impact of climate hazards on those incarcerated in California state prisons, who rely on CDCR for emergency response and preparedness and are often housed in aging and remote facilities. The report also noted the limited public information on CDCR’s emergency preparedness.

In recent years, CDCR has had to respond to numerous emergency situations. For example, the COVID-19 pandemic had severe impacts on the incarcerated population. In 2023, California experienced record breaking high levels of rain and snow that threatened to inundate the Tulare Basin. Because California State Prison, Corcoran (Corcoran), and the Substance Abuse Treatment Facility (SATF) are located near the Tulare Basin, they were determined to be at high risk of flooding if the levees protecting the area were breached, and CDCR had to plan for potential evacuations, although it did not come to that. CDCR has also not yet been forced to evacuate a prison due to wildfire threat, but several fires have been close to institutions which were then faced with wildfire smoke, including the Nelson Fire in Vacaville in 2018, the Dixie Fire near Susanville in 2021, and the Smith River Fire near Pelican Bay in 2023.

Recent emergencies in other states and systems have highlighted the difficulties of managing correctional facilities in the current climate. After Hurricane Katrina in 2005, thousands of incarcerated individuals were trapped for days without food, water, or ventilation, in some cases locked in cells with chest-high, contaminated water¹¹. During Hurricane Ian in 2022 and again during Hurricane Milton in 2024, a county jail in Fort Myers, Florida did not evacuate, despite being in a mandatory evacuation zone, with the sheriff noting that the population would be evacuated to top floors in case of flooding.¹² In the recent Los Angeles wildfires, two county facilities were in evacuation warning zones or mandatory evacuation zones, which impacted roughly 100 youth at Barry J. Nidorf Juvenile Hall¹³ and 4,700 incarcerated adults at the Castaic jail complex in northern Los Angeles County, with the sheriff reporting that he’d start making plans for a large-scale evacuation should one become necessary¹⁴. Prison systems in Colorado and

¹⁰ <https://ellabakercenter.org/wp-content/uploads/2023/06/Hidden-Hazards-Report-FINAL.pdf>

¹¹ <https://www.usatoday.com/story/news/nation/2022/10/14/hurricane-ian-jails-prisons-florida/8189762001/>; <https://www.aclu.org/press-releases/aclu-report-details-horrors-suffered-orleans-parish-prisoners-wake-hurricane-katrina>

¹² <https://hillheat.com/2024/10/09/nearly-500-fort-myers-residents-trapped-in-miltons-path-inmates-will-be-evacuated-to-top-floors-in-case-of-flooding>

¹³ <https://edsources.org/updates/juvenile-hall-in-sylmar-under-evacuation-warning-amid-ongoing-l-a-fires>

¹⁴ <https://www.latimes.com/california/story/2025-01-22/growing-wildfire-near-5-000-castaic-jail-complex-raises-concerns>

in Florida have had to conduct large-scale evacuations due to natural disasters¹⁵. This is just a sample of numerous examples nationwide.

CDCR Emergency Preparedness. On May 1, 2025, the Office of the Inspector General published *Audit of the Department of Corrections and Rehabilitation’s Natural Disaster and Emergency Preparedness and Mitigation Efforts (Audit Report № 24–01, May 2025)*¹⁶. A few findings are highlighted below, and a full list of results and recommendations is available in the summary fact sheet¹⁷.

CDCR has had a department-wide All-Hazards Emergency Operations Plan since 2012. This plan is intended to enhance the department’s ability to prepare for, respond to, mitigate, and recover from all emergencies and declared disasters involving prisons and other departmental property. Each prison is responsible for developing site-specific supplements, which must be approved by the Emergency Planning and Management Unit within the department’s Office of Correctional Safety. The OIG noted that they only reviewed 30 site-specific emergency plans because one of California’s 31 prisons did not submit a plan at all in 2024. The OIG noted that none of the site-specific emergency plans reviewed included detailed plans to evacuate outside the prison gates, only plans about moving within the prison and general language about coordinating external evacuations with headquarters. The OIG also noted a lack of headquarters-level review of these plans, and that some plans lacked other key pieces, such as mutual aid agreements.

Speed of Evacuations. The OIG noted prison evacuations would likely take more than 72 hours, especially given the lack of detail in the individual institution plans and exacerbated by limited available transportation. For example, in the 2023 flood risk example, CDCR, in consultation with Cal OES, the Department of Water Resources, and other stakeholders, developed a detailed evacuation plan for Corcoran and SATF. The plan took weeks to prepare, and was designed to evacuate the approximately 8,000 incarcerated people housed at those two prisons to other state prisons in 11 to 14 days, but the plan acknowledged that it could take longer. The evacuation plan also stated it would take six days to evacuate wheelchair-bound individuals at a rate of 56 people per day. Furthermore, the plan suggested that it could take up to 24 hours for the transportation unit to gather and deploy fleet buses and other vehicles to even begin the evacuation. The plan also stated that if the prisons were only given three days, or 72 hours, to evacuate due to imminent flooding, alternate evacuation sites would be used.

Inconsistencies in Risk Assessment. The OIG also noted that individual institutions were responsible for their own risk assessments, leading to inconsistencies in results. For example, some adjacent prisons, such as Folsom and California State Prison – Sacramento rated their wildfire, flood, and earthquake risks differently. In addition, Corcoran rated its flood risk low, despite the critical situation in 2023.

¹⁵ <https://www.colorado.edu/today/2024/11/07/how-prisons-fall-short-protecting-incarcerated-climate-disasters>;

<https://www.fdc.myflorida.com/weather-updates>

¹⁶ <https://www.oig.ca.gov/wp-content/uploads/2025/05/Audit-of-the-California-Department-of-Corrections-and-Rehabilitations-Natural-Disaster-Emergency-Preparedness-and-Mitigation-Efforts.pdf>

¹⁷ <https://www.oig.ca.gov/wp-content/uploads/2025/05/Audit-of-the-California-Department-of-Corrections-and-Rehabilitations-Natural-Disaster-Emergency-Preparedness-and-Mitigation-Efforts-Fact-Sheet.pdf>

Staff Comment.

Some types of emergencies, such as an earthquake or a fast-moving wildfire, will not allow for even a 72-hour timeline. CDCR has struggled to respond to previous emergency situations such as the pandemic (albeit for different reasons and with different challenges than a short timeline evacuation would present). Given the increasing occurrence of natural disasters, it is possible that CDCR will face the need to evacuate an entire prison in a short time period, and the Legislature should consider how to help CDCR prepare for such an event. In the report, the OIG noted that “[w]ithout the ability to quickly evacuate prisons, it is likely that wildfires, floods, and earthquakes will result in loss of life within the incarcerated population.”

Staff Recommendation. This item is informational, and no action is required.

0690 OFFICE OF EMERGENCY SERVICES

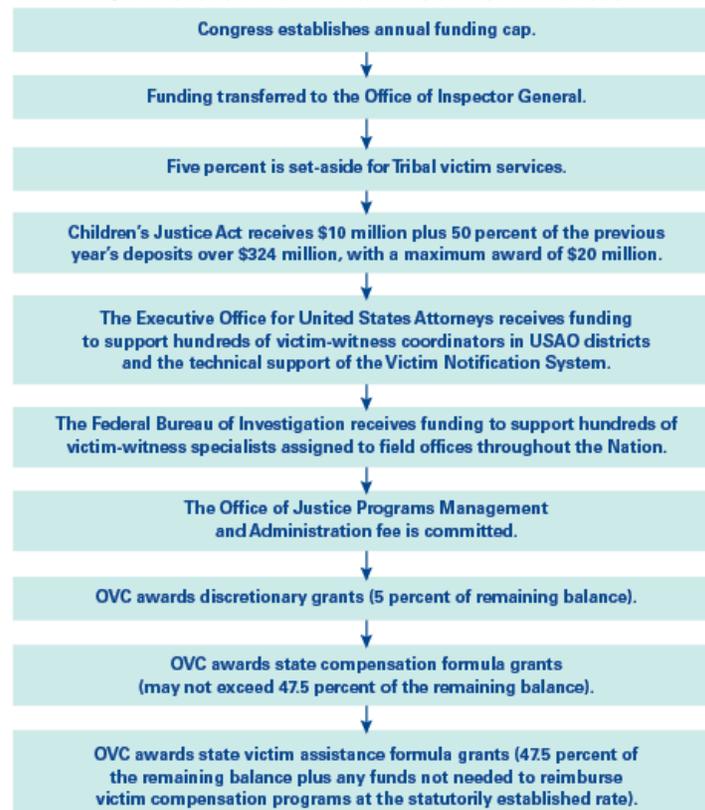
Issue 5: Victims of Crime Act (VOCA) Funding Update

Panelists.

- Eric Swanson, Deputy Director, Finance and Logistics Administration, Cal OES
- Gina Buccieri-Harrington, Outgoing Assistant Director, Grants Management, Cal OES
- Vy Nguyen, Principal Program Budget Analyst, Department of Finance
- Tess Scherkenback, Staff Finance Budget Analyst, Department of Finance
- Heather Gonzalez, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Chris Negri, Associate Director, Public Policy, California Partnership to End Domestic Violence

Background. The Crime Victims Fund was established by the Victims of Crime Act (VOCA) of 1984. The fund is financed by fines and penalties from convictions in federal cases, and Congress sets an annual funding cap to determine how much will be spent out of the fund in a given year. From there, federal, state, and Tribal victim assistance programs receive formula grants, discretionary grants, and set asides from the fund according to an annual allocation process, as shown in the chart below. The funding is used to support critical services and programs that support Californians after they have experienced a crime.

Crime Victims Fund Allocation Process



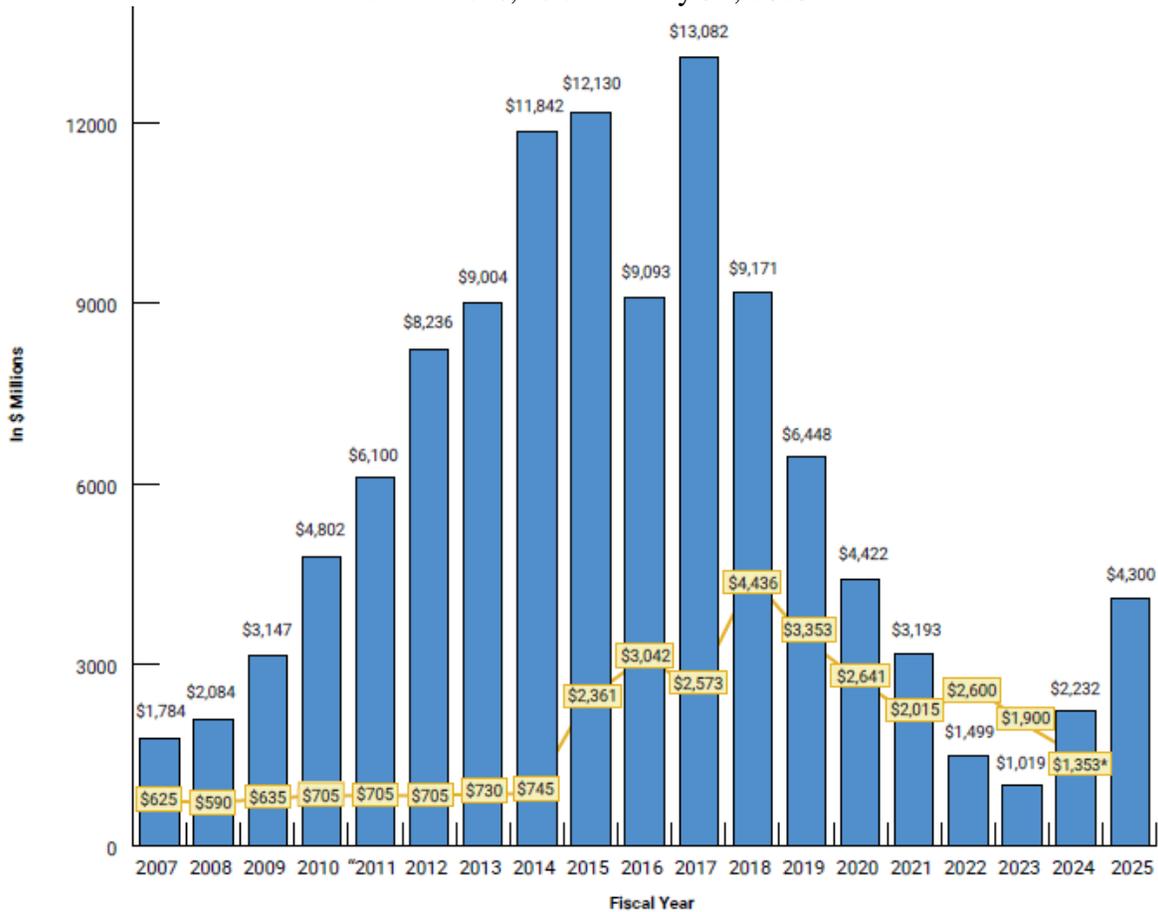
Source: Office of Victims of Crime¹⁸

¹⁸ <https://ovc.ojp.gov/about/crime-victims-fund>

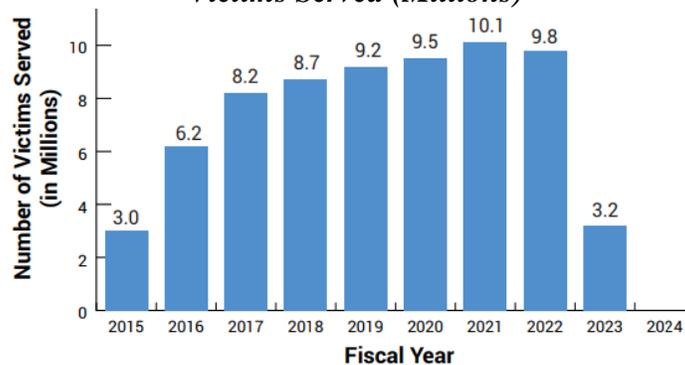
In recent years, the fund’s balance has declined as changes in federal prosecution strategies have netted less in fines for the fund, and Congress has reduced the amount released, resulting in a decrease in estimated victims served as shown in the charts below. Some changes in the distribution of the federal VOCA funding were included in the federal *VOCA Fix to Sustain the Crime Victims Fund Act of 2021*¹⁹.

Crime Victims Fund End of Year Balance (bars) and Annual Funding Cap (line)

In Millions, as of January 31, 2025



Victims Served (Millions)



Source: Office for Victims of Crime²⁰

¹⁹ <https://ovc.ojp.gov/news/announcement/president-biden-signs-voca-fix-sustain-crime-victims-fund-act-2021>; <https://www.congress.gov/bill/117th-congress/house-bill/1652>
²⁰ <https://ovc.ojp.gov/about/crime-victims-fund>

However, the fund balance has grown to \$4.3 billion as of January 2025 due to recent deposits. The funding cap for 2025 was recently set at \$1.9 billion, but the allocations within the cap have not been determined.

In California, VOCA funding is used to support grants to victim services organizations, such as rape crisis centers, domestic violence shelters, housing first, victim witness, and child advocacy centers programs. As a result of the federal changes described above, California's allocation has decreased from \$396 million in 2019 to just \$87 million in 2024. To account for these reduced state allocations, recent budgets have included one-time backfills to support victim services. To supplement VOCA funding, the 2021 budget included \$100 million one-time General Fund available over three years, and the 2024 budget included an additional \$103 million one-time General Fund. In 2024-25, Cal OES was also able to reallocate unspent funding from prior years to maintain service levels. For 2025-26, Cal OES estimates that maintaining current service levels would require around \$224 million, either from the federal award or, to the extent the federal award is insufficient, state backfill.

Staff Recommendation. This is an informational item, and no action is needed.

Issue 6: Wildfire Mitigation Grant – Climate Bond (Proposition 4) Expenditure Plan

Proposal. The Governor’s budget includes \$9 million in 2025-26, \$26 million in 2026-27, and \$100 million in the outyears from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Fund for wildfire mitigation grants administered by the California Office of Emergency Services (Cal OES), in coordination with the California Department of Forestry and Fire Protection (Cal Fire).

Panelists.

- Eric Swanson, Deputy Director, Finance and Logistics Administration, Cal OES
- Robyn Fennig, Assistant Director, Hazard Mitigation, Cal OES
- Heather Gonzalez, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst’s Office
- Vy Nguyen, Principal Program Budget Analyst, Department of Finance
- Tess Scherkenback, Staff Finance Budget Analyst, Department of Finance

Background. In November 2024, voters approved Proposition 4, a \$10 billion bond measure focused on increasing the state’s resilience to the impacts of climate change. The Governor has proposed a multiyear spending plan to implement the bond, including appropriations totaling \$2.7 billion in 2025-26. The overall Proposition 4 spending plan was discussed in Subcommittee 2 on February 27, 2025.

The bond included a total of \$135 million for Cal OES to implement a wildfire mitigation grant program (Section 91510 of the Public Resources Code). The Governor’s budget includes \$9 million in 2025-26, \$26 million in 2026-27, and \$100 million in the outyears, as outlined in the table below, for this program.

Fund Source	FY24-25 Current Year	FY25-26 Budget Year	FY26-27 BY+1	FY27-28 BY+2	FY28-29 BY+3	FY29-30 BY+4
State Operations - 6093 - Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Fund	0	1,050	1,050	1,050	1,050	1,050
Total State Operations Expenditures	\$0	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050
Local Assistance - 6093 - Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Fund	0	8,000	25,000	30,000	30,000	20,000
Total Local Assistance Expenditures	\$0	\$8,000	\$25,000	\$30,000	\$30,000	\$20,000
Total All Funds	\$0	\$9,050	\$26,050	\$31,050	\$31,050	\$21,050

Cal OES currently operates a Wildfire Mitigation Grant Program (WMGP) defined in Article 16.5 (beginning with Section 8654.2) of the Government Code, to develop and administer a comprehensive wildfire mitigation program to encourage cost-effective structure hardening and retrofitting that creates fire-resistant homes, businesses, and public buildings. The current program outline was created by AB 38 (Wood), Chapter 391, Statutes of 2019, which established a Joint Powers Authority between Cal OES and Cal Fire to administer the program and included a framework to select projects. Cal OES was initially provided with \$25 million for the wildfire mitigation grant program in 2020-21. \$16 million of this was reappropriated in the 2022 budget, and \$12 million was swept as a budget solution in 2024-25. Cal OES and Cal Fire provide grants to local entities such as counties or fire safe councils, which in turn provide the grants to home owners. Currently, all the projects funded under this grant have a federal match, and the projects have focused on residential retrofits in four counties: Lake, San Diego, Siskiyou, and Shasta.

The funding for a wildfire mitigation grant program in the climate bond is outlined in Section 91510 of the Public Resources Code, and is not limited to the current grant program as defined by AB 38. The LAO noted that the Administration proposes providing a relatively small amount of funding for WMGP in 2025-26, instead allocating the bulk of the funds across the subsequent five years. The Administration has indicated this is because it plans to make some revisions to how it administers this program, and potential grantees still are in the process of developing projects so it does not anticipate needing larger appropriations until a future year. The Administration has noted that some refinements may be needed at May Revision.

LAO Comments and Recommendations.

The LAO published *The 2025-26 Budget: Proposition 4 Spending Plan* on February 12, 2025²¹. The recommendations and comments relevant to this proposal are summarized below.

Fund Shifts. The LAO notes that the Governor’s proposal shifts support for previous commitments totaling \$273 million from the General Fund and \$32 million from Greenhouse Gas Reduction Fund (GGRF) to Proposition 4 funds, including funding for the program discussed in this proposal. The LAO notes that this frees up General Fund for other commitments, but may not align with the Legislature’s spending priorities. Given the risks and uncertainties surrounding state costs from recent fires, the availability of federal funding, and the state’s overall revenue condition, the Legislature may need to rely on Proposition 4 to free up General Fund or GGRF to help maintain existing high-priority baseline programs. The LAO recommends weighing the fund shifts in light of the overall budget picture at May Revision and in comparison to other legislative priorities.

Continuing Existing Programs. The LAO notes that different approaches may be needed for the creation of new programs versus continuing existing programs, such as the one in this proposal. Existing programs require less new decision-making around how the program will operate or funds will be spent as compared to new programs the bond is establishing for the first time. Moreover, the administration does not need to create new program guidelines, demand for funding likely already exists as potential grantees are aware of the program, and administering departments should be able to allocate funding for projects relatively quickly. However, the LAO notes that even for established programs, oversight will be important, and if the Legislature has particular spending priorities, it could guide the administration’s implementation through adopting statutory direction.

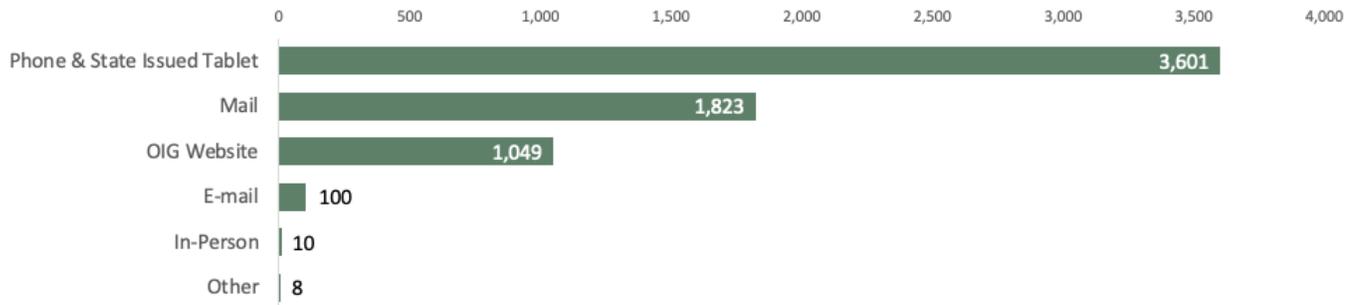
The LAO recommends the Legislature consider approving a multiyear plan for existing programs and programs that have well-defined implementation plans and clearly defined activities that are consistent with legislative intent and/or existing practices. The LAO also recommends that the Legislature request that the administration provide user-friendly updates about specific projects and activities for which the Legislature has a particular interest and feels existing reporting is not sufficient.

Staff Recommendation. Hold open.

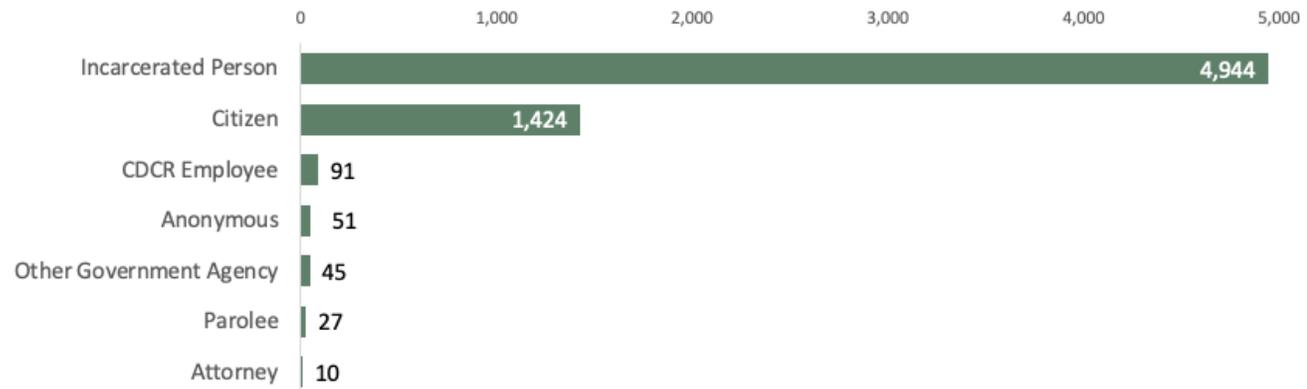
²¹ <https://lao.ca.gov/Publications/Report/4958>

Office of the Inspector General
Intake Complaints and Claims Dashboard

2024 – 6,591* Intake Complaints Received, By Routing Method



2024 – 6,591* Intake Complaints Received, By Source



*The figures may contain minor differences due to necessary updates or revisions.

Office of the Inspector General
Intake Complaints and Claims Dashboard

2025 – 4,501* Claims from January – April (as of May 1, 2025)

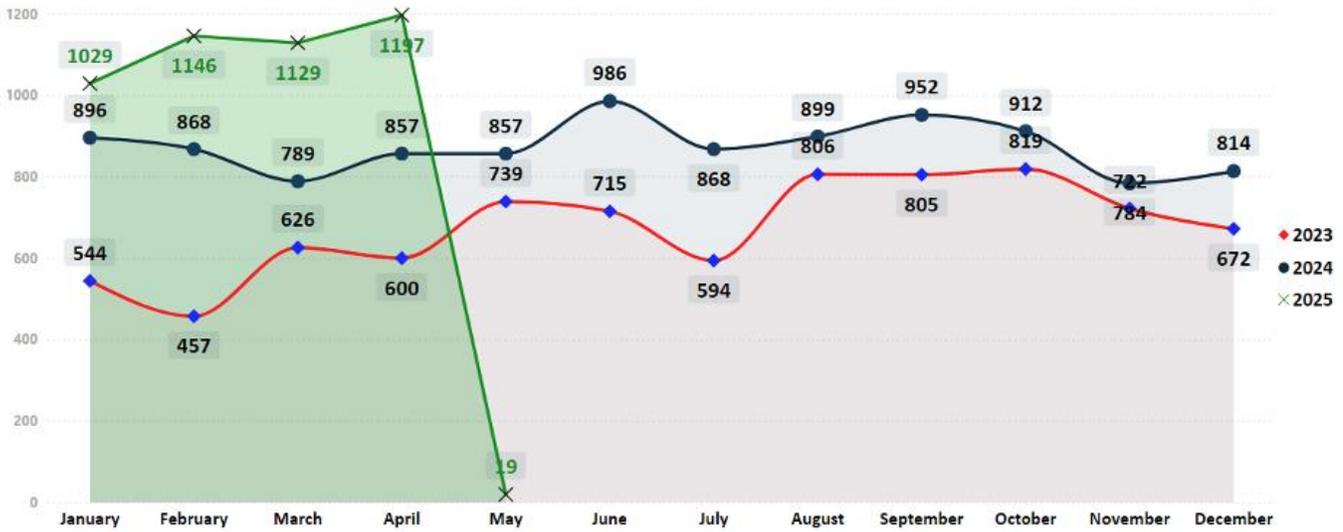
- 1,125 Monthly Claims (+251 from prior year)

2024 – 10,482* Claims Received

- 874 Monthly Claims (+199 from prior year)

2023 – 8,099* Claims Received

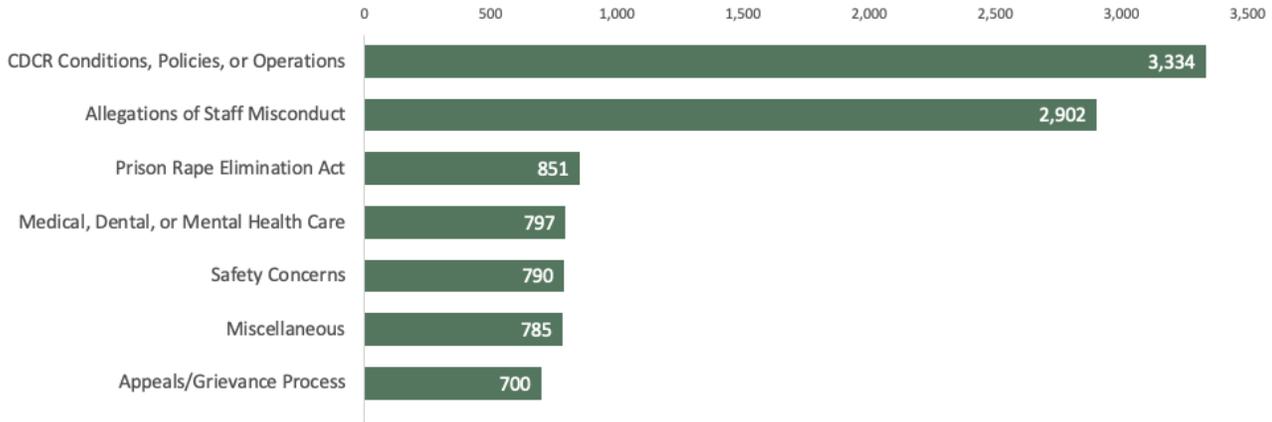
- 675 Monthly Claims



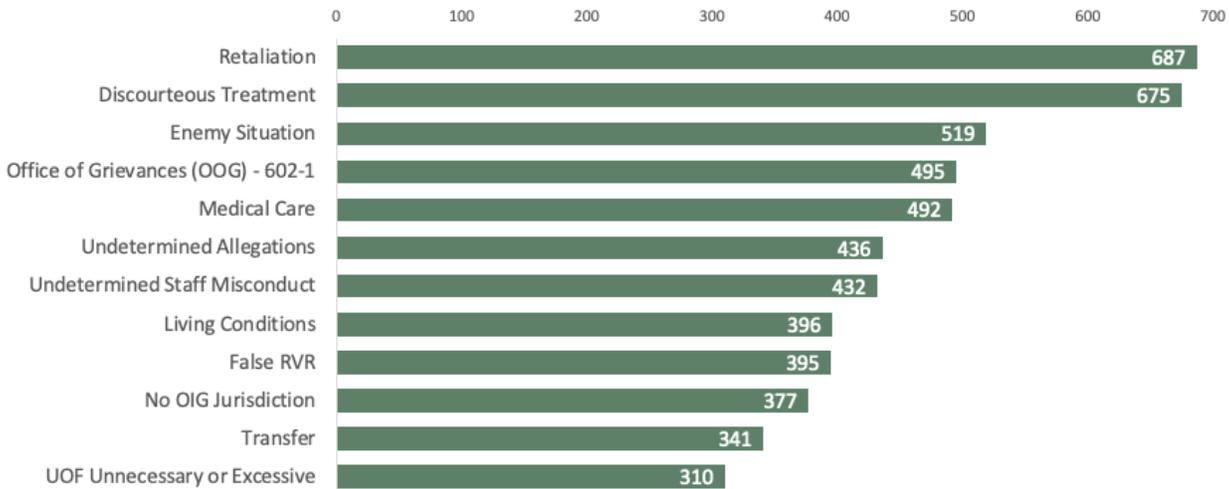
*The figures may contain minor differences due to necessary updates or revisions.

Office of the Inspector General
Intake Complaints and Claims Dashboard

2024 – 10,482* Claims Received by Allegation Type (top 7 categories shown)



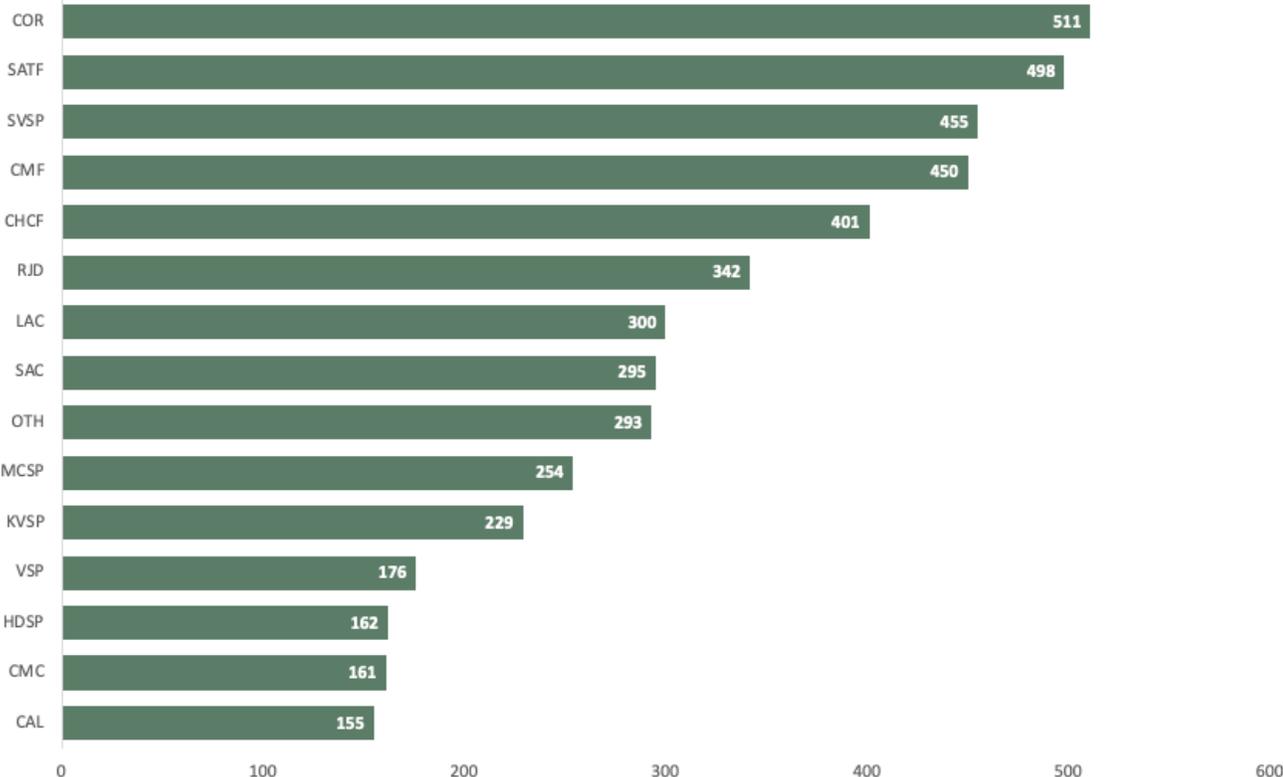
2024 – Number of Claims by Allegation Type Detail (top 12 categories shown)



*The figures may contain minor differences due to necessary updates or revisions.

Office of the Inspector General
Intake Complaints and Claims Dashboard

2024 – 6,591* Complaints Received by Prison (top 15)



*The figures may contain minor differences due to necessary updates or revisions.



Summary Fact Sheet

May 1, 2025

AUDIT OF THE DEPARTMENT OF CORRECTIONS AND REHABILITATION'S NATURAL DISASTER AND EMERGENCY PREPAREDNESS AND MITIGATION EFFORTS (AUDIT REPORT NO 24-01, MAY 2025)

Introduction

California is the most disaster-prone State in the nation, vulnerable to wildfires, floods, and earthquakes across its diverse geography. In our audit, we reviewed the department's specific policies, procedures, and mandated staff training implemented to prepare for and respond to wildfires, floods, and earthquakes, its coordination with Federal, State, and local entities. We also assessed the departments' ability to evacuate prisons threatened by wildfires, floods, and earthquakes.

In addition, we evaluated the 2024 emergency operations plans from 30 prisons to determine their compliance with law, policy, and industry standards. We reviewed three prisons in depth: Valley State Prison, California Rehabilitation Center, and San Quentin Rehabilitation Center. We reviewed the prisons methods to assess their risks of natural disasters and their documented mitigation plans. Finally, we reviewed the adequacy and management of on-site supplies and emergency essentials.

Results

California's Overcrowded Prisons Are Vulnerable to Wildfires, Floods, and Earthquakes

The Department Does Not Have Specific Plans to Externally Evacuate Prisons in Response to Natural Disasters

Although the department and individual prisons have plans assessing the risks from and response to wildfires, floods, and earthquakes, those plans are general in nature and inadequate if large scale external evacuations are necessary. California regulations mandate that each prison's site-specific emergency plan must include procedures for emergency evacuation, including evacuation types, exit routes,

and personnel assignments to ensure the safety of staff during emergencies. In addition, regulations require prisons to have plans to respond to natural disasters, and departmental policy requires prisons to have external evacuation procedures.

However, while most of the site-specific emergency plans we reviewed included procedures to move the incarcerated population to and from locations within the prison, none included detailed plans to evacuate outside the prison gates. Instead, plans included general language about coordinating evacuation routes with departmental headquarters staff who would be responsible for determining where the evacuees would be transferred based on availability of temporary housing with appropriate security.

Prison Evacuations, Including the Evacuation of California State Prison, Corcoran, and the Substance Abuse Treatment Facility Will Likely Take More Than 72 Hours

In 2023, California experienced record breaking high levels of rain and snow that threatened to inundate the Tulare Basin. Because California State Prison, Corcoran (Corcoran), and the Substance Abuse Treatment Facility are located near the Tulare Basin, they were determined to be at high risk of flooding if the levees protecting the area were breached. However, neither prison had detailed site-specific emergency plans that included external evacuations. The prisons developed an evacuation plan to evacuate approximately 8000 incarcerated people in 11 to 14 days. However, we found that 72 hours is a reasonable time frame to respond to emergencies demanding quick action. We arrived at this time frame after careful consideration of several factors, including the unique environment of prisons, the logistics involved in evacuating the incarcerated population—particularly high-security risk individuals—and the operational requirements for a prison's external





evacuation. In addition, we considered how rapidly conditions can escalate during emergencies, especially wildfires and earthquakes. The department's inability to evacuate prisons within 72 hours significantly increases the threat to the safety of incarcerated people, and overall prison stability in the event of a natural disaster.

The Location and High Mileage of Transportation Buses and Other Fleet Vehicles Likely Limits the Department's Ability to Evacuate Most Prisons Within 72 Hours

While all departmental fleet vehicles throughout the State could be deployed to assist with an evacuation, the number of vehicles at each of the three departmental transportation hubs, and their proximity to prisons in the region, varies. Consequently, if a natural disaster necessitated evacuating San Quentin Rehabilitation Center, the closest departmental fleet vehicles not permanently located at the prison or at a nearby prison are in Galt, approximately 90 miles away. The distances between hubs and prisons potentially needing external evacuations can be great, further limiting the department's ability to quickly evacuate.

Finally, the reliability of some departmental fleet buses is questionable. For example, one of its fleet buses has been driven almost 533,000 miles. One fleet bus has approximately 676,000 miles logged, and five have between 730,000 and 858,000 miles logged. According to the U.S. Department of Transportation, the expected lifespan of large heavy-duty buses similar to those used by the department is 500,000 miles. Therefore, it is possible the high mileage logged by these seven fleet buses could impair the department's ability to respond to large-scale evacuations.

Overcrowding and the Proximity of Neighboring Prisons Roughly Doubles the Incarcerated Population to Be Evacuated During an Emergency

The department's ability to timely and effectively respond to large-scale emergencies is further complicated by prison overcrowding. As of December 31, 2024, California prisons were operating at 122 percent above designed capacity, housing an additional 16,263 individuals. Overcrowding not

only complicates the department's ability to manage emergencies, but also greatly exacerbates its inability to evacuate incarcerated populations if necessary. In addition, the proximity of neighboring prisons increases the likelihood that multiple facilities would be affected by the same natural disaster, requiring a coordinated evacuation of their populations and staff.

Although Almost All Prisons Assess Their Risk of Natural Disasters, They Do Not Do So Consistently

Prison Staff Generally Use Multiple Methods to Assess Their Risk of Wildfires, Floods, and Earthquakes

We reviewed the 2024 site-specific emergency plans from 30 prisons and found that all stated staff conducted or planned to conduct an all-hazard assessment, but prisons used different methods to conduct the analyses. For example, 18 prisons stated they used the Automated Critical Asset Management System or other assessment tool, six prisons used an Emergency Planning Unit Hazard Vulnerability Assessment Tool, one prison used the United San Diego Emergency Services Organization assessment process, and five prisons did not specify which assessment tools they used. However, because the department does not require prisons to attach the assessment analysis to their site-specific emergency plans, the department cannot easily review the prisons' risk assessments to ensure compliance with departmental policy.

Using Multiple Risk Assessment Methods Likely Results in Inconsistent Risk Ratings Between Prisons

We found that Valley State Prison, California Rehabilitation Center, and San Quentin Rehabilitation Center each conducted their risk-assessments differently and may not have assessed the same factors when assessing their risks. Because prisons use different tools when assessing and rating their risk of wildfires, floods, and earthquakes, the department cannot ensure prisons are thoroughly and accurately examining and assessing their risks. Moreover, without a robust standardized risk assessment process, the department cannot ensure suitable control measures are put in place to minimize the risks—especially high risks—to acceptable levels.



Some Prisons Rate Their Risks of Natural Disasters Differently Despite Being Located in Close Proximity to Each Other

We reviewed risk assessments for prisons located near each other to determine whether their risk assessments were consistent with each other and found that they were not. For example, Folsom State Prison rated its wildfire risk as moderate, its flood risk as high, and its earthquake risk as low, while California State Prison, Sacramento, which is adjacent, rated its risks from wildfires, floods, and earthquakes, as high. In another example, Kern Valley State Prison rated its flood risk as high while North Kern State Prison, 2.3 miles away, rated its flood risk as low.

The Emergency Planning Unit Does Not Substantively Review Prisons' Site-Specific Emergency Operations Plans as Required by California Regulations and Departmental Policy

The Emergency Planning Unit's Approval Process Is Flawed

While the emergency planning unit performs some review activities, such as verifying that each prison submits a site-specific plan and ensuring that certain documents are included with it, we found that the emergency planning unit lacks formal guidelines or specific criteria to assess the content of the plans.

The Emergency Planning Unit Does Not Ensure Prisons Submit Site-Specific Supplements or Review Them for Adequacy

In addition to site-specific emergency plans, departmental policy requires prisons to develop site-specific supplements that address site-specific hazards not covered by the department's emergency plan. Departmental policy further requires prisons to review and revise the policy supplements annually or as needed based on specific incidents including disasters or disturbances. Although the emergency planning unit requires prisons to submit the site-specific supplements, it does not review them to assess their adequacy.

California regulations mandate that each prison's emergency plan must include procedures for emergency evacuation and specify evacuation types and exit route assignments to ensure the safety of staff during emergencies. In addition, departmental policy requires prisons to include response procedures in site-specific supplements that outline external evacuations. We found that the evacuation plans outlined in prisons' site-specific emergency plans and supplements, particularly Corcoran and the Substance Abuse Treatment Facility, showed significant gaps in detail and were missing critical information.

At Least Two Prisons Have Not Entered Into Mutual Aid Agreements, and Not All Site-Specific Emergency Plans Include Key Details of Mutual Aid Agreements

To further facilitate rapid response to emergencies, departmental policy requires prisons to enter into mutual aid agreements that include key details including which entities are covered by the agreement, what goods or services are covered, and what limitations, if any, apply to the agreement. However, we found that at least two of the 30 prisons which submitted site-specific emergency plans in 2024 did not maintain any mutual aid agreements, and it was unclear from the plans of two others whether they had entered into mutual aid agreements.

Moreover, some prisons that maintain mutual aid agreements failed to attach them to their site-specific plans and failed to include key information about the mutual aid agreements in these plans. While departmental policy does not require mutual aid agreements be attached or key information be included in each prison's site-specific emergency plan, we expected key components of the mutual aid agreements to be documented to expedite the mutual aid during an emergency. If key components of mutual aid agreements are missing or unavailable to departmental staff, their value during emergencies is diminished.



Summary Fact Sheet
May 1, 2025

Recommendations

California's Overcrowded Prisons Are Vulnerable to Wildfires, Floods, and Earthquakes, and the Department Is Unable to Evacuate the Incarcerated Population and Staff at Most Prisons Within 72 Hours of an Emergency

- The department should update its All-Hazards Emergency Operations Plan.
- The department should require prisons to develop and implement site-specific emergency evacuation plans that include detailed procedures and evacuation routes to externally evacuate staff and the incarcerated population within 72 hours.
- The department should identify and designate alternative temporary relocation sites near each prison to use during emergency evacuations, including deactivated prisons when applicable.
- The department should consider relocating current transportation hubs or adding additional transportation hubs to place fleet vehicles closer to more prisons to facilitate deployment in emergency evacuations.
- The department should develop training to prepare prison staff to plan and timely execute large-scale external evacuations of prisons.
- The department should require prisons to create and maintain defensible space around prison buildings to mitigate fire risk.
- The department should consider requiring prisons at moderate to high risk of

wildfires to have fire retardant available to help reduce the probability of housing units catching on fire.

Although Almost All Prisons Assess Their Risk of Natural Disasters, They Do Not Do So Consistently

- The department should standardize risk assessment methodologies to ensure consistent and accurate risk ratings across prisons.
- The department should require adjacent prisons to work together to assess risks and develop mitigation strategies targeting those risks as part of their site-specific emergency plans.
- The department should enforce the inclusion of detailed, site-specific mitigation strategies in all emergency plans, particularly for identified high-risk areas.
- The department should develop a standardized process to ensure specific mitigation strategies are directly linked to wildfire, flood, and earthquake vulnerabilities at each prison.

The Emergency Planning Unit Does Not Substantively Review Prisons' Site-Specific Emergency Operations Plans as Required by California Regulations and Departmental Policy

- The emergency planning unit should establish clear criteria, including external evacuation procedures, and implement a formal approval process for approving site-specific emergency plans and supplements, to ensure compliance with California regulations and best practices.

- The department should require the emergency planning unit to formally review all site-specific emergency plans using established criteria and approve only the site-specific plans and supplements that meet the established criteria.
- The department should require the emergency planning unit to visit prisons on a rotating basis to review the prison's risk assessments, to ensure the assessments are thorough and accurate, and to ensure that mitigation measures are in place.

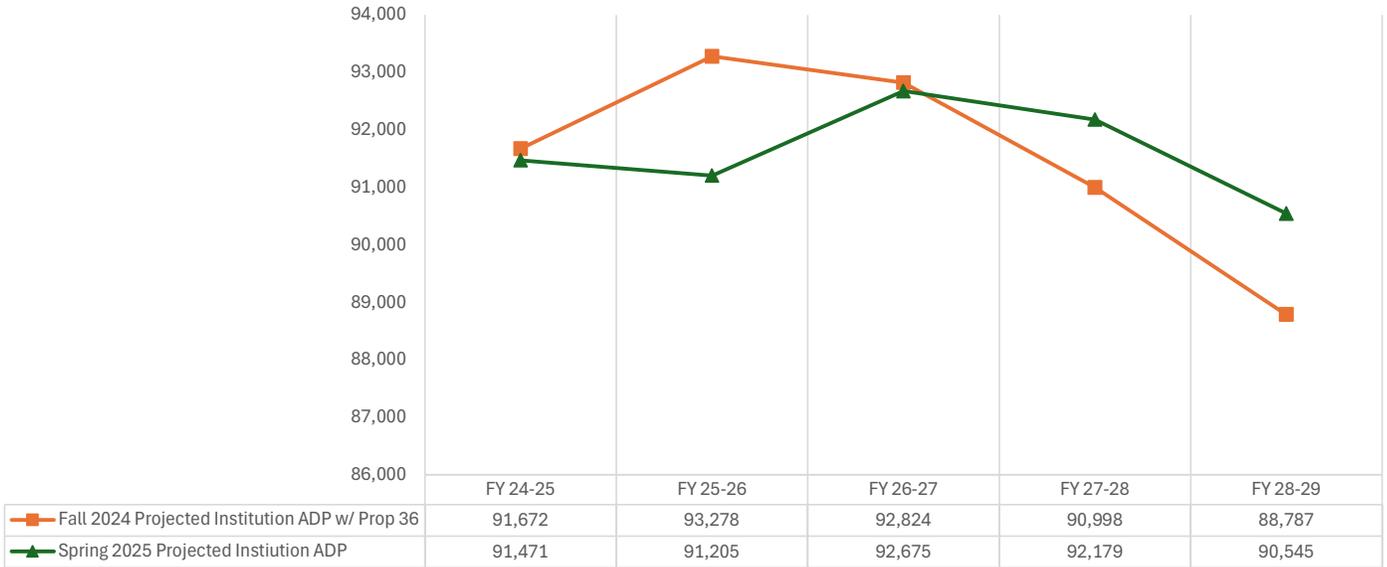
At Least Two Prisons Have Not Entered Into Mutual Aid Agreements, and Not All Site-Specific Emergency Plans Include Key Details of Mutual Aid Agreements

- Formalize all mutual aid agreements into written contracts that clearly define the terms, roles, responsibilities, contact information, authority, and scope of assistance to be provided by each party.
- Standardize the process for documenting and reviewing mutual aid agreements to ensure that agreements are clear, enforceable, and effectively address the needs of each prison during emergencies.
- Require mutual aid agreements to be attached to site-specific emergency plans or require details of the mutual aid agreements, such as contact information, be included in site-specific emergency plans.

COMPARISON OF CDCR POPULATION PROJECTIONS: FALL 2024 - SPRING 2025

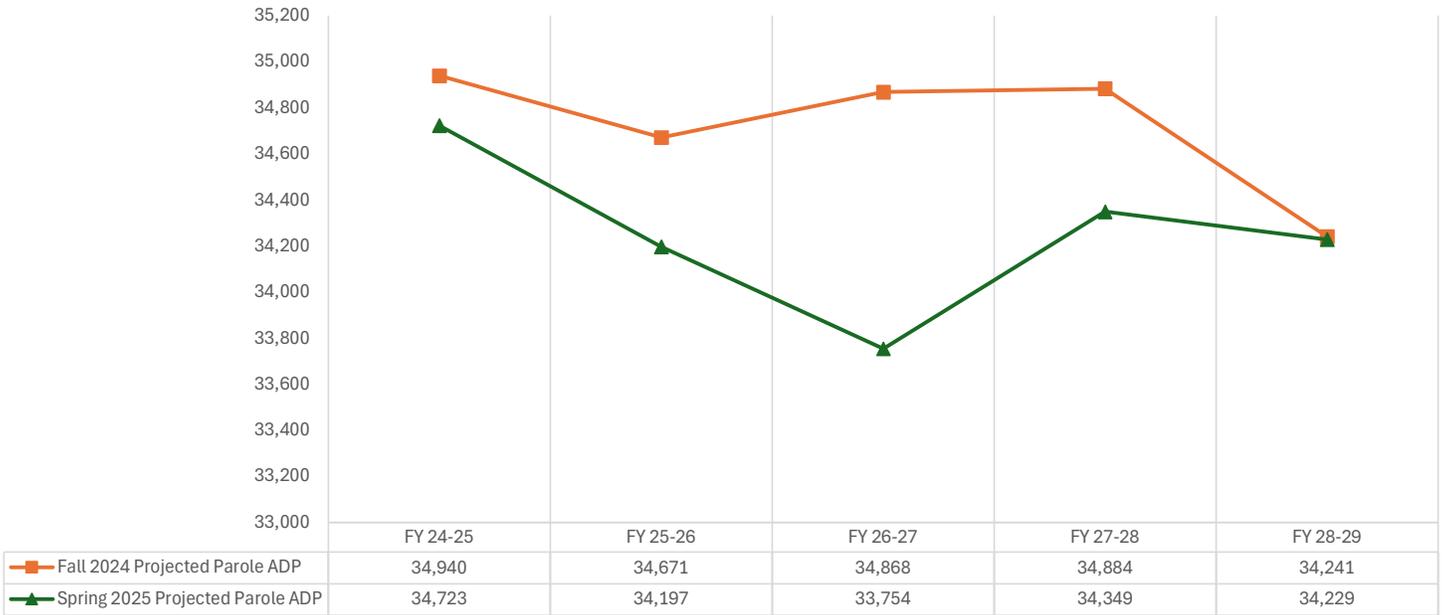
INSTITUTION POPULATION	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Fall 2024 Projected Institution ADP w/ Prop 36	91,672	93,278	92,824	90,998	88,787
Spring 2025 Projected Instiution ADP	91,471	91,205	92,675	92,179	90,545
<i>Total Difference from prior projection</i>	-201	-2,073	-149	1,181	1,758
<i>Percent Change from prior projection</i>	-0.2%	-2.2%	-0.2%	1.3%	2.0%

INSTITUTION AVERAGE DAILY POPULATION



PAROLE POPULATION	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Fall 2024 Projected Parole ADP	34,940	34,671	34,868	34,884	34,241
Spring 2025 Projected Parole ADP	34,723	34,197	33,754	34,349	34,229
<i>Total Difference from prior projection</i>	-217	-474	-1,114	-535	-12
<i>Percent Change from prior projection</i>	-0.6%	-1.4%	-3.2%	-1.5%	0.0%

PAROLE AVERAGE DAILY POPULATION





AGENDA

JOINT HEARING BUDGET AND FISCAL REVIEW SUBCOMMITTEE NO. 5 ON CORRECTIONS, PUBLIC SAFETY, JUDICIARY, LABOR AND TRANSPORTATION AND PUBLIC SAFETY

Thursday, May 15th 9:30 a.m. or Upon Adjournment of Session
1021 O Street, Room 1200

Implementation of Proposition 36

I. Fiscal Impacts at the State Level

- Justin Adelman, Assistant Program Budget Manager, Department of Finance
- Francine Byrne, Director of Criminal Justice Services, Judicial Council of California
- Honorable Lisa Rogan, Presiding Judge of the San Bernardino County Superior Court
- Cathy Jefferson, Deputy Director, Office of Research, California Department of Corrections and Rehabilitation
- Aaron Maguire, Executive Director, Board of State and Community Corrections
- Colleen Curtin, Deputy Director, Corrections Planning and Grants Programs, Board of State and Community Corrections

II. Fiscal Impacts at the Local Level – Enforcement and Charging

- San Ramon Police Chief Denton Carlson, California Police Chiefs Association
- Orange County Sheriff Don Barnes, California State Sheriffs' Association President
- Monterey County District Attorney Jeannine Pacioni, California District Attorneys Association Vice President

III. Fiscal Impacts at the Local Level – Response and Treatment

- San Joaquin County Chief Probation Officer Steve Jackson, Chief Probation Officers of California President
- Los Angeles County Public Defender Ricardo Garcia, California Public Defenders Association
- Michelle Cabrera, Executive Director, California Behavioral Health Directors Association

Senator Laura Richardson, Chair
Senator Maria Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Wednesday, May 21, 2025
1:30 p.m.
State Capitol, Room 112

Consultant: Eunice Roh and Nora Brackbill

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Public Comment

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ITEMS FOR DISCUSSION

0521 CALIFORNIA STATE TRANSPORTATION AGENCY
2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION
2670 BOARD OF PILOT COMMISSIONERS FOR THE BAYS OF SAN FRANCISCO, SAN PABLO, AND SUISUN
2720 CALIFORNIA HIGHWAY PATROL
2740 CALIFORNIA DEPARTMENT OF MOTOR VEHICLES

Issue 1: Overview of Governor’s May Revision Proposals in Transportation

Governor’s Proposal. The May Revision includes the following proposals in transportation:

CALIFORNIA STATE TRANSPORTATION AGENCY (CalSTA)

Transit Cuts. The May Revision cuts almost all discretionary expenditures from the Greenhouse Gas Reduction Fund. This includes \$1.1 billion in cuts to transit programs, such as:

- *Competitive Transit and Intercity Rail Capital Program (TIRCP):* \$180 million in 2025-26, \$20 million in 2026-27
- *Formula TIRCP:* \$188 million in 2025-26
- *Zero Emission Transit Capital Program:* \$230 million in 2026-27, \$460 million in 2027-28

California Office of Traffic Safety Federal Grants Workload. The May Revision includes \$871,000 (\$801,000 in Federal Fund and \$70,000 in various State Funds), three 3-year limited-term positions (without position authority), and three permanent positions for 2025-26 and ongoing for the Office of Traffic Safety at CalSTA. These resources will support the increase in workload related to additional federal grants issued to OTS by the National Highway Traffic Safety Administration.

DEPARTMENT OF TRANSPORTATION

Intercity Passenger Rail Program Equipment Maintenance and Overhaul. The May Revision includes \$27.7 million from the Public Transportation Account in 2025-26 for the maintenance and overhaul of passenger rail equipment. This request funds projects to address normal wear-and-tear, ensure passenger safety, meet federal safety standards, and maintain equipment in good repair to extend its useful life.

Technical Adjustments. The May Revision includes the following technical adjustments:

- Decrease Item 2660-001-0042 by \$100,711,000 ongoing. This reduction is necessary to achieve a net-zero fund shift of expenditures from the State Highway Account (with a corresponding increase to a non-budget act item from the Road Maintenance and Rehabilitation Account) to help maintain a minimum fund balance reserve in the State Highway Account.

- Increase reimbursements to Item 2660-001-0042 by \$867,000 in 2025-26 and 2026-27 to accommodate the Motor Carrier Safety Assistance Program federal grant, which promotes safe commercial motor vehicle enforcement. The grant was awarded to the California Highway Patrol, which is coordinating with Caltrans, which will perform the workload associated with this grant.
- Increase Item 2660-001-0890 by \$42,957,000 in 2025-26, \$30,645,000 in 2026-27, \$12,802,000 in 2027-28, \$9.04 million in 2028-29, and \$9 million in 2029-30 and ongoing to accommodate various federal grants awarded to Caltrans.
- Add Item 2660-490 to reappropriate up to \$6 million from Item 2660-001-0042, Budget Act of 2024, for FI\$Cal Onboarding costs.

Los Angeles Olympics Transportation Network. The May Revision includes \$17.6 million from the State Highway Account in 2025-26 to plan and design a transportation network that supports the Los Angeles 2028 Olympics and Paralympics Games. During the Games, athletes, coaches, officials, and other key Games stakeholders will be moved to venues through a dedicated transport system. These stakeholders will use the Games Route Network (GRN), which is a network of dedicated lanes on relevant freeways and surface streets that connect sports competition venues to the Olympic and Paralympic Village, International Broadcast Center, and training facilities. Caltrans requests 92 positions and \$7.2 million in operational expenses to plan, design, implement, operate and maintain this type of transportation network in preparation for the Olympic Games.

LA 2028 Olympics Streamlining Trailer Bill Language. The Administration proposes three trailer bills to “streamline” projects related to the LA 2028 Olympics. It proposes to exempt activities associated with Olympics and Paralympic Games from the California Environmental Quality Act as well as the Coastal Act, as well as provide Caltrans and local entities the authority to repurpose certain highway lanes for the Games Route Network.

HIGH-SPEED RAIL AUTHORITY

High-Speed Rail. The Administration requests at least \$1 billion annually for the High-Speed Rail Project. However, this is not reflected in the proposed trailer bill language nor is it included in the proposed budget bill language.

BOARD OF PILOT COMMISSIONERS (BPC)

Board of Pilot Commissioners’ Business Modernization. The May Revision includes \$2.1 million in 2025-26, \$229,448 in 2026-27, and \$117,000 2027-28 and ongoing from the Board of Pilot Commissioners Special Fund. Of this amount, \$201,000 will be available to the BPC to continue the planning phase of a project that will automate many of the Board’s manual processes to enhance operational efficiency, streamline business processes, and improve data accessibility and security. It is also requested that provisional language be added to make \$1.9 million of amount will be contingent upon all four stages of the California Department of Technology (CDT)’s Project Approval Lifecycle (PAL) process being completed.

CALIFORNIA HIGHWAY PATROL (CHP)

California Crash Data System Modernization Program. The May Revision includes \$3.5 million from the Federal Trust Fund in 2025-26, one-time, to begin the planning phase of the CalCrash IT project that will automatically capture statewide crash data and send it to the National Highway Traffic Safety Administration and replace the manual data entry process currently conducted by CHP. It is also requested that provisional language be added to allow the Department of Finance to augment the item up to \$9.9 million, contingent upon all four stages of the CDT's PAL process being completed in 2025-26.

Increase in Federal Spending Authority. The May Revision includes \$13.4 million from the Federal Trust Fund in 2025-26 and 2026-27 for Motor Carrier Safety Administration Grants to provide additional federal resources for commercial vehicle traffic enforcement, including inspections and hazardous materials oversight.

Highway Violence Task Force. The May Revision includes \$4.9 million from the Motor Vehicle Account in 2025-26, one-time, for a one-year extension of the Highway Violence Task Force. Funding is used for investigative and enforcement equipment, training, investigative technology needs, and operational expenses that focus on violent crimes occurring on freeways.

Capital Outlay Projects. The May Revision includes the following proposals regarding various CHP projects:

- **Lease Revenue Debt Service Adjustments.** The May Revision shifts \$7 million in lease revenue debt service payments on the Hayward Area Office Replacement and the El Centro Area Office Replacement projects from the Motor Vehicle Account to the General Fund.
- **Revert and Fund New, Performance Criteria.** The May Revision reverts \$11 million in prior appropriations from the Public Building Construction Fund and proposes new funding of \$13.3 million from the Public Building Construction Fund, for a net increase of \$2.3 million to fund the performance criteria phase of the Area Office Replacement projects in Redding, Los Banos, Antelope Valley, Barstow, and Porterville.
- **Supplemental Appropriation, Acquisition.** The May Revision includes \$4.4 million from the General Fund for the acquisition phase of the Humboldt Area Office Replacement (\$3.1 million) and Los Banos Area Office Replacement (\$1.3 million) projects.
- **Enhanced Radio System: Replace Towers and Vaults (Leviathan Peak).** The May Revision includes \$9.3 million one-time General Fund, reversion of \$5.8 million General Fund of existing authority, resulting in a net increase of \$3.4 million General Fund for the construction phase of this project.

DEPARTMENT OF MOTOR VEHICLES (DMV)

Chapter 298, Statutes of 2019 (SB 210) – Heavy-Duty Vehicle Inspection & Maintenance Program. The May Revision includes \$4.9 million and 19.4 positions in fiscal year 2025-26 and \$3.5 million and 19.4 positions in 2026-27 and ongoing from the Truck Emission Check Fund to continue an existing IT project that will allow DMV to withhold registration from heavy-duty vehicles that fail to establish emission compliance.

Chapter 314, Statutes of 2021 (AB 796) – Voter Registration: California New Motor Voter Program. The May Revision includes \$2 million ongoing from the General Fund to continue the maintenance and operation of an Information Technology (IT) project that will capture voter registration information from incomplete DMV transactions and transmit it to the Secretary of State as required by AB 796.

Digital eXperience Platform (DXP) Project. The May Revision includes \$53.1 million one-time in fiscal year 2025-26 to complete the vehicle registration phase of the DXP project, an IT effort that will replace DMV's software and hardware for vehicle registration functions. It is also requested that provisional language be added to make the \$53,107,000 available to complete the vehicle registration phase of the project, but contingent upon approval of the appropriate project documents by the California Department of Technology.

State-to-State Verification System (S2S) Project. The May Revision includes \$10 million one-time in 2025-26 to begin the planning phase of the S2S project, which allows DMV to upload its driver license and identification card data to the American Association of Motor Vehicle Administrators electronic verification and history exchange. This is required to prevent identification fraud and maintain REAL ID compliance with the federal Department of Homeland Security. Without it, the Department of Homeland Security might not allow California's REAL IDs to be used to board domestic flights or enter specified federal facilities. It is also requested that provisional language be added to make \$8.9 million of this amount available to begin the IT project, but contingent upon all four stages of the California Department of Technology's Project Approval Lifecycle process being completed in 2025-26.

El Centro: Field Office Replacement – Reappropriation. The May Revision reappropriates \$2.7 million General Fund for the acquisition phase and \$2.5 million from the Public Buildings Construction Fund for the performance criteria phase of this project. While one site for the new office was selected in 2024, there is now an alternate site under consideration. The reappropriation is necessary to provide additional time to determine which of the two potential sites will better meet the needs of the department.

Statewide Ignition Interlock Device Pilot Program Extension Trailer Bill Language. The May Revision includes trailer bill language that extends the sunset date for the Statewide Ignition Interlock Device Pilot Program from January 1, 2026 to January 1, 2033. Chapter 783, Statutes of 2016 (SB 1046, Hill) created the current Statewide IID Pilot Program to evaluate the efficacy of IIDs as a post-licensing sanction for injury-involved DUI offenders and multiple DUI offenders. Non-injury alcohol-involved 1st offenders may have a court-ordered IID or, in the absence of a court order, an optional IID. The pilot began January 1, 2019, and will sunset on January 1, 2026.

Chapter 610, Statutes of 2021 (SB 287) Trailer Bill Language. The May Revision includes trailer bill language that delays implementation of SB 287 (Grove, Chapter 610, Statutes of 2022) from January 1, 2027, to January 1, 2029. Commencing January 1, 2027, SB 287 authorizes a driver to tow a 10,000 to 15,000-pound gooseneck trailer with a noncommercial Class C license for recreational purposes, provided they had successfully completed a knowledge exam.

State-to-State Trailer Bill Language. At the time of writing, the trailer bill language is not yet publicly available.

Chapter 952, Statutes of 2022 (AB 1800) Trailer Bill Language. The May Revision includes trailer bill language that eliminates the existing January 1, 2027, delayed operative date of AB 1800 (Low, Chapter 952, Statutes of 2022), and instead authorizes DMV and the National Marrow Donor Registry to establish an implementation timeline as part of the required memorandum of understanding.

Digital Experience Platform Project Trailer Bill Language. The May Revision includes trailer bill language that reestablishes the \$1 Business Partner Automation (BPA) system improvement fee which ended on December 31, 2023, to January 1, 2029, when the DMV director determines that sufficient funds have been received. This fee is intended to collect the business partners' proportionate share of the department-wide system improvements.

Staff Recommendation: Hold Open.

0250 JUDICIAL BRANCH

Issue 2: Overview of Governor's May Revision Proposals

The May Revision includes total funding of \$5.2 billion (\$3.2 billion General Fund) in 2025-26 for the Judicial Branch, a slight increase as compared to Governor's budget. Of this, \$2.9 billion is provided to support trial court operations.

State Court Facilities Construction Fund (SCFCF). The May Revision includes a reduction of \$20 million General Fund for backfilling the SCFCF in 2025-26. The May Revision also includes a transfer of accumulated savings and accumulated interest revenue totaling \$34.3 million from the Court Facilities Architectural Revolving Fund to the SCFCF, resulting in a one-time reduction of the General Fund backfill to the SCFCF by the same amount in 2025-26. The May Revision also includes an increase in SCFCF reimbursement authority by \$10.7 million to collect counties' share of costs for increased utilities and maintenance expenditures.

Tribal Nations Access to Justice Act (SB 549). The May Revision includes \$2.7 million in 2025-26, \$1.5 million in 2026-27, and \$784,000 in 2027-28 for courts to handle workload resulting from lawsuits filed by California Indian tribes against California gambling establishments and third-party providers pursuant to SB 549 (Newman), Chapter 860, Statutes of 2024.

Trial Court Employee Health Benefits. The May Revision includes a reduction of \$9 million ongoing General Fund to reflect updated health benefit and retirement rate changes for trial court employees, bringing the total amount available for this purpose to \$19.8 million in 2025-26.

Incompetent to Stand Trial Evaluation Trainings. The May Revision includes a reversion of \$9.1 million General Fund in 2023-24 and 2024-25 associated with unspent funds provided to the Judicial Branch for improvements to Incompetent to Stand Trial evaluations, and a reappropriation of \$3.4 million from 2022-23 to continue trainings.

Court Reporters Provisional Language. Proposed provisional language would allow trial courts to utilize court interpreter program funding for the total number of coordinators required by each court and remove the requirement that coordinators must be certified or registered court interpreters.

Solutions. The May Revision includes the following additional solutions in the Judicial Branch's budget:

- Reduction of \$38 million in 2025-26 from the unrestricted fund balance of the Trial Court Trust Fund.
- Reversion of \$20 million General Fund from 2024-25 and a reduction of \$20 million ongoing General Fund beginning in 2025-26 related to the Judicial Branch's pretrial services. The May Revision maintains \$50 million General Fund in 2025-26, consistent with the current expenditure level.
- Reversion of \$27.5 million General Fund in 2023-24 and 2024-25 in unspent funds and statutory changes related to a pilot program for juror compensation pursuant to AB 1981 (Lee), Chapter 326, Statutes of 2022.
- Withdrawal of capital outlay proposals, including \$500,000 General Fund for statewide planning and \$2.9 million General Fund for the San Joaquin County: New Tracy Courthouse.
- Statutory changes related to court surplus property disposition.

Reappropriations and Liquidation Extensions. The May Revision also includes reappropriations for the following delayed projects:

- \$7.2 million General Fund from the 2022 Budget Act, to provide public access to lactation rooms in courthouses.
- \$10 million General Fund from the 2021 Budget Act, and \$40 million General Fund from the 2022 Budget Act, for two critical fire and life safety system projects at the Central Justice Center in Orange County and the San Diego East County Regional Center.
- \$6.6 million General Fund from the 2022 Budget Act, to support the implementation of AB 716 (Bennett), Chapter 526, Statutes of 2021, which requires courts to provide minimum remote access to all courtroom proceedings.
- \$1.4 million from the 2023 Budget Act, to complete the development of a Community Mental Health dataset pursuant to SB 929 (Eggman), Chapter 539, Statutes of 2022.

Technical Adjustments. The May Revision also includes the following technical adjustments:

- Reduction of \$5.8 million in 2025-26 and ongoing to align backfill related to Ability to Pay.
- Net-zero transfer of funding between judicial branch budget items.
- Reduction of \$1.9 million ongoing General Fund in CARE Court funding to align expenditures with the revised estimated caseload.

Staff Recommendation: Hold Open.

0690 OFFICE OF EMERGENCY SERVICES

Issue 3: Overview of Governor's May Revision Proposals

The May Revision includes total funding of \$4.4 billion (\$613 million General Fund) and 1,911 positions for Cal OES in 2025-26. This is an increase of \$1.3 billion (\$50.5 million General Fund) as compared to Governor's budget. Major adjustments to Cal OES's budget are described below.

Flexible Cash Assistance for Survivors of Crime Delay. The May Revision proposes to revert \$49.7 million General Fund provided in the 2022 Budget Act for assistance to survivors of violent crimes.

CS 90.00. The May Revision includes Control Section 90.00 to authorize the Director of Finance to augment any state department or agency appropriation for costs necessary during 2025-26 to continue recovery efforts related to damage caused by the Eaton Fire and Palisades Fire in January of 2025. These augmentations shall be within the cumulative total of the \$2.5 billion authorized in Control Sections 90.00 and 90.01 of the 2024 Budget Act and shall be made on or before June 30, 2026.

State and Local Cybersecurity Grant Program Funding Authority. The May Revision includes \$605,000 in state operations and \$11.5 million in local assistance for one-time Federal Trust Fund authority for the State and Local Cybersecurity Grant Program.

State Emergency Telephone Number Account Augmentation Authority. The May Revision includes provisional budget bill language allowing the Department of Finance to augment the amount available for expenditure from the State Emergency Telephone Account to support 9-1-1 Emergency Communications. The 2018 Budget Act provided Cal OES with funding and personnel to initiate the Next Generation 9-1-1 (NG 9-1-1) project. The budget assumes that the state would fully transition from legacy 9-1-1 to NG 9-1-1 in fiscal year 2025-26, but additional time is needed for that transition, so OES is requesting authority to continue funding for both systems.

Federal Authority Adjustment for Receipt of Federal Disaster Cost Reimbursements. The May Revision includes a one-time increase of \$1.2 billion Federal Fund authority (\$654.9 million for state operations and \$573.1 million for local assistance) based on projected federal reimbursements from the Federal Emergency Management Agency.

Capital Outlay. The May Revision includes the following resources to continue existing capital outlay projects:

- Reappropriation of \$7.2 million General Fund for the construction phase of the State Operations Center Modification project. Total project costs are estimated at \$10.4 million. During construction, piping and electrical conduits that were not reflected in original building drawings were revealed, resulting in supplemental design and engineering modifications that extended the project schedule beyond the encumbrance period.
- Reversion of \$17.0 million General Fund and replacement of \$40.1 million General Fund for the construction phase of the Relocation of Red Mountain Communications Site project, a net increase of \$23.2 million. The project relocates the existing Red Mountain public safety radio communications site off Sovereign land and constructs three towers, with all other ancillary components, to maintain coverage for the northwestern region of the state.

Other Adjustments. The May Revision also includes the other adjustments to Cal OES's budget:

- Authority for four positions to administer wildfire mitigation grants funded in the Governor's budget from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Fund established by Proposition 4 (2024). The Governor's budget included \$9 million in 2025-26, \$26 million in 2026-27, and \$100 million in the outyears for this program.
- Liquidation extension of \$794,000 General Fund from June 30, 2025, to June 30, 2027, for critical infrastructure maintenance at the California Specialized Training Institute. The original allocation was part of the 2021 Budget Act, which provided a total of \$5 million to address critical infrastructure deficiencies.
- Liquidation extension of \$3.0 million General Fund from the 2022 Budget Act, and \$2.0 million Disaster Resistant Communities Account from the 2021 Budget Act, from June 30, 2025, to June 30, 2027, for the Fire and Rescue Mutual Aid fleet. Cal OES has already entered purchasing agreements for four Swiftwater Tow Vehicles and nine Type III Fire Engines, but needs additional time due to continuing supply-chain issues.
- Net-zero shift of \$25 million to separate ongoing baseline funding for the Fire and Rescue reposition program into its own budget bill item for tracking purposes.

Staff Recommendation: Hold Open.

0820 DEPARTMENT OF JUSTICE**Issue 4: Overview of Governor’s May Revision Proposals**

The May Revision maintains total funding of approximately \$1.3 billion (\$496 million General Fund) to support the Department of Justice (DOJ) in 2025-26.

Federal Accountability Workload. The May Revision includes \$14.4 million ongoing (\$13.3 million General Fund and \$1.1 million Special Fund) and 44 positions to defend California against adverse federal actions.

Unfair Competition Law Fund Loan. The May Revision proposes an additional loan of \$150 million from the Unfair Competition Law Fund to the General Fund in 2025-26 to address the budget shortfall.

Various Chaptered Legislation Adjustments. The May Revision includes a reduction of \$729,000 (\$656,000 General Fund and \$73,000 Special Fund) in 2025-26, decreasing to \$563,000 (\$492,000 General Fund and \$71,000 Special Fund) in 2028-29 and ongoing to withdraw proposals from the Governor’s budget related to chaptered legislation that DOJ intends to implement within existing resources.

California Law Enforcement Telecommunications System (CLETS) – Department of Motor Vehicle Enhancements. The May Revision includes \$3.2 million General Fund in 2025-26 and \$1.6 million in 2026-27 to connect CLETS and the Department of Motor Vehicles.

FI\$Cal Resources. The May Revision includes \$2.7 million (\$1.1 million General Fund and \$1.6 million Special Fund) in 2025-26 and \$3.2 million (\$1.2 million General Fund and \$2 million Special Fund) in 2026-27 for DOJ to transition to FI\$Cal by 2026-27.

Juveniles: Sealing Records (AB 1877). The May Revision includes \$2.4 million General Fund and four positions in 2025-26 and \$812,000 in 2026-27 and ongoing to implement AB 1877 (Jackson), Chapter 811, Statutes of 2024.

Registry of Charities and Fundraisers Workload. The May Revision includes \$1.2 million Registry of Charities and Fundraisers Fund and eight positions and \$1.4 million in 2026-27 and ongoing to address the program workload within the Registry.

Girl Scout Volunteer Background Checks. The May Revision includes a reappropriation of up to \$5.5 million for Girl Scout volunteer background checks until June 30, 2026.

Staff Recommendation: Hold Open.

ITEMS FOR COMMENT ONLY

0390 CONTRIBUTIONS TO THE JUDGES' RETIREMENT SYSTEM

Issue 5: Judges' Retirement System II

Proposal. The May Revision includes a decrease of \$5.4 million General Fund in 2025-26 in state contributions to the Judges' Retirement System II due to a projected larger employer contribution.

Staff Recommendation: Hold Open.

7870 CALIFORNIA VICTIM COMPENSATION BOARD

Issue 6: Reappropriation: Trauma Recovery Center Grants

Proposal. The May Revision proposes to extend the encumbrance date of a one-time appropriation from July 1, 2025, to June 30, 2026, to allow the California Victim Compensation Board to carry out the last round of grants to Trauma Recovery Centers.

Staff Recommendation: Hold Open.

8140 OFFICE OF THE STATE PUBLIC DEFENDER

Issue 7: Public Records Act Workload

Proposal. The May Revision withdraws the proposal for \$148,000 General Fund and 1 position in 2025-26, and \$141,000 ongoing to address Public Records Act workload.

Staff Recommendation: Hold Open.

Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Tuesday June 10, 2025
State Capitol – Room 112
8 a.m.

Consultant: Nora Brackbill
Part A - Public Safety, Judiciary, and Corrections
Vote-Only Calendar

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Public Comment

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Issue	BU	Source	Proposal	Description	Staff Recommendation
0250 Judicial Branch					
1	0250	Governor's Budget	Allocations and Reimbursement to Trial Courts (Report #53) - Trailer Bill Language	Statutory language to change the due date of the report on Allocations and Reimbursements to the Trial Courts from September 30 to February 1.	Adopt placeholder trailer bill language.
2	0250	Governor's Budget	Butte County: Juvenile Hall Addition and Renovation	\$5.2 million General Fund to continue a project to increase court space in the existing Butte County Juvenile Hall in the City of Oroville.	Approve as budgeted.
3	0250	Governor's Budget	CARE Act Process and Proceedings (SB 42)	\$1 million ongoing General Fund for new trial court operations costs to implement Senate Bill 42 (Umberg), Chapter 640, Statutes of 2024, which requires changes to the Community Assistance, Recovery, and Empowerment (CARE) Act.	Approve as budgeted.
4	0250	Governor's Budget	Cash-Flow Loans Made to Trial Courts (Report #94) - Trailer Bill Language	Statutory changes to clarify that the Judicial Council only has to submit a report on cash-flow loans if a loan is made during the covered time frame.	Adopt placeholder trailer bill language.
5	0250	Governor's Budget	Fresno County: New Fresno Courthouse – Performance Criteria and Reappropriation of Acquisition	\$18.1 million General Fund for the performance criteria phase of the New Fresno Courthouse in Fresno County, and the reappropriation of \$11.2 million from the Acquisition phase.	Approve as budgeted.
6	0250	Governor's Budget	Los Angeles County: New Santa Clarita Courthouse - Reappropriation	Reappropriation of \$34.2 million for the acquisition phase of a new courthouse in the City of Santa Clarita.	Approve as budgeted.
7	0250	Governor's Budget	Plumas County: New Quincy Courthouse - Reappropriation	Reappropriation of \$1.5 million General Fund for the acquisition phase of the new Quincy Courthouse project in Plumas County.	Approve as budgeted.
8	0250	Governor's Budget	San Diego Hall of Justice - Facility Modification	\$9.5 million one-time General Fund to address cost increases for an in-progress facility modification at the San Diego Hall of Justice.	Approve as budgeted.
9	0250	Governor's Budget	San Luis Obispo County: New San Luis Obispo Courthouse - Performance Criteria and Reappropriation of Acquisition	\$7.9 million General Fund for the performance criteria phase and reappropriation of \$22.9 million for the acquisition phase of the New San Luis Obispo Courthouse in San Luis Obispo County.	Approve as budgeted.
10	0250	Governor's Budget	Solano County: New Solano Hall of Justice (Fairfield) - Performance Criteria and Reappropriation of Acquisition	\$5.2 million General Fund for the performance criteria phase and reappropriation of \$12.1 million for the acquisition phase of the New Solano Hall of Justice (Fairfield) in Solano County.	Approve as budgeted.
11	0250	Governor's Budget	Streamlining Statutorily Mandated Annual Reports to the Legislature (Reports #45, #47, & #55) - Trailer Bill Language	Statutory changes to eliminate the following reports: (1) Standards of Timely Disposition, (2) Standards and Measures That Promote the Fair and Efficient Administration of Justice, and (3) State Trial Court Improvement and Modernization Fund Expenditures.	Adopt placeholder trailer bill language.

Issue	BU	Source	Proposal	Description	Staff Recommendation
12	0250	Governor's Budget	Supreme Court and Courts of Appeal Court-Appointed Counsel Programs	\$6.3 million ongoing General Fund in 2025–26 to support the Supreme Court Capital Court-Appointed Counsel and the Courts of Appeal Court-Appointed Counsel Programs.	Approve as budgeted.
13	0250	Governor's Budget	Treatment Court Program Standards (SB 910)	3.0 positions and \$1.7 million General Fund in 2025–26 and \$1.6 million General Fund in 2026-27 and ongoing to administer treatment court programs and provide support to trial courts to implement SB 910 (Umberg), Chapter 641, Statutes of 2024.	Approve as budgeted.
14	0250	Governor's Budget	Trial Court Operations	Restoration of \$42 million ongoing General Fund starting in 2024-25, and an additional \$40 million General Fund in 2025-26 and ongoing to account for increased expenses for the trial courts.	Approve as budgeted.
15	0250	Governor's Budget, May Revision	Lactation Rooms - BCP and Reappropriation	\$5.4 million one-time General Fund and reappropriation of \$7.2 million General Fund from the 2022 Budget Act to provide public access to lactation rooms in courthouses, pursuant to AB 1576 (Committee on Judiciary), Chapter 200, Statutes of 2022, as amended by SB 133 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2023.	Approve as budgeted at May Revision.
16	0250	Governor's Budget, May Revision	San Joaquin County: New Tracy Courthouse - GB and MR Withdrawal	The Governor's budget included \$2.9 million General Fund for the Performance Criteria phase of the New Tracy Courthouse in San Joaquin County, which was withdrawn in the May Revision.	Approve as budgeted at May Revision.
17	0250	Governor's Budget, May Revision	Statewide: Budget Packages and Advanced Planning - GB and MR Withdrawal	The Governor's budget included \$500,000 ongoing General Fund for statewide planning and studies, which was withdrawn at the May Revision.	Approve as budgeted at May Revision.
18	0250	Governor's Budget, May Revision	Trial Court Employee Benefits	The Governor's budget included an increase of \$28.7 million ongoing General Fund for trial court employee health benefits and retirement costs. The May Revision included a reduction of \$9 million ongoing General Fund to reflect updated health benefit and retirement rate changes for trial court employees, bringing the total amount available for this purpose to \$19.8 million in 2025-26.	Approve as budgeted at May Revision.
19	0250	May Revision	Court Interpreter Program Provisional Language	Provisional language to allow trial courts to utilize court interpreter program funding for the total number of coordinators required by each court and remove the requirement that coordinators must be certified or registered court interpreters.	Approve as budgeted.
20	0250	May Revision	Courthouse Surplus Property Disposition - Trailer Bill Language	Statutory changes to allow for the sale of four Judicial Branch properties in three cities, with proceeds deposited in the General Fund.	Adopt placeholder trailer bill language.
21	0250	May Revision	Extended Liquidation for Fire and Life Safety System Upgrades	Liquidation extensions for \$10 million General Fund from the 2021 Budget Act and \$40 million General Fund from the 2022 Budget Act for two critical fire and life safety system projects at the Central Justice Center in Orange County and the San Diego East County Regional Center.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
22	0250	May Revision	Extended Liquidation for Remote Access to Courtroom Proceedings (AB 716)	Liquidation extension for \$6.6 million General Fund from the 2022 Budget Act, to support the implementation of AB 716 (Bennett), Chapter 526, Statutes of 2021, which requires courts to provide minimum remote access to all courtroom proceedings.	Approve as budgeted.
23	0250	May Revision	Implementation of Tribal Nations Access to Justice Act (SB 549)	\$2.7 million in 2025-26, \$1.5 million in 2026-27, and \$784,000 in 2027-28 for courts to handle workload resulting from lawsuits filed by California Indian tribes against California gambling establishments and third-party providers pursuant to SB 549 (Newman), Chapter 860, Statutes of 2024.	Approve as budgeted.
24	0250	May Revision	Jury Duty Pilot Program - Trailer Bill Language and Reduction	Statutory changes and reversion of \$27.5 million unspent General Fund from 2023-24 and 2024-25 originally for a pilot program for juror compensation pursuant to AB 1981 (Lee), Chapter 326, Statutes of 2022.	Approve as budgeted and adopt placeholder trailer bill language.
25	0250	May Revision	Pretrial Release Program Reduction	Reversion of \$20 million General Fund from 2024-25 and a reduction of \$20 million ongoing General Fund beginning in 2025-26 related to the Judicial Branch's pretrial services, and provisional language adjustments. The May Revision maintains \$50 million General Fund in 2025-26, consistent with the current expenditure level.	Approve reversion from 2024-25, and ongoing reduction beginning in 2026-27. Restore \$15 million, for a total of \$65 million, in 2025-26. Adopt provisional language allowing pretrial funding to be used for workload related to treatment-mandated felonies established by Proposition 36 (2024).
26	0250	May Revision	Reappropriation: Community Mental Health Services (SB 929)	Reappropriation of \$1.4 million from the 2023 Budget Act, to complete the development of a Community Mental Health dataset pursuant to SB 929 (Eggman), Chapter 539, Statutes of 2022.	Approve as budgeted.
27	0250	May Revision	Reappropriation: Incompetent to Stand Trial Evaluation: Reappropriation and Reversion	Reversion of \$9.1 million General Fund in 2023-24 and 2024-25 associated with unspent funds provided to the Judicial Branch for improvements to Incompetent to Stand Trial evaluations, and a reappropriation of \$3.4 million from 2022-23 to continue trainings.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
28	0250	May Revision	State Court Facilities Construction Fund - Reimbursement Authority Increase, Backfill, and Transfer from the Court Facilities Architectural Revolving Fund	(1) Reduction of \$20 million General Fund for backfilling the State Court Facilities Construction Fund (SCFCF) in 2025-26, (2) transfer of accumulated savings and accumulated interest revenue totaling \$34.3 million from the Court Facilities Architectural Revolving Fund to the SCFCF, resulting in a one-time reduction of the General Fund backfill to the SCFCF by the same amount in 2025-26, and (3) increase in SCFCF reimbursement authority by \$10.7 million to collect counties' share of costs for increased utilities and maintenance expenditures.	Approve as budgeted.
29	0250	May Revision	Technical Adjustment: Ability to Pay Backfill Reduction	Reduction of \$5.8 million in 2025-26 and ongoing to align backfill related to Ability to Pay.	Approve as budgeted.
30	0250	May Revision	Technical Adjustment: CARE Court Funding	Reduction of \$1.9 million ongoing General Fund in CARE Court funding to align expenditures with revised caseload estimates.	Approve as budgeted.
31	0250	May Revision	Technical Adjustment: Intra-Schedule Transfer between Supreme Court and Judicial Council	Net-zero transfer of funding between judicial branch budget items.	Approve as budgeted.
32	0250	May Revision	Trial Court Trust Fund Unrestricted Fund Balance	Transfer of \$38 million in 2025-26 from the unrestricted fund balance of the Trial Court Trust Fund to the General Fund.	Approve as budgeted and adopt provisional language.
33	0250	Legislative Proposal	Proposition 36 Workload and Implementation - Judicial Branch	\$30 million for the courts to support workload and initial implementation of Proposition 36.	Approve Legislative proposal

0390 Contributions to the Judges' Retirement System

34	0390	May Revision	Amendment to State Retirement Contributions to the Judges' Retirement System II, Support and Local Assistance, Judges' Retirement System	Reduction of \$5.4 million General Fund in 2025-26 and ongoing in state contributions to the Judges' Retirement System II due to a projected larger employer contribution.	Approve as budgeted.
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0552 Office of the Inspector General

35	0552	Governor's Budget	Complaints of Staff Sexual Misconduct (SB 1069)	\$3.6 million General Fund and 22 positions in 2025-26, and \$5.7 million General Fund and 29 positions in 2026-27 and ongoing, for the OIG to expand monitoring and investigation of complaints of staff sexual misconduct filed by incarcerated persons, pursuant to SB 1069 (Menjivar), Chapter 1012, Statutes of 2024.	Approve as budgeted.
36	0552	Governor's Budget	Elimination of Blueprint Monitoring Functions - Trailer Bill Language	Statutory changes to eliminate the requirement for OIG to monitor CDCR's implementation of the Blueprint.	Adopt placeholder trailer bill language.

Issue	BU	Source	Proposal	Description	Staff Recommendation
37	0552	Governor's Budget	Elimination of California Rehabilitation Oversight Board - Trailer Bill Language	Statutory changes to eliminate the California Rehabilitation Oversight Board.	Adopt placeholder trailer bill language.
0690 Office of Emergency Services					
38	0690	Governor's Budget	California Internet Crimes Against Children Task Force	\$5 million General Fund ongoing to continue the Internet Crimes Against Children Program.	Provide \$7 million ongoing for this purpose.
39	0690	Governor's Budget	Mather: Headquarters Checkpoint Security Enhancements, Revert and Fund New Construction	Reversion of existing authority of \$1.8 million General Fund and an additional \$3.2 million General Fund for the construction phase of the Mather: Headquarters Checkpoint Security Enhancements project, a net increase of \$1.4 million.	Approve as budgeted.
40	0690	Governor's Budget	Reappropriation of Law Enforcement Mutual Aid	Reappropriation of approximately \$22 million General Fund to continue to support and assist local law enforcement agencies that are deployed through the Law Enforcement Mutual Aid System.	Reject.
41	0690	Governor's Budget, May Revision	Proposition 4 Expenditure Plan - Wildfire Mitigation Grant Program - GB and MR Update	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 Administration proposes \$2.7 billion in Climate Bond funds in 2025-26.	Conform to action taken in Subcommittee 2.
42	0690	May Revision	California Specialized Training Institute Deferred Maintenance Liquidation Extension	Extended liquidation of \$794,000 General Fund from fiscal year 2021-22 from June 30, 2025, to June 30, 2027, for the California Specialized Training Institute.	Approve as budgeted.
43	0690	May Revision	Control Section 90.00	Provisional language to authorize the Director of Finance to augment any state department or agency appropriation for costs necessary during 2025-26 to continue recovery efforts related to damage caused by the Eaton Fire and Palisades Fire in January of 2025, within the cumulative total of the \$2.5 billion authorized in Control Sections 90.00 and 90.01 of the 2024 Budget Act.	Adopt provisional language.
44	0690	May Revision	Elimination of Flexible Cash Assistance for Survivors of Crime Program	Reversion of \$49.7 million General Fund provided in the 2022 Budget Act for assistance to survivors of violent crimes.	Approve as budgeted.
45	0690	May Revision	Federal Authority Adjustment for Receipt of Federal Disaster Cost Reimbursements	\$1.2 billion Federal Fund authority (\$654.9 million for state operations and \$573.1 million for local assistance) based on projected federal reimbursements from the Federal Emergency Management Agency.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
46	0690	May Revision	Fire and Rescue Prepositioning Technical Adjustment	Net-zero shift of \$25 million to separate ongoing baseline funding for the Fire and Rescue preposition program into its own budget bill item for tracking purposes.	Approve as budgeted.
47	0690	May Revision	Fire Fleet Vehicle Acquisition Liquidation Extension	Extended liquidation of \$3 million General Fund from the 2022 Budget Act, and \$2 million Disaster Resistant Communities Account from the 2021 Budget Act, from June 30, 2025, to June 30, 2027 to complete the acceptance and deployment of purchased fire fleet vehicles.	Approve as budgeted.
48	0690	May Revision	Mather: State Operations Center Modification Reappropriation	Reappropriation of \$7.2 million General Fund for the construction phase of the Mather: State Operations Center Modification project.	Approve as budgeted.
49	0690	May Revision	Relocation of Red Mountain Communications Site – Revert and Fund New	Reversion of \$17.0 million General Fund, replaced by \$40.1 million new General Fund for the construction phase of the Relocation of Red Mountain Communications Site project, a net increase of \$23.2 million.	Approve as budgeted.
50	0690	May Revision	State and Local Cybersecurity Grant Program Funding Authority	\$605,000 in state operations and \$11.5 million in local assistance for one-time Federal Trust Fund authority for the State and Local Cybersecurity Grant Program.	Approve as budgeted with provisional reporting language consistent with prior allocations.
51	0690	May Revision	State Emergency Telephone Number Account Augmentation Authority	Provisional budget bill language allowing the Department of Finance to augment the amount available for expenditure from the State Emergency Telephone Account to support 9-1-1 Emergency Communications.	Adopt provisional reporting language.
52	0690	Legislative Proposal	Victims of Crime Act Funding	\$100 million one-time to supplement Victims of Crime Act funding.	Approve Legislative proposal.

0820 Department of Justice					
53	0820	Governor's Budget	Background Investigations Unit Workload	\$1.0 million (\$213,000 General Fund and \$790,000 Special Fund) in 2025-26 and \$931,000 (\$197,000 General Fund and \$734,000 Special Fund) and 6.0 positions in 2026-27 and ongoing to maintain the ongoing workload for the Division of Law Enforcement, Background Investigations Unit.	Approve as budgeted.
54	0820	Governor's Budget	Bureau of Criminal Information and Analysis Unit Workload	\$4.0 million Fingerprint Fees Account in 2025-26 and \$3.7 million and 32.0 positions in 2026-27 and ongoing to address Bureau of Criminal Information and Analysis workload.	Approve as budgeted.
55	0820	Governor's Budget	California Consumer Privacy Act Enforcement Workload BCP and Trailer Bill Language (0820/1703)	\$350,000 Consumer Privacy Fund in 2025-26 and 2026-27 and statutory changes to support consumer privacy enforcement workload.	Approve as budgeted and adopt placeholder trailer bill language, consistent with action taken in Subcommittee 4.

Issue	BU	Source	Proposal	Description	Staff Recommendation
56	0820	Governor's Budget	Fingerprint Fees Account Authority Increase	\$5.2 million Fingerprint Fees Account ongoing for processing federal level fingerprint background checks.	Approve as budgeted.
57	0820	Governor's Budget	Firearms Clearance Section Workload	14 positions and \$2.2 million General Fund in 2025-26, declining to \$1.9 million annually in 2026-27 to ensure the timely completion of firearm and ammunition eligibility check workload.	Approve as budgeted.
58	0820	Governor's Budget	Firearms IT System Modernization (FITSM) Project	17 positions and \$11.4 million General Fund in 2025-26 to continue development of FITSM, including solution planning, development, procurement, evaluation, and selection for the project which replaces 17 existing firearm and ammunition databases and systems.	Approve as budgeted.
59	0820	Governor's Budget	Implementation of Various Firearm-Related Legislation	\$2.4 million (\$2.3 million General Fund, \$91,000 Firearms Safety Account, \$16,000 Gambling Control Fund, \$15,000 Indian Gaming Special Distribution Fund) and 7.0 positions in 2025-26; \$1.5 million (\$1.4 million General Fund, \$78,000 Firearms Safety Account, \$7,000 Gambling Control Fund, \$6,000 Indian Gaming Special Distribution Fund) in 2026-27; and \$1.2 million General Fund in 2027-28 ongoing to address increased workload associated with the implementation of Senate Bills (SB) 53, SB 899, and SB 965, and Assembly Bills (AB) 1252, AB 2629, AB 2907, AB 2917, and AB 3064.	Approve as budgeted.
60	0820	Governor's Budget	Implementation of Various Public Rights-Related Legislation	9.0 positions and \$2.2 million ongoing to address increased workload associated with the implementation of Senate Bills (SB) 976, SB 942, and SB 1061, and Assembly Bills (AB) 1780, AB 2013, AB 2426, AB 2655, and AB 2780.	Approve as budgeted.
61	0820	Governor's Budget	Law Enforcement Notification Section-Carry Concealed Weapon Program	26 positions and \$3.2 million (\$2.7 million General Fund and \$519,000 Fingerprint Fees Account) annually beginning in 2025-26 to address increased carry concealed weapon license workload created when the federal courts eliminated the requirement to show good cause for such a license.	Approve as budgeted.
62	0820	Governor's Budget	License 2000 System Replacement Project	\$1.9 million and 3.0 positions ongoing from the Gambling Control Fund and the Indian Gaming Special Distribution Fund to continue the License 2000 System Replacement Project.	Approve as budgeted.
63	0820	Governor's Budget	Office of General Counsel Information Security Workload	Net-zero proposals to shift funding for the Office of General Counsel (OGC) information security workload from direct funding to indirect funding.	Approve as budgeted.
64	0820	Governor's Budget	Office of General Counsel Legal and Executive Workload	Net-zero proposals to shift funding for the Office of General Counsel (OGC) legal and executive workload from direct funding to indirect funding.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
65	0820	Governor's Budget	Unflavored Tobacco List (AB 3218)	4.0 positions and \$872,000 California Unflavored Tobacco List Fund in 2025-26 and \$786,000 and 4.0 positions in 2026-27 and ongoing to support the implementation and enforcement of AB 3218 (Wood), Chapter 849, Statutes of 2024, and a one-year loan of \$872,000 from the Public Rights Law Enforcement Special Fund, which will be repaid as fees are collected.	Approve as budgeted.
66	0820	Governor's Budget, May Revision	Crimes: Solicitation of a Minor (SB 1414) - GB and MR Withdrawal	The Governor's budget included \$135,000 General Fund and 1.0 position in 2025-26 and \$125,000 in 2026-27 and ongoing to meet the provisions of SB 1414 (Grove), Chapter 617, Statutes of 2024. This was withdrawn at the May Revision, as DOJ intends to absorb the initial workload within their existing budget.	Approve as budgeted at May Revision.
67	0820	Governor's Budget, May Revision	Disaggregating Criminal Statistical Data (AB 2695) - GB and MR Withdrawal	The Governor's budget included \$138,000 General Fund and 1.0 position in 2025-26, \$142,000 in 2026-27, \$129,000 in 2027-28, and \$115,000 ongoing in order to meet the provisions of AB 2695 (Ramos), Chapter 662, Statutes of 2024. This was withdrawn at the May Revision, as DOJ intends to absorb the initial workload within their existing budget.	Approve as budgeted at May Revision.
68	0820	Governor's Budget, May Revision	Juvenile Record Sealing (SB 1161) - GB and MR Withdrawal	The Governor's budget included 1.0 permanent position \$340,000 General Fund in 2025-26, and \$217,000 and 1.0 position in 2026-27 and ongoing to implement the provisions of SB 1161 (Becker), Chapter 782, Statutes of 2024 (SB 1161). This was withdrawn at the May Revision, as DOJ intends to absorb the initial workload within their existing budget.	Approve as budgeted at May Revision.
69	0820	Governor's Budget, May Revision	Residential Rental Properties Fees and Security Deposits (SB 611) - GB and MR Withdrawal	The Governor's budget included \$116,000 (\$43,000 General Fund and \$73,000 Special Fund) in 2025-26 and \$106,000 (\$35,000 General Fund and \$71,000 Special Fund) and 1.0 position in 2026-27 and ongoing to implement the provisions of SB 611 (Menjivar), Chapter 287, Statutes of 2024. This was withdrawn at the May Revision, as DOJ intends to absorb the initial workload within their existing budget.	Approve as budgeted at May Revision.
70	0820	May Revision	California Law Enforcement Telecommunication System (CLETS): Department of Motor Vehicles (DMV) Enhancements	\$3.1 million General Fund in 2025-26 and \$1.1 million in 2026-27 to connect CLETS and the DMV.	Approve as budgeted with provisional language.
71	0820	May Revision	Department of Justice FI\$Cal Resources	\$2.7 million (\$1.1 million General Fund and \$1.6 million Special Fund) in 2025-26 and \$3.2 million (\$1.2 million General Fund and \$2 million Special Fund) in 2026-27 for DOJ to transition to FI\$Cal by 2026-27.	Approve as budgeted.
72	0820	May Revision	Federal Accountability Workload	\$14.4 million ongoing (\$13.3 million General Fund and \$1.1 million Special Fund) and 44 positions to defend California against adverse federal actions.	Approve as budgeted with provisional reporting language.

Issue	BU	Source	Proposal	Description	Staff Recommendation
73	0820	May Revision	Juveniles: Sealing Records (AB 1877)	\$2.4 million General Fund and four positions in 2025-26 and \$812,000 in 2026-27 and ongoing to implement AB 1877 (Jackson), Chapter 811, Statutes of 2024.	Approve as budgeted.
74	0820	May Revision	Reappropriation of Girl Scout Volunteer Background Check Resources	Reappropriation of up to \$5.5 million for Girl Scout volunteer background checks until June 30, 2026.	Approve as budgeted.
75	0820	May Revision	Registry of Charities and Fundraisers Workload	\$1.2 million Registry of Charities and Fundraisers Fund and eight positions and \$1.4 million in 2026-27 and ongoing to address the program workload within the Registry.	Reject.
76	0820	May Revision	Technical Adjustments	Technical corrections to various Governor's budget proposals to reflect updated cost estimates and net-zero changes related to administrative costs.	Approve as budgeted.
77	0820	May Revision	Unfair Competition Law Fund Loan	Loan of \$150 million from the Unfair Competition Law Fund to the General Fund in 2025-26.	Approve as budgeted.
78	0820	Legislative Proposal	Civil Prosecutor Grants	\$6 million to the San Francisco City Attorney, the Santa Clara County Counsel, and the Los Angeles County Counsel to defend California's policies.	Approve Legislative proposal.
79	0820	Legislative Proposal	Tribal Police Pilot	\$5 million for a Tribal Police pilot, contingent upon the enactment of legislation.	Approve Legislative proposal.

4260 Department of Health Care Services

80	4260	Legislative Proposal	Proposition 36 Workload and Implementation - Behavioral Health	\$50 million for county behavioral health departments to support workload and initial implementation of Proposition 36.	Approve Legislative proposal, conforming with action taken in Subcommittee 3.
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5225 Department of Corrections and Rehabilitation

81	5225	Governor's Budget	California Health Care Facility, Stockton: Potable Water Treatment System	\$982,000 for the working drawing phase of a project to construct a potable water treatment system at the California Health Care Facility in Stockton.	Approve as budgeted.
82	5225	Governor's Budget	California Institution for Men 50-Bed Mental Health Crisis Facility Staffing	13.4 positions and \$3.0 million General Fund in 2025-26, increasing to 20.4 positions and \$4.4 million General Fund in 2026-27, and ongoing to staff a licensed 50-bed Mental Health Crisis Facility at the California Institution for Men.	Approve as budgeted with provisional language.
83	5225	Governor's Budget	California-Grown Agricultural Food Funding (AB 778, 2022)	\$5 million General Fund one-time in 2025-26 to purchase California-grown agricultural products as required by AB 778 (Eduardo Garcia), Chapter 576, Statutes of 2022.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
84	5225	Governor's Budget	Community Reentry Programs for Supervised Persons	\$44.9 million General Fund in 2025-26, \$47.5 million in 2026-27, \$37.3 million in 2027-28, \$40.1 million in 2028-29 and \$42.9 million in 2029-30 and ongoing, to increase funding for community reentry programs to assist with supporting continuity of services to supervised persons.	Approve as budgeted with provisional language requiring an update on efforts to maximize Medi-Cal reimbursements for Specialized Treatment for Optimized Programming (STOP).
85	5225	Governor's Budget	Continuation of Employment Leave Expansion	15 positions and \$2.2 million General Fund in 2025-26 and ongoing to meet the demonstrated workload increase associated with employment leave criteria expansion that authorizes an employee to take leave to care for a "designated person," as established and defined by AB 1041 (Wicks), Chapter 748, Statutes of 2022.	Approve as budgeted.
86	5225	Governor's Budget	Elimination of the Council on Criminal Justice and Behavioral Health - Reduction and Trailer Bill Language	Savings of \$1.8 million ongoing (\$662,000 General Fund and \$1.1 million Behavioral Health Service Fund) and statutory changes to eliminate the Council on Criminal Justice and Behavioral Health.	Approve as budgeted and adopt placeholder trailer bill language.
87	5225	Governor's Budget	Extension of COVID-19 Workers' Compensation Benefits	\$33 million one-time General Fund in 2025-26 and \$35 million in 2026-27, and 16 two-year limited-term positions for workers' compensation workload and costs related to COVID-19.	Approve as budgeted.
88	5225	Governor's Budget	Ironwood State Prison, Blyth: New Potable Water Wells - Construction and Reappropriation of Working Drawings	\$11.5 million to construct new groundwater wells to supply Ironwood State Prison in Blythe.	Approve as budgeted.
89	5225	Governor's Budget	San Quentin Rehabilitation Center: Rehabilitation Program Enhancements	\$7.8 million General Fund in 2025-26 and \$13 million General Fund in 2026-27 and ongoing to increase staffing, add and expand rehabilitative programs, and provide staff training for the San Quentin Rehabilitation Center and the new Educational and Vocational Center.	Reject.
90	5225	Governor's Budget	Standardization of Postconviction Proceedings (AB 2483)	\$2.9 million General Fund in 2025-26 and 2026-27 and 23 two-year, limited-term positions to address workload related to requests for institutional records in resentencing hearings and new requirements authorized in AB 2483 (Ting), Chapter 964, Statutes of 2024.	Approve as budgeted.
91	5225	Governor's Budget	Suicide Watch Augmentation	\$13.6 million General Fund augmentation in 2025-26 and ongoing to fund costs associated with suicide watch workload.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
92	5225/ 7760	Governor's Budget	Surplus Property Disposal - Trailer Bill Language	Statutory changes to streamline the disposal of CDCR property by the Department of General Services.	Adopt placeholder trailer bill language. Conforming action is being taken in Subcommittee 4.
93	5225	Governor's Budget	Valley State Prison, Chowchilla: New Potable Water Wells	\$1.2 million for the preliminary plans phase of a project to construct new ground water wells to supply Central California Women's Facility and Valley State Prison in Chowchilla.	Approve as budgeted.
94	5225	Governor's Budget	Workers' Compensation Adjustment for Health Care Programs	\$8.5 million General Fund in 2025-26 and ongoing to address a shortfall in the workers' compensation authority.	Approve as budgeted.
95	5225	Governor's Budget,May Revision	Air Cooling Pilot Program - GB and MR Modification	\$17.6 million General Fund in 2025-26 and \$20 million General Fund in 2026-27 for a pilot program to install and evaluate air cooling alternatives to improve indoor environments at the Central California Women's Facility, Kern Valley State Prison, and California State Prison, Los Angeles. The Governor's budget included \$23.6 million one-time General Fund in 2025-26 and \$45.4 million one-time General Fund in 2026-27 for this purpose, which was reduced by \$6 million General Fund in 2025-26 and \$25.4 million General Fund in 2026-27 at May Revision.	Approve as budgeted at May Revision with provisional language.
96	5225	Governor's Budget,May Revision	Americans with Disabilities Act Facility Improvements - GB and MR Withdrawal	\$23.1 million one-time General Fund in 2025-26 to complete accessibility improvements at six institutions, withdrawn at the May Revision.	Approve as budgeted at May Revision.
97	5225	Governor's Budget,May Revision	Community Corrections Performance Incentives Grant (SB 678) - Trailer Bill Language	\$127.9 million General Fund in 2025-26 and statutory changes to update the methodology for the Community Corrections Performance Incentive Grant SB 678 (Leno), Chapter 608, Statutes of 2009, which provides incentives for counties to reduce the number of felony probationers sent to state prison.	Adopt placeholder trailer bill language to maintain funding at the same levels as last year.
98	5225	Governor's Budget,May Revision	COVID-19 Mitigation Efforts - GB and MR Modification	\$5 million for continued health care costs related to the prevention and mitigation of and response to COVID-19. The Governor's budget included \$12.8 million General Fund in 2025-26 and provisional language for this purpose, which was reduced by \$7.8 million at May Revision.	Reject.
99	5225	Governor's Budget,May Revision	Increased Food Costs - GB and MR Adjustment	\$31.4 million General Fund in 2025-26 and ongoing to accommodate rising food costs. The Governor's budget included \$32.1 million for this purpose, which was reduced by \$691,000 at May Revision, due to adjusted population projections.	Approve as budgeted at May Revision.

Issue	BU	Source	Proposal	Description	Staff Recommendation
100	5225	Governor's Budget, May Revision	Population Projections - GB and MR Adjustment	The average daily adult incarcerated population is projected to be 91,471 in 2024-25 and 91,205 in 2025-26. The population is expected to decrease in the long-term, to 89,692 in June 2029. The parolee average daily population is projected to be 34,723 in 2024-25, declining slightly to 34,197 in 2025-26. The parole population is anticipated to remain relatively stable over the next few years, reaching 34,213 by June 30, 2029.	Approve as budgeted at May Revision.
101	5225	Governor's Budget, May Revision	Public Safety Radio Replacement - GB and MR Withdrawal	\$19.8 million ongoing General Fund to replace and update existing radio and communications equipment, which was withdrawn at May Revision.	Approve as budgeted at May Revision.
102	5225	Governor's Budget, May Revision	Statewide Budget Packages and Advanced Planning - GB and MR Withdrawal	\$500,000 to perform advanced planning functions and prepare budget packages for capital outlay projects, withdrawn at May Revision.	Approve as budgeted at May Revision.
103	5225	Governor's Budget, May Revision	Technical Adjustments - GB and MR	Technical adjustments proposed at Governor's budget and at May Revision, including net-zero realignment of budget authority within CDCR program, \$7,000 to correct miscoding related to the Department of Juvenile Justice closure, and a reduction of \$192,000 to correct a miscoding from the 2019 Budget Act.	Approve as budgeted at May Revision.
104	5225	May Revision	CalAIM Justice-Involved Initiative - Program Support	The May Revision includes reimbursement authority of \$21.5 million in 2025-26 and \$11 million ongoing and 65 positions ongoing to support implementation of the CalAIM Justice-Involved Initiative and to account for federal reimbursements. The May Revision also includes a reduction of \$6.2 million General Fund in 2025-26, an increase of \$3.8 million General Fund in 2026-27, and a reduction of \$11 million General Fund ongoing.	Approve as budgeted.
105	5225	May Revision	Family Liaison Services and Gender-Responsive Contract Costs	\$2.6 million General Fund in 2025-26, 2026-27, and 2027-28 to fund increased costs for Family Liaison Services and Gender-Responsive, Trauma-Informed contract costs.	Reject and redirect funding to the Sexual Assault Prevention and Response Ambassador Program (see Item 121).
106	5225	May Revision	Increased Departmental Legal Costs	\$4.3 million General Fund in 2025-26 and ongoing, to support increased departmental legal costs related to Coleman class action monitoring and legal representation from the Department of Justice.	Reject.
107	5225	May Revision	Lease Revenue Debt Service Adjustment	Net-zero shift of \$8.83 million to shift authority related to county projects.	Approve as budgeted.
108	5225	May Revision	Licensure of Mental Health Professionals	Statutory changes to broaden the pre-licensure employment waiver options for all mental health professionals employed by CDCR.	Adopt placeholder trailer bill language.

Issue	BU	Source	Proposal	Description	Staff Recommendation
109	5225	May Revision	Operational Improvements	Additional baseline savings of \$125 million General Fund in 2025-26, growing to \$635 million by 2028-29, through operational improvements.	Modify to approve additional savings, for a total reduction of \$208 million in 2025-26, growing to \$955 million by 2028-29, and adopt provisional language protecting rehabilitation.
110	5225	May Revision	Prison Closure	The May Revision reflects the closure of one additional prison by October 2026, resulting in savings of roughly \$150 million annually.	Approve as budgeted.
111	5225	May Revision	Reappropriation and Repurposing of Statewide Roofs Replacement Funding	Reappropriation of \$112.8 million General Fund, to repurpose \$50.8 million in roof replacement funding from the 2023 Budget Act and \$62 million from the 2024 Budget Act for use on various statewide roof replacement projects and for kitchen repairs at two prisons that were damaged by roof leaks.	Approve as budgeted.
112	5225	May Revision	Statewide Fire Alarm Replacements and Fire Watch	\$37.3 million in 2025-26 and \$44.2 million in 2026-27 and 2027-28 to replace fire alarm control panels and systems at two institutions that require staff to patrol for fires, as mandated by the Office of the State Fire Marshal.	Approve as budgeted.
113	5225	May Revision	Tuberculosis Testing Change	Statutory changes to revise the tuberculosis testing requirements for employees, including limiting tuberculosis testing requirements to employees working in institutional settings, and allowing employees to complete this testing during their first week of employment.	Adopt placeholder trailer bill language.
114	5225	May Revision	Utilities Costs Adjustments	Increase of \$357,000 General Fund in 2025-26 and ongoing related to utilities costs.	Approve as budgeted.
115	5225	May Revision	Work Privileges for Incarcerated College Students	Statutory changes to increase the ability for full-time incarcerated students to also hold a job or participate in programming.	Adopt placeholder trailer bill language.
116	5225	Legislative Proposal	Emergency Response Provisional Language	Provisional language requiring CDCR to provide an update to the Legislature on its natural disaster emergency preparedness and mitigation efforts.	Adopt provisional language.
117	5225	Legislative Proposal	Los Angeles County Fire Camps	\$4.8 million ongoing to continue the conservation camps in LA County.	Approve Legislative proposal.
118	5225	Legislative Proposal	Reappropriation of Funding for California Lawyers for the Arts - Legislative Proposal	Reappropriation of up to \$200,000 from the 2022 Budget Act for a creative workforce job training and employment program for formerly incarcerated individuals.	Approve Legislative proposal.
119	5225	Legislative Proposal	Reception Center Streamlining - Legislative Proposal	\$2 million one-time General Fund to streamline CDCR's reception center processing.	Approve Legislative proposal.

Issue	BU	Source	Proposal	Description	Staff Recommendation
120	5225	Legislative Proposal	Reduction of Redirected Positions - Legislative Proposal	Reduction of \$10.4 million and 49 positions redirected from San Quentin Rehabilitation Center after the closure of the condemned unit.	Approve Legislative proposal.
121	5225	Legislative Proposal	Rehabilitative Investment Grants for Healing and Transformation (R.I.G.H.T.)	\$20 million one-time General Fund for in-prison rehabilitative programming.	Approve Legislative proposal.
122	5225	Legislative Proposal	Sister Warriors Sexual Assault Prevention and Response Program	\$3 million one-time General Fund (\$2.75 million for the Sister Warriors Freedom Coalition and \$250,000 for CDCR) to continue to support the Sexual Assault Response and Prevention working group and ambassador program.	Approve Legislative proposal.

5227 Board of State and Community Corrections					
123	5227	Governor's Budget	Reappropriation of Mobile Probation Service Centers Grant Funding	Reappropriation of \$12.8 million in Mobile Probation Service Center grant funds, originally authorized as part of the 2022 Budget Act.	Approve as budgeted.
124	5227	Governor's Budget	Recidivism Reduction Fund Abolishment Technical Cleanup - Trailer Bill Language	Statutory changes to eliminate the now unused Recidivism Reduction Fund, as the remaining funds were transferred to the General Fund in the 2024-25 budget.	Adopt placeholder trailer bill language.
125	5227	Governor's Budget	Remove BSCC Reporting Requirement for County Community Corrections Partnership Plans - Trailer Bill Language	Statutory changes to remove the requirement for BSCC to report to the Governor and the Legislature on Community Corrections Partnership Plans, which, as of last year, counties are no longer required to provide to BSCC.	Adopt placeholder trailer bill language.
126	5227	May Revision	Adult Reentry Grant Reappropriation	Reappropriation of \$2.9 million from the 2024 Budget Act for the administration of the Adult Reentry Grant Program.	Approve as budgeted.
127	5227/1115	May Revision	Proposition 64 Amendments to Improve Enforcement Efforts - Trailer Bill Language	Statutory changes to the BSCC's Proposition 64 Public Health and Safety Grant Program.	Adopt placeholder trailer bill language, conforming to action taken in Subcommittee 4.
128	5227	May Revision	Suitability of Facilities for the Confinement of Juveniles - Trailer Bill Language	Statutory changes related to the suitability of facilities for the confinement of juveniles.	Adopt placeholder trailer bill language, conforming to action taken in Subcommittee 3.
129	5227	Legislative Proposal	MACRO Reappropriation	Reappropriation of \$5 million provided in the 2023 Budget Act that was provided to the City of Oakland to purchase a site to co-locate the Mobile Assistance Community Responders of Oakland (MACRO) and a fire station.	Approve Legislative proposal.

Issue	BU	Source	Proposal	Description	Staff Recommendation
7870 California Victim Compensation Board					
130	7870	Governor's Budget	Appeals Workload	\$4.4 million Restitution Fund and 17 positions in 2025-2026, and \$4.3 million in 2026-27 and ongoing for the Appeals Unit within the Legal Division to provide in-person appeals hearings and increase the timeliness of responding to appeals.	Approve as budgeted.
131	7870	May Revision	Reappropriation: Trauma Recovery Center Grants	Extended encumbrance date of a one-time appropriation from July 1, 2025, to June 30, 2026, to allow the California Victim Compensation Board to carry out the last round of grants to Trauma Recovery Centers.	Approve as budgeted.
8140 State Public Defender					
132	8140	Governor's Budget, May Revision	Public Records Act Workload - GB and MR Withdrawal	The Governor's budget included \$148,000 General Fund and 1.0 position in 2025-26, and \$141,000 in 2026-27 and ongoing to address an increase in workload related to Public Records Act requests, which was withdrawn in the May Revision.	Approve as budgeted at May Revision.
133	8140	Legislative Proposal	Indigent Defense Funding	\$15 million for grants to public defenders to expand holistic defense efforts and support workload and initial implementation related to Proposition 36 (2024)	Approve Legislative proposal.
8830 California Law Revision Commission					
134	8830	Governor's Budget	Data and Research Funding	\$900,000 in reimbursements in 2025-26 from the Office of the Legislative Counsel (with an offsetting one-time General Fund augmentation to that office's budget) to fund one year of contract research activities, including secure data hosting, with the California Policy Lab.	Approve as budgeted.

Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Tuesday June 10, 2025
State Capitol – Room 112
8 a.m.

Consultant: Nora Brackbill
Part A - Public Safety, Judiciary, and Corrections
Vote-Only Calendar

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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.

OUTCOMES

Staff Recommendation Adopted, Vote 4-0:

Issues 1-24, 26-31, 33-35, 38, 42-50, 52-54, 56-58, 61, 62, 66-71, 74-76, 80-84, 86-89, 91, 93-99, 101-104, 107, 111-114, 117, 123-126, 131, and 132

Staff Recommendation Adopted, Vote 3-1:

Issues 25, 37, 39, 40, 55, 60, 63-65, 72, 73, 77, 78, 85, 90, 92, 106, 110, 116, 118, 128-130, 133, and 134

Staff Recommendation Adopted, Vote 3-0:

Issues 32, 36, 41, 51, 59, 79, 100, 105, 108, 109, 115, 119-122, and 127

Issue	BU	Source	Proposal	Description	Staff Recommendation
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0250 Judicial Branch					
1	0250	Governor's Budget	Allocations and Reimbursement to Trial Courts (Report #53) - Trailer Bill Language	Statutory language to change the due date of the report on Allocations and Reimbursements to the Trial Courts from September 30 to February 1.	Adopt placeholder trailer bill language.
2	0250	Governor's Budget	Butte County: Juvenile Hall Addition and Renovation	\$5.2 million General Fund to continue a project to increase court space in the existing Butte County Juvenile Hall in the City of Oroville.	Approve as budgeted.
3	0250	Governor's Budget	CARE Act Process and Proceedings (SB 42)	\$1 million ongoing General Fund for new trial court operations costs to implement Senate Bill 42 (Umberg), Chapter 640, Statutes of 2024, which requires changes to the Community Assistance, Recovery, and Empowerment (CARE) Act.	Approve as budgeted.
4	0250	Governor's Budget	Cash-Flow Loans Made to Trial Courts (Report #94) - Trailer Bill Language	Statutory changes to clarify that the Judicial Council only has to submit a report on cash-flow loans if a loan is made during the covered time frame.	Adopt placeholder trailer bill language.
5	0250	Governor's Budget	Fresno County: New Fresno Courthouse – Performance Criteria and Reappropriation of Acquisition	\$18.1 million General Fund for the performance criteria phase of the New Fresno Courthouse in Fresno County, and the reappropriation of \$11.2 million from the Acquisition phase.	Approve as budgeted.
6	0250	Governor's Budget	Los Angeles County: New Santa Clarita Courthouse - Reappropriation	Reappropriation of \$34.2 million for the acquisition phase of a new courthouse in the City of Santa Clarita.	Approve as budgeted.
7	0250	Governor's Budget	Plumas County: New Quincy Courthouse - Reappropriation	Reappropriation of \$1.5 million General Fund for the acquisition phase of the new Quincy Courthouse project in Plumas County.	Approve as budgeted.
8	0250	Governor's Budget	San Diego Hall of Justice - Facility Modification	\$9.5 million one-time General Fund to address cost increases for an in-progress facility modification at the San Diego Hall of Justice.	Approve as budgeted.
9	0250	Governor's Budget	San Luis Obispo County: New San Luis Obispo Courthouse - Performance Criteria and Reappropriation of Acquisition	\$7.9 million General Fund for the performance criteria phase and reappropriation of \$22.9 million for the acquisition phase of the New San Luis Obispo Courthouse in San Luis Obispo County.	Approve as budgeted.
10	0250	Governor's Budget	Solano County: New Solano Hall of Justice (Fairfield) - Performance Criteria and Reappropriation of Acquisition	\$5.2 million General Fund for the performance criteria phase and reappropriation of \$12.1 million for the acquisition phase of the New Solano Hall of Justice (Fairfield) in Solano County.	Approve as budgeted.
11	0250	Governor's Budget	Streamlining Statutorily Mandated Annual Reports to the Legislature (Reports #45, #47, & #55) - Trailer Bill Language	Statutory changes to eliminate the following reports: (1) Standards of Timely Disposition, (2) Standards and Measures That Promote the Fair and Efficient Administration of Justice, and (3) State Trial Court Improvement and Modernization Fund Expenditures.	Adopt placeholder trailer bill language.

Issue	BU	Source	Proposal	Description	Staff Recommendation
12	0250	Governor's Budget	Supreme Court and Courts of Appeal Court-Appointed Counsel Programs	\$6.3 million ongoing General Fund in 2025–26 to support the Supreme Court Capital Court-Appointed Counsel and the Courts of Appeal Court-Appointed Counsel Programs.	Approve as budgeted.
13	0250	Governor's Budget	Treatment Court Program Standards (SB 910)	3.0 positions and \$1.7 million General Fund in 2025–26 and \$1.6 million General Fund in 2026-27 and ongoing to administer treatment court programs and provide support to trial courts to implement SB 910 (Umberg), Chapter 641, Statutes of 2024.	Approve as budgeted.
14	0250	Governor's Budget	Trial Court Operations	Restoration of \$42 million ongoing General Fund starting in 2024-25, and an additional \$40 million General Fund in 2025-26 and ongoing to account for increased expenses for the trial courts.	Approve as budgeted.
15	0250	Governor's Budget, May Revision	Lactation Rooms - BCP and Reappropriation	\$5.4 million one-time General Fund and reappropriation of \$7.2 million General Fund from the 2022 Budget Act to provide public access to lactation rooms in courthouses, pursuant to AB 1576 (Committee on Judiciary), Chapter 200, Statutes of 2022, as amended by SB 133 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2023.	Approve as budgeted at May Revision.
16	0250	Governor's Budget, May Revision	San Joaquin County: New Tracy Courthouse - GB and MR Withdrawal	The Governor's budget included \$2.9 million General Fund for the Performance Criteria phase of the New Tracy Courthouse in San Joaquin County, which was withdrawn in the May Revision.	Approve as budgeted at May Revision.
17	0250	Governor's Budget, May Revision	Statewide: Budget Packages and Advanced Planning - GB and MR Withdrawal	The Governor's budget included \$500,000 ongoing General Fund for statewide planning and studies, which was withdrawn at the May Revision.	Approve as budgeted at May Revision.
18	0250	Governor's Budget, May Revision	Trial Court Employee Benefits	The Governor's budget included an increase of \$28.7 million ongoing General Fund for trial court employee health benefits and retirement costs. The May Revision included a reduction of \$9 million ongoing General Fund to reflect updated health benefit and retirement rate changes for trial court employees, bringing the total amount available for this purpose to \$19.8 million in 2025-26.	Approve as budgeted at May Revision.
19	0250	May Revision	Court Interpreter Program Provisional Language	Provisional language to allow trial courts to utilize court interpreter program funding for the total number of coordinators required by each court and remove the requirement that coordinators must be certified or registered court interpreters.	Approve as budgeted.
20	0250	May Revision	Courthouse Surplus Property Disposition - Trailer Bill Language	Statutory changes to allow for the sale of four Judicial Branch properties in three cities, with proceeds deposited in the General Fund.	Adopt placeholder trailer bill language.
21	0250	May Revision	Extended Liquidation for Fire and Life Safety System Upgrades	Liquidation extensions for \$10 million General Fund from the 2021 Budget Act and \$40 million General Fund from the 2022 Budget Act for two critical fire and life safety system projects at the Central Justice Center in Orange County and the San Diego East County Regional Center.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
22	0250	May Revision	Extended Liquidation for Remote Access to Courtroom Proceedings (AB 716)	Liquidation extension for \$6.6 million General Fund from the 2022 Budget Act, to support the implementation of AB 716 (Bennett), Chapter 526, Statutes of 2021, which requires courts to provide minimum remote access to all courtroom proceedings.	Approve as budgeted.
23	0250	May Revision	Implementation of Tribal Nations Access to Justice Act (SB 549)	\$2.7 million in 2025-26, \$1.5 million in 2026-27, and \$784,000 in 2027-28 for courts to handle workload resulting from lawsuits filed by California Indian tribes against California gambling establishments and third-party providers pursuant to SB 549 (Newman), Chapter 860, Statutes of 2024.	Approve as budgeted.
24	0250	May Revision	Jury Duty Pilot Program - Trailer Bill Language and Reduction	Statutory changes and reversion of \$27.5 million unspent General Fund from 2023-24 and 2024-25 originally for a pilot program for juror compensation pursuant to AB 1981 (Lee), Chapter 326, Statutes of 2022.	Approve as budgeted and adopt placeholder trailer bill language.
25	0250	May Revision	Pretrial Release Program Reduction	Reversion of \$20 million General Fund from 2024-25 and a reduction of \$20 million ongoing General Fund beginning in 2025-26 related to the Judicial Branch's pretrial services, and provisional language adjustments. The May Revision maintains \$50 million General Fund in 2025-26, consistent with the current expenditure level.	Approve reversion from 2024-25, and ongoing reduction beginning in 2026-27. Restore \$15 million, for a total of \$65 million, in 2025-26. Adopt provisional language allowing pretrial funding to be used for workload related to treatment-mandated felonies established by Proposition 36 (2024).
26	0250	May Revision	Reappropriation: Community Mental Health Services (SB 929)	Reappropriation of \$1.4 million from the 2023 Budget Act, to complete the development of a Community Mental Health dataset pursuant to SB 929 (Eggman), Chapter 539, Statutes of 2022.	Approve as budgeted.
27	0250	May Revision	Reappropriation: Incompetent to Stand Trial Evaluation: Reappropriation and Reversion	Reversion of \$9.1 million General Fund in 2023-24 and 2024-25 associated with unspent funds provided to the Judicial Branch for improvements to Incompetent to Stand Trial evaluations, and a reappropriation of \$3.4 million from 2022-23 to continue trainings.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
28	0250	May Revision	State Court Facilities Construction Fund - Reimbursement Authority Increase, Backfill, and Transfer from the Court Facilities Architectural Revolving Fund	(1) Reduction of \$20 million General Fund for backfilling the State Court Facilities Construction Fund (SCFCF) in 2025-26, (2) transfer of accumulated savings and accumulated interest revenue totaling \$34.3 million from the Court Facilities Architectural Revolving Fund to the SCFCF, resulting in a one-time reduction of the General Fund backfill to the SCFCF by the same amount in 2025-26, and (3) increase in SCFCF reimbursement authority by \$10.7 million to collect counties' share of costs for increased utilities and maintenance expenditures.	Approve as budgeted.
29	0250	May Revision	Technical Adjustment: Ability to Pay Backfill Reduction	Reduction of \$5.8 million in 2025-26 and ongoing to align backfill related to Ability to Pay.	Approve as budgeted.
30	0250	May Revision	Technical Adjustment: CARE Court Funding	Reduction of \$1.9 million ongoing General Fund in CARE Court funding to align expenditures with revised caseload estimates.	Approve as budgeted.
31	0250	May Revision	Technical Adjustment: Intra-Schedule Transfer between Supreme Court and Judicial Council	Net-zero transfer of funding between judicial branch budget items.	Approve as budgeted.
32	0250	May Revision	Trial Court Trust Fund Unrestricted Fund Balance	Transfer of \$38 million in 2025-26 from the unrestricted fund balance of the Trial Court Trust Fund to the General Fund.	Approve as budgeted and adopt provisional language.
33	0250	Legislative Proposal	Proposition 36 Workload and Implementation - Judicial Branch	\$30 million for the courts to support workload and initial implementation of Proposition 36.	Approve Legislative proposal

0390 Contributions to the Judges' Retirement System

34	0390	May Revision	Amendment to State Retirement Contributions to the Judges' Retirement System II, Support and Local Assistance, Judges' Retirement System	Reduction of \$5.4 million General Fund in 2025-26 and ongoing in state contributions to the Judges' Retirement System II due to a projected larger employer contribution.	Approve as budgeted.
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0552 Office of the Inspector General

35	0552	Governor's Budget	Complaints of Staff Sexual Misconduct (SB 1069)	\$3.6 million General Fund and 22 positions in 2025-26, and \$5.7 million General Fund and 29 positions in 2026-27 and ongoing, for the OIG to expand monitoring and investigation of complaints of staff sexual misconduct filed by incarcerated persons, pursuant to SB 1069 (Menjivar), Chapter 1012, Statutes of 2024.	Approve as budgeted.
36	0552	Governor's Budget	Elimination of Blueprint Monitoring Functions - Trailer Bill Language	Statutory changes to eliminate the requirement for OIG to monitor CDCR's implementation of the Blueprint.	Adopt placeholder trailer bill language.

Issue	BU	Source	Proposal	Description	Staff Recommendation
37	0552	Governor's Budget	Elimination of California Rehabilitation Oversight Board - Trailer Bill Language	Statutory changes to eliminate the California Rehabilitation Oversight Board.	Adopt placeholder trailer bill language.
0690 Office of Emergency Services					
38	0690	Governor's Budget	California Internet Crimes Against Children Task Force	\$5 million General Fund ongoing to continue the Internet Crimes Against Children Program.	Provide \$7 million ongoing for this purpose.
39	0690	Governor's Budget	Mather: Headquarters Checkpoint Security Enhancements, Revert and Fund New Construction	Reversion of existing authority of \$1.8 million General Fund and an additional \$3.2 million General Fund for the construction phase of the Mather: Headquarters Checkpoint Security Enhancements project, a net increase of \$1.4 million.	Approve as budgeted.
40	0690	Governor's Budget	Reappropriation of Law Enforcement Mutual Aid	Reappropriation of approximately \$22 million General Fund to continue to support and assist local law enforcement agencies that are deployed through the Law Enforcement Mutual Aid System.	Reject.
41	0690	Governor's Budget, May Revision	Proposition 4 Expenditure Plan - Wildfire Mitigation Grant Program - GB and MR Update	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 Administration proposes \$2.7 billion in Climate Bond funds in 2025-26.	Conform to action taken in Subcommittee 2.
42	0690	May Revision	California Specialized Training Institute Deferred Maintenance Liquidation Extension	Extended liquidation of \$794,000 General Fund from fiscal year 2021-22 from June 30, 2025, to June 30, 2027, for the California Specialized Training Institute.	Approve as budgeted.
43	0690	May Revision	Control Section 90.00	Provisional language to authorize the Director of Finance to augment any state department or agency appropriation for costs necessary during 2025-26 to continue recovery efforts related to damage caused by the Eaton Fire and Palisades Fire in January of 2025, within the cumulative total of the \$2.5 billion authorized in Control Sections 90.00 and 90.01 of the 2024 Budget Act.	Adopt provisional language.
44	0690	May Revision	Elimination of Flexible Cash Assistance for Survivors of Crime Program	Reversion of \$49.7 million General Fund provided in the 2022 Budget Act for assistance to survivors of violent crimes.	Approve as budgeted.
45	0690	May Revision	Federal Authority Adjustment for Receipt of Federal Disaster Cost Reimbursements	\$1.2 billion Federal Fund authority (\$654.9 million for state operations and \$573.1 million for local assistance) based on projected federal reimbursements from the Federal Emergency Management Agency.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
46	0690	May Revision	Fire and Rescue Prepositioning Technical Adjustment	Net-zero shift of \$25 million to separate ongoing baseline funding for the Fire and Rescue preposition program into its own budget bill item for tracking purposes.	Approve as budgeted.
47	0690	May Revision	Fire Fleet Vehicle Acquisition Liquidation Extension	Extended liquidation of \$3 million General Fund from the 2022 Budget Act, and \$2 million Disaster Resistant Communities Account from the 2021 Budget Act, from June 30, 2025, to June 30, 2027 to complete the acceptance and deployment of purchased fire fleet vehicles.	Approve as budgeted.
48	0690	May Revision	Mather: State Operations Center Modification Reappropriation	Reappropriation of \$7.2 million General Fund for the construction phase of the Mather: State Operations Center Modification project.	Approve as budgeted.
49	0690	May Revision	Relocation of Red Mountain Communications Site – Revert and Fund New	Reversion of \$17.0 million General Fund, replaced by \$40.1 million new General Fund for the construction phase of the Relocation of Red Mountain Communications Site project, a net increase of \$23.2 million.	Approve as budgeted.
50	0690	May Revision	State and Local Cybersecurity Grant Program Funding Authority	\$605,000 in state operations and \$11.5 million in local assistance for one-time Federal Trust Fund authority for the State and Local Cybersecurity Grant Program.	Approve as budgeted with provisional reporting language consistent with prior allocations.
51	0690	May Revision	State Emergency Telephone Number Account Augmentation Authority	Provisional budget bill language allowing the Department of Finance to augment the amount available for expenditure from the State Emergency Telephone Account to support 9-1-1 Emergency Communications.	Adopt provisional reporting language.
52	0690	Legislative Proposal	Victims of Crime Act Funding	\$100 million one-time to supplement Victims of Crime Act funding.	Approve Legislative proposal.

0820 Department of Justice					
53	0820	Governor's Budget	Background Investigations Unit Workload	\$1.0 million (\$213,000 General Fund and \$790,000 Special Fund) in 2025-26 and \$931,000 (\$197,000 General Fund and \$734,000 Special Fund) and 6.0 positions in 2026-27 and ongoing to maintain the ongoing workload for the Division of Law Enforcement, Background Investigations Unit.	Approve as budgeted.
54	0820	Governor's Budget	Bureau of Criminal Information and Analysis Unit Workload	\$4.0 million Fingerprint Fees Account in 2025-26 and \$3.7 million and 32.0 positions in 2026-27 and ongoing to address Bureau of Criminal Information and Analysis workload.	Approve as budgeted.
55	0820	Governor's Budget	California Consumer Privacy Act Enforcement Workload BCP and Trailer Bill Language (0820/1703)	\$350,000 Consumer Privacy Fund in 2025-26 and 2026-27 and statutory changes to support consumer privacy enforcement workload.	Approve as budgeted and adopt placeholder trailer bill language, consistent with action taken in Subcommittee 4.

Issue	BU	Source	Proposal	Description	Staff Recommendation
56	0820	Governor's Budget	Fingerprint Fees Account Authority Increase	\$5.2 million Fingerprint Fees Account ongoing for processing federal level fingerprint background checks.	Approve as budgeted.
57	0820	Governor's Budget	Firearms Clearance Section Workload	14 positions and \$2.2 million General Fund in 2025-26, declining to \$1.9 million annually in 2026-27 to ensure the timely completion of firearm and ammunition eligibility check workload.	Approve as budgeted.
58	0820	Governor's Budget	Firearms IT System Modernization (FITSM) Project	17 positions and \$11.4 million General Fund in 2025-26 to continue development of FITSM, including solution planning, development, procurement, evaluation, and selection for the project which replaces 17 existing firearm and ammunition databases and systems.	Approve as budgeted.
59	0820	Governor's Budget	Implementation of Various Firearm-Related Legislation	\$2.4 million (\$2.3 million General Fund, \$91,000 Firearms Safety Account, \$16,000 Gambling Control Fund, \$15,000 Indian Gaming Special Distribution Fund) and 7.0 positions in 2025-26; \$1.5 million (\$1.4 million General Fund, \$78,000 Firearms Safety Account, \$7,000 Gambling Control Fund, \$6,000 Indian Gaming Special Distribution Fund) in 2026-27; and \$1.2 million General Fund in 2027-28 ongoing to address increased workload associated with the implementation of Senate Bills (SB) 53, SB 899, and SB 965, and Assembly Bills (AB) 1252, AB 2629, AB 2907, AB 2917, and AB 3064.	Approve as budgeted.
60	0820	Governor's Budget	Implementation of Various Public Rights-Related Legislation	9.0 positions and \$2.2 million ongoing to address increased workload associated with the implementation of Senate Bills (SB) 976, SB 942, and SB 1061, and Assembly Bills (AB) 1780, AB 2013, AB 2426, AB 2655, and AB 2780.	Approve as budgeted.
61	0820	Governor's Budget	Law Enforcement Notification Section-Carry Concealed Weapon Program	26 positions and \$3.2 million (\$2.7 million General Fund and \$519,000 Fingerprint Fees Account) annually beginning in 2025-26 to address increased carry concealed weapon license workload created when the federal courts eliminated the requirement to show good cause for such a license.	Approve as budgeted.
62	0820	Governor's Budget	License 2000 System Replacement Project	\$1.9 million and 3.0 positions ongoing from the Gambling Control Fund and the Indian Gaming Special Distribution Fund to continue the License 2000 System Replacement Project.	Approve as budgeted.
63	0820	Governor's Budget	Office of General Counsel Information Security Workload	Net-zero proposals to shift funding for the Office of General Counsel (OGC) information security workload from direct funding to indirect funding.	Approve as budgeted.
64	0820	Governor's Budget	Office of General Counsel Legal and Executive Workload	Net-zero proposals to shift funding for the Office of General Counsel (OGC) legal and executive workload from direct funding to indirect funding.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
65	0820	Governor's Budget	Unflavored Tobacco List (AB 3218)	4.0 positions and \$872,000 California Unflavored Tobacco List Fund in 2025-26 and \$786,000 and 4.0 positions in 2026-27 and ongoing to support the implementation and enforcement of AB 3218 (Wood), Chapter 849, Statutes of 2024, and a one-year loan of \$872,000 from the Public Rights Law Enforcement Special Fund, which will be repaid as fees are collected.	Approve as budgeted.
66	0820	Governor's Budget, May Revision	Crimes: Solicitation of a Minor (SB 1414) - GB and MR Withdrawal	The Governor's budget included \$135,000 General Fund and 1.0 position in 2025-26 and \$125,000 in 2026-27 and ongoing to meet the provisions of SB 1414 (Grove), Chapter 617, Statutes of 2024. This was withdrawn at the May Revision, as DOJ intends to absorb the initial workload within their existing budget.	Approve as budgeted at May Revision.
67	0820	Governor's Budget, May Revision	Disaggregating Criminal Statistical Data (AB 2695) - GB and MR Withdrawal	The Governor's budget included \$138,000 General Fund and 1.0 position in 2025-26, \$142,000 in 2026-27, \$129,000 in 2027-28, and \$115,000 ongoing in order to meet the provisions of AB 2695 (Ramos), Chapter 662, Statutes of 2024. This was withdrawn at the May Revision, as DOJ intends to absorb the initial workload within their existing budget.	Approve as budgeted at May Revision.
68	0820	Governor's Budget, May Revision	Juvenile Record Sealing (SB 1161) - GB and MR Withdrawal	The Governor's budget included 1.0 permanent position \$340,000 General Fund in 2025-26, and \$217,000 and 1.0 position in 2026-27 and ongoing to implement the provisions of SB 1161 (Becker), Chapter 782, Statutes of 2024 (SB 1161). This was withdrawn at the May Revision, as DOJ intends to absorb the initial workload within their existing budget.	Approve as budgeted at May Revision.
69	0820	Governor's Budget, May Revision	Residential Rental Properties Fees and Security Deposits (SB 611) - GB and MR Withdrawal	The Governor's budget included \$116,000 (\$43,000 General Fund and \$73,000 Special Fund) in 2025-26 and \$106,000 (\$35,000 General Fund and \$71,000 Special Fund) and 1.0 position in 2026-27 and ongoing to implement the provisions of SB 611 (Menjivar), Chapter 287, Statutes of 2024. This was withdrawn at the May Revision, as DOJ intends to absorb the initial workload within their existing budget.	Approve as budgeted at May Revision.
70	0820	May Revision	California Law Enforcement Telecommunication System (CLETS): Department of Motor Vehicles (DMV) Enhancements	\$3.1 million General Fund in 2025-26 and \$1.1 million in 2026-27 to connect CLETS and the DMV.	Approve as budgeted with provisional language.
71	0820	May Revision	Department of Justice FI\$Cal Resources	\$2.7 million (\$1.1 million General Fund and \$1.6 million Special Fund) in 2025-26 and \$3.2 million (\$1.2 million General Fund and \$2 million Special Fund) in 2026-27 for DOJ to transition to FI\$Cal by 2026-27.	Approve as budgeted.
72	0820	May Revision	Federal Accountability Workload	\$14.4 million ongoing (\$13.3 million General Fund and \$1.1 million Special Fund) and 44 positions to defend California against adverse federal actions.	Approve as budgeted with provisional reporting language.

Issue	BU	Source	Proposal	Description	Staff Recommendation
73	0820	May Revision	Juveniles: Sealing Records (AB 1877)	\$2.4 million General Fund and four positions in 2025-26 and \$812,000 in 2026-27 and ongoing to implement AB 1877 (Jackson), Chapter 811, Statutes of 2024.	Approve as budgeted.
74	0820	May Revision	Reappropriation of Girl Scout Volunteer Background Check Resources	Reappropriation of up to \$5.5 million for Girl Scout volunteer background checks until June 30, 2026.	Approve as budgeted.
75	0820	May Revision	Registry of Charities and Fundraisers Workload	\$1.2 million Registry of Charities and Fundraisers Fund and eight positions and \$1.4 million in 2026-27 and ongoing to address the program workload within the Registry.	Reject.
76	0820	May Revision	Technical Adjustments	Technical corrections to various Governor's budget proposals to reflect updated cost estimates and net-zero changes related to administrative costs.	Approve as budgeted.
77	0820	May Revision	Unfair Competition Law Fund Loan	Loan of \$150 million from the Unfair Competition Law Fund to the General Fund in 2025-26.	Approve as budgeted.
78	0820	Legislative Proposal	Civil Prosecutor Grants	\$6 million to the San Francisco City Attorney, the Santa Clara County Counsel, and the Los Angeles County Counsel to defend California's policies.	Approve Legislative proposal.
79	0820	Legislative Proposal	Tribal Police Pilot	\$5 million for a Tribal Police pilot, contingent upon the enactment of legislation.	Approve Legislative proposal.

4260 Department of Health Care Services

80	4260	Legislative Proposal	Proposition 36 Workload and Implementation - Behavioral Health	\$50 million for county behavioral health departments to support workload and initial implementation of Proposition 36.	Approve Legislative proposal, conforming with action taken in Subcommittee 3.
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5225 Department of Corrections and Rehabilitation

81	5225	Governor's Budget	California Health Care Facility, Stockton: Potable Water Treatment System	\$982,000 for the working drawing phase of a project to construct a potable water treatment system at the California Health Care Facility in Stockton.	Approve as budgeted.
82	5225	Governor's Budget	California Institution for Men 50-Bed Mental Health Crisis Facility Staffing	13.4 positions and \$3.0 million General Fund in 2025-26, increasing to 20.4 positions and \$4.4 million General Fund in 2026-27, and ongoing to staff a licensed 50-bed Mental Health Crisis Facility at the California Institution for Men.	Approve as budgeted with provisional language.
83	5225	Governor's Budget	California-Grown Agricultural Food Funding (AB 778, 2022)	\$5 million General Fund one-time in 2025-26 to purchase California-grown agricultural products as required by AB 778 (Eduardo Garcia), Chapter 576, Statutes of 2022.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
84	5225	Governor's Budget	Community Reentry Programs for Supervised Persons	\$44.9 million General Fund in 2025-26, \$47.5 million in 2026-27, \$37.3 million in 2027-28, \$40.1 million in 2028-29 and \$42.9 million in 2029-30 and ongoing, to increase funding for community reentry programs to assist with supporting continuity of services to supervised persons.	Approve as budgeted with provisional language requiring an update on efforts to maximize Medi-Cal reimbursements for Specialized Treatment for Optimized Programming (STOP).
85	5225	Governor's Budget	Continuation of Employment Leave Expansion	15 positions and \$2.2 million General Fund in 2025-26 and ongoing to meet the demonstrated workload increase associated with employment leave criteria expansion that authorizes an employee to take leave to care for a "designated person," as established and defined by AB 1041 (Wicks), Chapter 748, Statutes of 2022.	Approve as budgeted.
86	5225	Governor's Budget	Elimination of the Council on Criminal Justice and Behavioral Health - Reduction and Trailer Bill Language	Savings of \$1.8 million ongoing (\$662,000 General Fund and \$1.1 million Behavioral Health Service Fund) and statutory changes to eliminate the Council on Criminal Justice and Behavioral Health.	Approve as budgeted and adopt placeholder trailer bill language.
87	5225	Governor's Budget	Extension of COVID-19 Workers' Compensation Benefits	\$33 million one-time General Fund in 2025-26 and \$35 million in 2026-27, and 16 two-year limited-term positions for workers' compensation workload and costs related to COVID-19.	Approve as budgeted.
88	5225	Governor's Budget	Ironwood State Prison, Blyth: New Potable Water Wells - Construction and Reappropriation of Working Drawings	\$11.5 million to construct new groundwater wells to supply Ironwood State Prison in Blythe.	Approve as budgeted.
89	5225	Governor's Budget	San Quentin Rehabilitation Center: Rehabilitation Program Enhancements	\$7.8 million General Fund in 2025-26 and \$13 million General Fund in 2026-27 and ongoing to increase staffing, add and expand rehabilitative programs, and provide staff training for the San Quentin Rehabilitation Center and the new Educational and Vocational Center.	Reject.
90	5225	Governor's Budget	Standardization of Postconviction Proceedings (AB 2483)	\$2.9 million General Fund in 2025-26 and 2026-27 and 23 two-year, limited-term positions to address workload related to requests for institutional records in resentencing hearings and new requirements authorized in AB 2483 (Ting), Chapter 964, Statutes of 2024.	Approve as budgeted.
91	5225	Governor's Budget	Suicide Watch Augmentation	\$13.6 million General Fund augmentation in 2025-26 and ongoing to fund costs associated with suicide watch workload.	Approve as budgeted.

Issue	BU	Source	Proposal	Description	Staff Recommendation
92	5225/ 7760	Governor's Budget	Surplus Property Disposal - Trailer Bill Language	Statutory changes to streamline the disposal of CDCR property by the Department of General Services.	Adopt placeholder trailer bill language. Conforming action is being taken in Subcommittee 4.
93	5225	Governor's Budget	Valley State Prison, Chowchilla: New Potable Water Wells	\$1.2 million for the preliminary plans phase of a project to construct new ground water wells to supply Central California Women's Facility and Valley State Prison in Chowchilla.	Approve as budgeted.
94	5225	Governor's Budget	Workers' Compensation Adjustment for Health Care Programs	\$8.5 million General Fund in 2025-26 and ongoing to address a shortfall in the workers' compensation authority.	Approve as budgeted.
95	5225	Governor's Budget,May Revision	Air Cooling Pilot Program - GB and MR Modification	\$17.6 million General Fund in 2025-26 and \$20 million General Fund in 2026-27 for a pilot program to install and evaluate air cooling alternatives to improve indoor environments at the Central California Women's Facility, Kern Valley State Prison, and California State Prison, Los Angeles. The Governor's budget included \$23.6 million one-time General Fund in 2025-26 and \$45.4 million one-time General Fund in 2026-27 for this purpose, which was reduced by \$6 million General Fund in 2025-26 and \$25.4 million General Fund in 2026-27 at May Revision.	Approve as budgeted at May Revision with provisional language.
96	5225	Governor's Budget,May Revision	Americans with Disabilities Act Facility Improvements - GB and MR Withdrawal	\$23.1 million one-time General Fund in 2025-26 to complete accessibility improvements at six institutions, withdrawn at the May Revision.	Approve as budgeted at May Revision.
97	5225	Governor's Budget,May Revision	Community Corrections Performance Incentives Grant (SB 678) - Trailer Bill Language	\$127.9 million General Fund in 2025-26 and statutory changes to update the methodology for the Community Corrections Performance Incentive Grant SB 678 (Leno), Chapter 608, Statutes of 2009, which provides incentives for counties to reduce the number of felony probationers sent to state prison.	Adopt placeholder trailer bill language to maintain funding at the same levels as last year.
98	5225	Governor's Budget,May Revision	COVID-19 Mitigation Efforts - GB and MR Modification	\$5 million for continued health care costs related to the prevention and mitigation of and response to COVID-19. The Governor's budget included \$12.8 million General Fund in 2025-26 and provisional language for this purpose, which was reduced by \$7.8 million at May Revision.	Reject.
99	5225	Governor's Budget,May Revision	Increased Food Costs - GB and MR Adjustment	\$31.4 million General Fund in 2025-26 and ongoing to accommodate rising food costs. The Governor's budget included \$32.1 million for this purpose, which was reduced by \$691,000 at May Revision, due to adjusted population projections.	Approve as budgeted at May Revision.

Issue	BU	Source	Proposal	Description	Staff Recommendation
100	5225	Governor's Budget, May Revision	Population Projections - GB and MR Adjustment	The average daily adult incarcerated population is projected to be 91,471 in 2024-25 and 91,205 in 2025-26. The population is expected to decrease in the long-term, to 89,692 in June 2029. The parolee average daily population is projected to be 34,723 in 2024-25, declining slightly to 34,197 in 2025-26. The parole population is anticipated to remain relatively stable over the next few years, reaching 34,213 by June 30, 2029.	Approve as budgeted at May Revision.
101	5225	Governor's Budget, May Revision	Public Safety Radio Replacement - GB and MR Withdrawal	\$19.8 million ongoing General Fund to replace and update existing radio and communications equipment, which was withdrawn at May Revision.	Approve as budgeted at May Revision.
102	5225	Governor's Budget, May Revision	Statewide Budget Packages and Advanced Planning - GB and MR Withdrawal	\$500,000 to perform advanced planning functions and prepare budget packages for capital outlay projects, withdrawn at May Revision.	Approve as budgeted at May Revision.
103	5225	Governor's Budget, May Revision	Technical Adjustments - GB and MR	Technical adjustments proposed at Governor's budget and at May Revision, including net-zero realignment of budget authority within CDCR program, \$7,000 to correct miscoding related to the Department of Juvenile Justice closure, and a reduction of \$192,000 to correct a miscoding from the 2019 Budget Act.	Approve as budgeted at May Revision.
104	5225	May Revision	CalAIM Justice-Involved Initiative - Program Support	The May Revision includes reimbursement authority of \$21.5 million in 2025-26 and \$11 million ongoing and 65 positions ongoing to support implementation of the CalAIM Justice-Involved Initiative and to account for federal reimbursements. The May Revision also includes a reduction of \$6.2 million General Fund in 2025-26, an increase of \$3.8 million General Fund in 2026-27, and a reduction of \$11 million General Fund ongoing.	Approve as budgeted.
105	5225	May Revision	Family Liaison Services and Gender-Responsive Contract Costs	\$2.6 million General Fund in 2025-26, 2026-27, and 2027-28 to fund increased costs for Family Liaison Services and Gender-Responsive, Trauma-Informed contract costs.	Reject and redirect funding to the Sexual Assault Prevention and Response Ambassador Program (see Item 121).
106	5225	May Revision	Increased Departmental Legal Costs	\$4.3 million General Fund in 2025-26 and ongoing, to support increased departmental legal costs related to Coleman class action monitoring and legal representation from the Department of Justice.	Reject.
107	5225	May Revision	Lease Revenue Debt Service Adjustment	Net-zero shift of \$8.83 million to shift authority related to county projects.	Approve as budgeted.
108	5225	May Revision	Licensure of Mental Health Professionals	Statutory changes to broaden the pre-licensure employment waiver options for all mental health professionals employed by CDCR.	Adopt placeholder trailer bill language.

Issue	BU	Source	Proposal	Description	Staff Recommendation
109	5225	May Revision	Operational Improvements	Additional baseline savings of \$125 million General Fund in 2025-26, growing to \$635 million by 2028-29, through operational improvements.	Modify to approve additional savings, for a total reduction of \$208 million in 2025-26, growing to \$955 million by 2028-29, and adopt provisional language protecting rehabilitation.
110	5225	May Revision	Prison Closure	The May Revision reflects the closure of one additional prison by October 2026, resulting in savings of roughly \$150 million annually.	Approve as budgeted.
111	5225	May Revision	Reappropriation and Repurposing of Statewide Roofs Replacement Funding	Reappropriation of \$112.8 million General Fund, to repurpose \$50.8 million in roof replacement funding from the 2023 Budget Act and \$62 million from the 2024 Budget Act for use on various statewide roof replacement projects and for kitchen repairs at two prisons that were damaged by roof leaks.	Approve as budgeted.
112	5225	May Revision	Statewide Fire Alarm Replacements and Fire Watch	\$37.3 million in 2025-26 and \$44.2 million in 2026-27 and 2027-28 to replace fire alarm control panels and systems at two institutions that require staff to patrol for fires, as mandated by the Office of the State Fire Marshal.	Approve as budgeted.
113	5225	May Revision	Tuberculosis Testing Change	Statutory changes to revise the tuberculosis testing requirements for employees, including limiting tuberculosis testing requirements to employees working in institutional settings, and allowing employees to complete this testing during their first week of employment.	Adopt placeholder trailer bill language.
114	5225	May Revision	Utilities Costs Adjustments	Increase of \$357,000 General Fund in 2025-26 and ongoing related to utilities costs.	Approve as budgeted.
115	5225	May Revision	Work Privileges for Incarcerated College Students	Statutory changes to increase the ability for full-time incarcerated students to also hold a job or participate in programming.	Adopt placeholder trailer bill language.
116	5225	Legislative Proposal	Emergency Response Provisional Language	Provisional language requiring CDCR to provide an update to the Legislature on its natural disaster emergency preparedness and mitigation efforts.	Adopt provisional language.
117	5225	Legislative Proposal	Los Angeles County Fire Camps	\$4.8 million ongoing to continue the conservation camps in LA County.	Approve Legislative proposal.
118	5225	Legislative Proposal	Reappropriation of Funding for California Lawyers for the Arts - Legislative Proposal	Reappropriation of up to \$200,000 from the 2022 Budget Act for a creative workforce job training and employment program for formerly incarcerated individuals.	Approve Legislative proposal.
119	5225	Legislative Proposal	Reception Center Streamlining - Legislative Proposal	\$2 million one-time General Fund to streamline CDCR's reception center processing.	Approve Legislative proposal.

Issue	BU	Source	Proposal	Description	Staff Recommendation
120	5225	Legislative Proposal	Reduction of Redirected Positions - Legislative Proposal	Reduction of \$10.4 million and 49 positions redirected from San Quentin Rehabilitation Center after the closure of the condemned unit.	Approve Legislative proposal.
121	5225	Legislative Proposal	Rehabilitative Investment Grants for Healing and Transformation (R.I.G.H.T.)	\$20 million one-time General Fund for in-prison rehabilitative programming.	Approve Legislative proposal.
122	5225	Legislative Proposal	Sister Warriors Sexual Assault Prevention and Response Program	\$3 million one-time General Fund (\$2.75 million for the Sister Warriors Freedom Coalition and \$250,000 for CDCR) to continue to support the Sexual Assault Response and Prevention working group and ambassador program.	Approve Legislative proposal.

5227 Board of State and Community Corrections					
123	5227	Governor's Budget	Reappropriation of Mobile Probation Service Centers Grant Funding	Reappropriation of \$12.8 million in Mobile Probation Service Center grant funds, originally authorized as part of the 2022 Budget Act.	Approve as budgeted.
124	5227	Governor's Budget	Recidivism Reduction Fund Abolishment Technical Cleanup - Trailer Bill Language	Statutory changes to eliminate the now unused Recidivism Reduction Fund, as the remaining funds were transferred to the General Fund in the 2024-25 budget.	Adopt placeholder trailer bill language.
125	5227	Governor's Budget	Remove BSCC Reporting Requirement for County Community Corrections Partnership Plans - Trailer Bill Language	Statutory changes to remove the requirement for BSCC to report to the Governor and the Legislature on Community Corrections Partnership Plans, which, as of last year, counties are no longer required to provide to BSCC.	Adopt placeholder trailer bill language.
126	5227	May Revision	Adult Reentry Grant Reappropriation	Reappropriation of \$2.9 million from the 2024 Budget Act for the administration of the Adult Reentry Grant Program.	Approve as budgeted.
127	5227/1115	May Revision	Proposition 64 Amendments to Improve Enforcement Efforts - Trailer Bill Language	Statutory changes to the BSCC's Proposition 64 Public Health and Safety Grant Program.	Adopt placeholder trailer bill language, conforming to action taken in Subcommittee 4.
128	5227	May Revision	Suitability of Facilities for the Confinement of Juveniles - Trailer Bill Language	Statutory changes related to the suitability of facilities for the confinement of juveniles.	Adopt placeholder trailer bill language, conforming to action taken in Subcommittee 3.
129	5227	Legislative Proposal	MACRO Reappropriation	Reappropriation of \$5 million provided in the 2023 Budget Act that was provided to the City of Oakland to purchase a site to co-locate the Mobile Assistance Community Responders of Oakland (MACRO) and a fire station.	Approve Legislative proposal.

Issue	BU	Source	Proposal	Description	Staff Recommendation
7870 California Victim Compensation Board					
130	7870	Governor's Budget	Appeals Workload	\$4.4 million Restitution Fund and 17 positions in 2025-2026, and \$4.3 million in 2026-27 and ongoing for the Appeals Unit within the Legal Division to provide in-person appeals hearings and increase the timeliness of responding to appeals.	Approve as budgeted.
131	7870	May Revision	Reappropriation: Trauma Recovery Center Grants	Extended encumbrance date of a one-time appropriation from July 1, 2025, to June 30, 2026, to allow the California Victim Compensation Board to carry out the last round of grants to Trauma Recovery Centers.	Approve as budgeted.
8140 State Public Defender					
132	8140	Governor's Budget, May Revision	Public Records Act Workload - GB and MR Withdrawal	The Governor's budget included \$148,000 General Fund and 1.0 position in 2025-26, and \$141,000 in 2026-27 and ongoing to address an increase in workload related to Public Records Act requests, which was withdrawn in the May Revision.	Approve as budgeted at May Revision.
133	8140	Legislative Proposal	Indigent Defense Funding	\$15 million for grants to public defenders to expand holistic defense efforts and support workload and initial implementation related to Proposition 36 (2024)	Approve Legislative proposal.
8830 California Law Revision Commission					
134	8830	Governor's Budget	Data and Research Funding	\$900,000 in reimbursements in 2025-26 from the Office of the Legislative Counsel (with an offsetting one-time General Fund augmentation to that office's budget) to fund one year of contract research activities, including secure data hosting, with the California Policy Lab.	Approve as budgeted.

Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Tuesday, June 10, 2025
State Capitol – Room 112
8:00 a.m.

Consultant: Eunice Roh
Part C - Transportation
Vote-Only Calendar

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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.

4-0: Issues 1, 3, 4, 7, 8, 10, 12, 15, 18, 20-23, 25-28, 32-35, and 37

3-1: Issues 2, 5, 6, 9, 13, 14, 16, 17, 29-31, 36, 38, and 39

3-0: Issues 11, 19, and 24

Vote-Only Calendar**0521 CALIFORNIA STATE TRANSPORTATION AGENCY****Issue 1-3: Various Proposals**

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
1.	January Governor's Budget	California Office of Traffic Safety Federal Fund Authority. The Budget includes an increase of federal authority of \$40 million for the Office of Traffic Safety (OTS) to align with expected available federal funding. In addition, the OTS requests provisional budget bill language to allow traffic safety grant funding to be transferred between items.	Approve as budgeted.
2.	January Governor's Budget	California State Transportation Agency Freight Policy Team. The Budget includes \$603,000 ongoing from the State Highway Account, Motor Vehicle Account, and Public Transportation Account to convert three limited-term positions to permanent for the Freight Policy Team, to manage oversight and coordination of freight policy across the state.	Approve as budgeted.
3.	May Revision	California Office of Traffic Safety Federal Grants Workload. The May Revision includes \$871,000 (\$801,000 in Federal Fund and \$70,000 in various State Funds), three 3-year limited-term positions (without position authority), and three permanent positions for 2025-26 and ongoing for the Office of Traffic Safety at CalSTA. These resources will support the increase in workload related to additional federal grants issued to OTS by the National Highway Traffic Safety Administration.	Approve as budgeted.

2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION

Issues 4-14: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
4.	January Governor's Budget	Enterprise Data Governance Technology Solution. The Budget includes \$9.7 million in 2025-26 from the State Highway Account (SHA) for consulting services, equipment, and software to implement the enterprise data governance technology solution.	Approve as budgeted.
5.	January Governor's Budget	FI\$Cal Onboarding Planning. The Budget includes \$13.5 million one-time in 2025-26 to support the transition and onboarding to the Financial Information System for California (FI\$Cal) System.	Approve as budgeted.

6.	January Governor's Budget	<p>Implementation of Recently Enacted Legislation. The Governor's Budget includes \$5.3 million ongoing from the State Highway Account (SHA) for 20 positions to implement AB 2086, AB 2525, SB 960, and SB 1488. Specifically, it includes the following:</p> <ul style="list-style-type: none"> • AB 2086: \$1 million ongoing for three positions and website maintenance to integrate a financial element into the California Transportation Plan, add additional project-specific performance data on projects to the Rebuilding California Website. • AB 2525: \$190,000 ongoing for one position in Caltrans District 7 to expand the existing airspace lease program to include an emergency shelter or feeding program, a secure vehicle lot program, or any combination of those purposes with the City of Los Angeles. • SB 960: \$4 million ongoing for 15 positions to establish a new transit priority policy, design and operational guidance, and a framework for the development of performance targets and measures for transit priority facilities on the state highway system; establish an inventory program for the development of appropriate performance targets and measures for bike and pedestrian facilities that contributes to complete streets; developing guidance for conducting and documenting equitable engagement on projects with bike and pedestrian facilities; and establish a project intake, evaluation, and review process for bike, pedestrian, and transit priority facilities, sponsored by a local jurisdiction or transit agency. • SB 1488: \$150,000 ongoing for one position to support the increased frequency of sponsorship marketing plan submissions, address potential need for increased field enforcement and resolution of compliance challenges, as well as advocating for these displays with the Federal Highway Administration. 	Approve as budgeted.
7.	January Governor's Budget	<p>Stormwater Asset Management. The Budget includes \$35.2 million in 2025-26 and \$34.9 million in 2026-27 from the State Highway Account to perform inspections, maintenance, and repairs to its Stormwater Treatment Best Management Practices (TBMPs) as well as track their conditions and effectiveness in removing pollutants from highway runoff.</p>	Approve as budgeted.

8.	January Governor's Budget	Transportation System Network Replacement. The Budget includes \$2.2 million in 2025-26 and \$2.5 million in 2026-27 and ongoing to maintain and operate the Transportation System Network Replacement (TSNR). The Transportation System Network (TSN) is a safety data system that collects collision data, highway inventory, traffic volumes, and other roadway data. Currently, the Caltrans TSN only includes data from the State Highway System (SHS). However, the federal government requires states to collect roadway inventory information for all public roads, and not just on the SHS. As a result, Caltrans has begun developing and planning a replacement for the TSN, beginning in 2021-22. This request includes five positions as well as ongoing maintenance and operations costs.	Approve as budgeted.
9.	January Governor's Budget	Clean California Community Cleanup and Employment Pathways Grant Program. The Governor proposes \$25 million from the General Fund on a one time basis in 2025 26 to establish a new Clean California Community Cleanup and Employment Pathways Grant Program. The program would offer competitive grants to local governments and federally recognized tribal governments for litter abatement efforts. As opposed to the previous Clean California Local Grant Program, this new program would focus exclusively on local litter abatement and would not support infrastructure related beautification projects. The program would prioritize funding for (1) projects that create employment pathways, such as those involving partnerships with workforce development organizations, and (2) communities that are designated as Clean California Communities or are actively working toward this designation.	Approve as budgeted.
10.	January Governor's Budget	Capital Outlay Support Transfer Authority Trailer Bill Language. The department's proposed trailer bill language seeks to remove the existing uncertainty by adding language that DOF can "increase or decrease funding appropriated to [Caltrans'] capital outlay support program using items from both the annual Budget Act and any other appropriation provided the combined adjustments total \$0." The proposal also would maintain the requirement to notify JLBC of any adjustments DOF authorizes. The administration indicates this proposal is intended as technical "cleanup" to clarify authority for its longstanding practice and is not intending to request new or expanded abilities.	Approve amended trailer bill language that specifies adjustments can only be made in the COS program.

11.	May Revision	<p>Intercity Passenger Rail Program Equipment Maintenance and Overhaul. The May Revision includes \$27.7 million from the Public Transportation Account in 2025-26 for the maintenance and overhaul of passenger rail equipment. This request funds projects to address normal wear-and-tear, ensure passenger safety, meet federal safety standards, and maintain equipment in good repair to extend its useful life.</p>	Approve as budgeted.
12.	May Revision	<p>Technical Adjustments. The May Revision includes the following technical adjustments:</p> <ul style="list-style-type: none"> • Decrease Item 2660-001-0042 by \$100,711,000 ongoing. This reduction is necessary to achieve a net-zero fund shift of expenditures from the State Highway Account (with a corresponding increase to a non-budget act item from the Road Maintenance and Rehabilitation Account) to help maintain a minimum fund balance reserve in the State Highway Account. • Increase reimbursements to Item 2660-001-0042 by \$867,000 in 2025-26 and 2026-27 to accommodate the Motor Carrier Safety Assistance Program federal grant, which promotes safe commercial motor vehicle enforcement. The grant was awarded to the California Highway Patrol, which is coordinating with Caltrans, which will perform the workload associated with this grant. • Increase Item 2660-001-0890 by \$42,957,000 in 2025-26, \$30,645,000 in 2026-27, \$12,802,000 in 2027-28, \$9.04 million in 2028-29, and \$9 million in 2029-30 and ongoing to accommodate various federal grants awarded to Caltrans. • Add Item 2660-490 to reappropriate up to \$6 million from Item 2660-001-0042, Budget Act of 2024, for FISCAL Onboarding costs. 	Approve as budgeted.

13.	May Revision	<p>Los Angeles Olympics Transportation Network. The May Revision includes \$17.6 million from the State Highway Account in 2025-26 to plan and design a transportation network that supports the Los Angeles 2028 Olympics and Paralympics Games. During the Games, athletes, coaches, officials, and other key Games stakeholders will be moved to venues through a dedicated transport system. These stakeholders will use the Games Route Network (GRN), which is a network of dedicated lanes on relevant freeways and surface streets that connect sports competition venues to the Olympic and Paralympic Village, International Broadcast Center, and training facilities. Caltrans requests 92 positions and \$7.2 million in operational expenses to plan, design, implement, operate and maintain this type of transportation network in preparation for the Olympic Games.</p>	Approve as budgeted.
14.	May Revision	<p>LA 2028 Olympics Streamlining Trailer Bill Language. The Administration proposes three trailer bills to “streamline” projects related to the LA 2028 Olympics. It proposes to provide Caltrans and local entities the authority to repurpose certain highway lanes for the Games Route Network.</p>	Approve placeholder trailer bill language.

2665 HIGH-SPEED RAIL AUTHORITY

Issues 15-17: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
15.	January Governor's Budget	California High-Speed Rail Authority Office of Inspector General Reimbursement Authority. The Budget includes \$113,000 from the High-Speed Passenger Train Bond Fund reimbursement authority in 2025-26 and ongoing for High Speed Rail Authority's costs associated with administrative services on behalf of the independent Office of Inspector General, California High-Speed Rail (HSR-OIG). Given the size of HSR-OIG, certain administrative services are more cost-effective to be handled by the Authority. These types of services include business services and mail services; human resources technical support; budgeting technical support; accounting services; and information technology services. This reimbursement authority will allow the Authority to provide ongoing support for the HSR-OIG administrative functions. These services will be reimbursed at an hourly rate when services are rendered, which will be significantly more cost effective than if the HSR-OIG were to obtain the staffing required for all the administrative services required for the operations of the HSR-OIG.	Approve as budgeted.
16.	January Governor's Budget	National Environmental Policy Act (NEPA) Assignment Support. The Budget includes \$2.5 million ongoing from the High-Speed Passenger Train Bond Funds (Proposition 1A) and associated reimbursement authority for 13 positions and costs associated with the renewed National Environmental Policy Act (NEPA) Assignment Memorandum of Understanding (MOU) executed with the Federal Railroad Administration (FRA) on July 22, 2024.	Approve as budgeted.

17.	January Governor's Budget	Operational Technology and Data Integration. The Budget includes \$1.2 million in 2025-26 and \$1.8 million in 2026-27 and ongoing from the High-Speed Passenger Train Bond Funds for eight positions to design the frameworks and identify the standards essential for the implementation, integration, and security of the technology required to establish train operations in the Central Valley between 2030 and 2033.	Approve as budgeted.
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2667 HIGH-SPEED RAIL AUTHORITY, OFFICE OF INSPECTOR GENERAL

Issues 18-19: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
18.	January Governor's Budget	Continuing Establishment of the Office of Inspector General, High Speed Rail. The Budget includes \$1.3 million in 2025-26 and \$338,000 in 2026-27 and ongoing from the Public Transportation Account to continue the establishment of the Office of Inspector General, High Speed Rail (OIG-HSR).	Approve as budgeted.
19.	Legislative Proposal	Classification Authority Trailer Bill Language. The Legislature proposes trailer bill language that adds Section 187024(b) to the Public Utilities Code to allow OIG-HSR to match classifications and compensation of other state agencies performing similar work.	Approve trailer bill language.

2670 BOARD OF PILOT COMMISSIONERS FOR THE BAYS OF SAN FRANCISCO, SAN PABLO, AND SUISUN

Issues 20: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
20.	May Revision	Board of Pilot Commissioners’ Business Modernization. The May Revision includes \$2.1 million in 2025-26, \$229,448 in 2026-27, and \$117,000 2027-28 and ongoing from the Board of Pilot Commissioners Special Fund. Of this amount, \$201,000 will be available to the BPC to continue the planning phase of a project that will automate many of the Board’s manual processes to enhance operational efficiency, streamline business processes, and improve data accessibility and security. It is also requested that provisional language be added to make \$1.9 million of amount will be contingent upon all four stages of the California Department of Technology (CDT)’s Project Approval Lifecycle (PAL) process being completed.	Approve as budgeted.

2720 CALIFORNIA HIGHWAY PATROL**Issues 21-28: Various Proposals**

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
21.	January Governor's Budget	Cannabis Tax Fund Program Staffing. The Budget includes position authority for one Associate Government Program Analyst (AGPA) position to provide administrative support to the Cannabis Tax Fund Program at the CHP.	Approve as budgeted.
22.	January Governor's Budget	Security at State Capitol Swing Space, Annex, and Visitor Center. The Budget includes \$8 million from the Motor Vehicle Account for overtime work in the Capitol Protection Section to provide protection and security at the State Capitol Swing Space and the new State Capitol Annex and Visitor Center. The CHP is required to provide 24-hour safety and security for the State Capitol, New Capitol Annex, the State Capitol Swing Space, the Legislature, Executive Branch, staff, and visitors of the State Capitol. Due to the expansion of the State Capitol Complex, it has become necessary to use overtime for staffing mandatory security posts. The CHP has incurred \$7.2 million in overtime costs in 2023-24.	Approve as budgeted.

23.	January Governor's Budget	<p>Capital Outlay Projects. The Governor's Budget includes the following capital outlay proposals:</p> <ul style="list-style-type: none"> • Reappropriate Acquisition for Five California Highway Patrol Area Office Replacement Projects. CHP requests to reappropriate \$9.1 million General Fund for the acquisition phase of five area office replacement projects in the following locations: Redding, Los Banos, Porterville, Antelope Valley, and Barstow. Additional time is needed due to the challenging nature of acquiring appropriate parcels for CHP area offices. Specifically, CHP requires approximately five acre parcels of land that have appropriate freeway access, unhindered by rail crossings, have sufficient telecommunications connectivity, and have adequate site safety. • Statewide: Advanced Planning and Site Identification. CHP requests \$1 million Motor Vehicle Account to identify suitable parcels for replacing up to three additional area offices and to develop studies for those sites. CHP has aging infrastructure that is often space deficient and rates poorly for seismic safety. However, replacing and/or reconstructing area offices is frequently a time-intensive endeavor, given the specific needs of the CHP for their area offices. As such, this initial funding will allow the department to streamline the facility replacement program to continue updating CHP offices to modern day needs. 	Approve the reappropriation and reject the statewide advanced planning and site identification.
24.	January Governor's Budget	<p>Child Sexual Abuse Investigations. The Governor's Budget includes \$5 million ongoing from the General Fund for twelve positions in the Computer Crimes Investigation Unit to assist in combatting child sexual abuse material and human trafficking in the state. Specifically, CHP requests twelve positions: one sergeant, nine officers, one Information Technology Specialist I, and one Information Technology Specialist II.</p>	Approve \$3 million ongoing for CHP, shift \$2 million ongoing for OES' Internet Crimes Against Children (ICAC), and amend budget bill language.

25.	May Revision	California Crash Data System Modernization Program. The May Revision includes \$3.5 million from the Federal Trust Fund in 2025-26, one-time, to begin the planning phase of the CalCrash IT project that will automatically capture statewide crash data and send it to the National Highway Traffic Safety Administration and replace the manual data entry process currently conducted by CHP. It is also requested that provisional language be added to allow the Department of Finance to augment the item up to \$9.9 million, contingent upon all four stages of the CDT's PAL process being completed in 2025-26.	Approve as budgeted.
26.	May Revision	Increase in Federal Spending Authority. The May Revision includes \$13.4 million from the Federal Trust Fund in 2025-26 and 2026-27 for Motor Carrier Safety Administration Grants to provide additional federal resources for commercial vehicle traffic enforcement, including inspections and hazardous materials oversight.	Approve as budgeted.
27.	May Revision	Highway Violence Task Force. The May Revision includes \$4.9 million from the Motor Vehicle Account in 2025-26, one-time, for a one-year extension of the Highway Violence Task Force. Funding is used for investigative and enforcement equipment, training, investigative technology needs, and operational expenses that focus on violent crimes occurring on freeways.	Approve as budgeted.
28.	May Revision	<p>Capital Outlay Projects. The May Revision includes the following proposals regarding various CHP projects:</p> <ul style="list-style-type: none"> • Lease Revenue Debt Service Adjustments. The May Revision shifts \$7 million in lease revenue debt service payments on the Hayward Area Office Replacement and the El Centro Area Office Replacement projects from the Motor Vehicle Account to the General Fund. • Revert and Fund New, Performance Criteria. The May Revision reverts \$11 million in prior appropriations from the Public Building Construction Fund and proposes new funding of \$13.3 million from the Public Building Construction Fund, for a net increase of \$2.3 million to fund the performance criteria phase of the Area Office Replacement projects in Redding, Los Banos, Antelope Valley, Barstow, and Porterville. 	Approve as budgeted.

		<ul style="list-style-type: none">• Supplemental Appropriation, Acquisition. The May Revision includes \$4.4 million from the General Fund for the acquisition phase of the Humboldt Area Office Replacement (\$3.1 million) and Los Banos Area Office Replacement (\$1.3 million) projects.• Enhanced Radio System: Replace Towers and Vaults (Leviathan Peak). The May Revision includes \$9.3 million one-time General Fund, reversion of \$5.8 million General Fund of existing authority, resulting in a net increase of \$3.4 million General Fund for the construction phase of this project.	
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2740 DEPARTMENT OF MOTOR VEHICLES**Issues 29-38: Various Proposals**

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
29.	January Governor's Budget	Delay of Implementation of AB 3 (2021) Trailer Bill Language. The Budget includes trailer bill language that would delay the implementation of AB 3 until July 1, 2029.	Approve placeholder trailer bill language.
30.	May Revision	Chapter 298, Statutes of 2019 (SB 210) – Heavy-Duty Vehicle Inspection & Maintenance Program. The May Revision includes \$4.9 million and 19.4 positions in fiscal year 2025-26 and \$3.5 million and 19.4 positions in 2026-27 and ongoing from the Truck Emission Check Fund to continue an existing IT project that will allow DMV to withhold registration from heavy-duty vehicles that fail to establish emission compliance.	Approve as budgeted.
31.	May Revision	Chapter 314, Statutes of 2021 (AB 796) – Voter Registration: California New Motor Voter Program. The May Revision includes \$2 million ongoing from the General Fund to continue the maintenance and operation of an Information Technology (IT) project that will capture voter registration information from incomplete DMV transactions and transmit it to the Secretary of State as required by AB 796.	Approve as budgeted.
32.	May Revision	Digital eXperience Platform (DXP) Project. The May Revision includes \$53.1 million one-time from the Motor Vehicle Account in 2025-26 to complete the vehicle registration phase of the DXP project, an IT effort that will replace DMV's software and hardware for vehicle registration functions. It is also requested that provisional language be added to make the \$53,107,000 available to complete the vehicle registration phase of the project, but contingent upon approval of the appropriate project documents by the California Department of Technology.	Approve as budgeted.

33.	May Revision	<p>State-to-State Verification System (S2S) Project. The May Revision includes \$10 million one-time from the Motor Vehicle Account in 2025-26 to begin the planning phase of the S2S project, which allows DMV to upload its driver license and identification card data to the American Association of Motor Vehicle Administrators electronic verification and history exchange. This is required to prevent identification fraud and maintain REAL ID compliance with the federal Department of Homeland Security. Without it, the Department of Homeland Security might not allow California’s REAL IDs to be used to board domestic flights or enter specified federal facilities. It is also requested that provisional language be added to make \$8.9 million of this amount available to begin the IT project, but contingent upon all four stages of the California Department of Technology’s Project Approval Lifecycle process being completed in 2025-26.</p> <p>In addition, the administration has indicated there is an associated trailer bill proposal. However, neither the budget change proposal nor the trailer bill language proposal is publicly available at the time of writing.</p>	Reject without prejudice, given the budget change proposal and trailer bill language is not available at the time of voting.
34.	May Revision	<p>El Centro: Field Office Replacement – Reappropriation. The May Revision reappropriates \$2.7 million General Fund for the acquisition phase and \$2.5 million from the Public Buildings Construction Fund for the performance criteria phase of this project. While one site for the new office was selected in 2024, there is now an alternate site under consideration. The reappropriation is necessary to provide additional time to determine which of the two potential sites will better meet the needs of the department.</p>	Approve as budgeted.
35.	May Revision	<p>Statewide Ignition Interlock Device Pilot Program Extension Trailer Bill Language. The May Revision includes trailer bill language that extends the sunset date for the Statewide Ignition Interlock Device Pilot Program from January 1, 2026 to January 1, 2033. Chapter 783, Statutes of 2016 (SB 1046, Hill) created the current Statewide IID Pilot Program to evaluate the efficacy of IIDs as a post-licensing sanction for injury-involved DUI offenders and multiple DUI offenders. Non-injury alcohol-involved 1st offenders may have a court-ordered IID or, in the absence of a court order, an optional IID. The pilot began January 1, 2019, and will sunset on January 1, 2026.</p>	Defer to the legislative policy process.

36.	May Revision	Chapter 610, Statutes of 2021 (SB 287) Trailer Bill Language. The May Revision includes trailer bill language that delays implementation of SB 287 (Grove, Chapter 610, Statutes of 2022) from January 1, 2027, to January 1, 2029. Commencing January 1, 2027, SB 287 authorizes a driver to tow a 10,000 to 15,000-pound gooseneck trailer with a noncommercial Class C license for recreational purposes, provided they had successfully completed a knowledge exam.	Approve placeholder trailer bill language.
37.	May Revision	Chapter 952, Statutes of 2022 (AB 1800) Trailer Bill Language. The May Revision includes trailer bill language that eliminates the existing January 1, 2027, delayed operative date of AB 1800 (Low, Chapter 952, Statutes of 2022), and instead authorizes DMV and the National Marrow Donor Registry to establish an implementation timeline as part of the required memorandum of understanding.	Approve placeholder trailer bill language.
38.	May Revision	Digital Experience Platform Project Trailer Bill Language. The May Revision includes trailer bill language that reestablishes the \$1 Business Partner Automation (BPA) system improvement fee which ended on December 31, 2023, to January 1, 2029, when the DMV director determines that sufficient funds have been received. This fee is intended to collect the business partners' proportionate share of the department-wide system improvements.	Approve placeholder trailer bill language.

VARIOUS DEPARTMENTS

Issues 39: Transit Agencies Loan

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
39.	Legislative Proposal	Transit Agencies Loan. The Legislature proposes to make available General Fund loans that total no more than \$750 million loan to local entities for operating expenditures to maintain transit services.	Conform to actions taken in Subcommittee #4.

Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Tuesday, June 10, 2025
State Capitol – Room 112
8:00 a.m.

Consultant: Eunice Roh
Part C - Transportation
Vote-Only Calendar

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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.

Vote-Only Calendar**0521 CALIFORNIA STATE TRANSPORTATION AGENCY****Issue 1-3: Various Proposals**

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
1.	January Governor's Budget	California Office of Traffic Safety Federal Fund Authority. The Budget includes an increase of federal authority of \$40 million for the Office of Traffic Safety (OTS) to align with expected available federal funding. In addition, the OTS requests provisional budget bill language to allow traffic safety grant funding to be transferred between items.	Approve as budgeted.
2.	January Governor's Budget	California State Transportation Agency Freight Policy Team. The Budget includes \$603,000 ongoing from the State Highway Account, Motor Vehicle Account, and Public Transportation Account to convert three limited-term positions to permanent for the Freight Policy Team, to manage oversight and coordination of freight policy across the state.	Approve as budgeted.
3.	May Revision	California Office of Traffic Safety Federal Grants Workload. The May Revision includes \$871,000 (\$801,000 in Federal Fund and \$70,000 in various State Funds), three 3-year limited-term positions (without position authority), and three permanent positions for 2025-26 and ongoing for the Office of Traffic Safety at CalSTA. These resources will support the increase in workload related to additional federal grants issued to OTS by the National Highway Traffic Safety Administration.	Approve as budgeted.

2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION

Issues 4-14: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
4.	January Governor's Budget	Enterprise Data Governance Technology Solution. The Budget includes \$9.7 million in 2025-26 from the State Highway Account (SHA) for consulting services, equipment, and software to implement the enterprise data governance technology solution.	Approve as budgeted.
5.	January Governor's Budget	FI\$Cal Onboarding Planning. The Budget includes \$13.5 million one-time in 2025-26 to support the transition and onboarding to the Financial Information System for California (FI\$Cal) System.	Approve as budgeted.

6.	January Governor's Budget	<p>Implementation of Recently Enacted Legislation. The Governor's Budget includes \$5.3 million ongoing from the State Highway Account (SHA) for 20 positions to implement AB 2086, AB 2525, SB 960, and SB 1488. Specifically, it includes the following:</p> <ul style="list-style-type: none"> • AB 2086: \$1 million ongoing for three positions and website maintenance to integrate a financial element into the California Transportation Plan, add additional project-specific performance data on projects to the Rebuilding California Website. • AB 2525: \$190,000 ongoing for one position in Caltrans District 7 to expand the existing airspace lease program to include an emergency shelter or feeding program, a secure vehicle lot program, or any combination of those purposes with the City of Los Angeles. • SB 960: \$4 million ongoing for 15 positions to establish a new transit priority policy, design and operational guidance, and a framework for the development of performance targets and measures for transit priority facilities on the state highway system; establish an inventory program for the development of appropriate performance targets and measures for bike and pedestrian facilities that contributes to complete streets; developing guidance for conducting and documenting equitable engagement on projects with bike and pedestrian facilities; and establish a project intake, evaluation, and review process for bike, pedestrian, and transit priority facilities, sponsored by a local jurisdiction or transit agency. • SB 1488: \$150,000 ongoing for one position to support the increased frequency of sponsorship marketing plan submissions, address potential need for increased field enforcement and resolution of compliance challenges, as well as advocating for these displays with the Federal Highway Administration. 	Approve as budgeted.
7.	January Governor's Budget	<p>Stormwater Asset Management. The Budget includes \$35.2 million in 2025-26 and \$34.9 million in 2026-27 from the State Highway Account to perform inspections, maintenance, and repairs to its Stormwater Treatment Best Management Practices (TBMPs) as well as track their conditions and effectiveness in removing pollutants from highway runoff.</p>	Approve as budgeted.

8.	January Governor's Budget	Transportation System Network Replacement. The Budget includes \$2.2 million in 2025-26 and \$2.5 million in 2026-27 and ongoing to maintain and operate the Transportation System Network Replacement (TSNR). The Transportation System Network (TSN) is a safety data system that collects collision data, highway inventory, traffic volumes, and other roadway data. Currently, the Caltrans TSN only includes data from the State Highway System (SHS). However, the federal government requires states to collect roadway inventory information for all public roads, and not just on the SHS. As a result, Caltrans has begun developing and planning a replacement for the TSN, beginning in 2021-22. This request includes five positions as well as ongoing maintenance and operations costs.	Approve as budgeted.
9.	January Governor's Budget	Clean California Community Cleanup and Employment Pathways Grant Program. The Governor proposes \$25 million from the General Fund on a one time basis in 2025 26 to establish a new Clean California Community Cleanup and Employment Pathways Grant Program. The program would offer competitive grants to local governments and federally recognized tribal governments for litter abatement efforts. As opposed to the previous Clean California Local Grant Program, this new program would focus exclusively on local litter abatement and would not support infrastructure related beautification projects. The program would prioritize funding for (1) projects that create employment pathways, such as those involving partnerships with workforce development organizations, and (2) communities that are designated as Clean California Communities or are actively working toward this designation.	Approve as budgeted.
10.	January Governor's Budget	Capital Outlay Support Transfer Authority Trailer Bill Language. The department's proposed trailer bill language seeks to remove the existing uncertainty by adding language that DOF can "increase or decrease funding appropriated to [Caltrans'] capital outlay support program using items from both the annual Budget Act and any other appropriation provided the combined adjustments total \$0." The proposal also would maintain the requirement to notify JLBC of any adjustments DOF authorizes. The administration indicates this proposal is intended as technical "cleanup" to clarify authority for its longstanding practice and is not intending to request new or expanded abilities.	Approve amended trailer bill language that specifies adjustments can only be made in the COS program.

11.	May Revision	<p>Intercity Passenger Rail Program Equipment Maintenance and Overhaul. The May Revision includes \$27.7 million from the Public Transportation Account in 2025-26 for the maintenance and overhaul of passenger rail equipment. This request funds projects to address normal wear-and-tear, ensure passenger safety, meet federal safety standards, and maintain equipment in good repair to extend its useful life.</p>	Approve as budgeted.
12.	May Revision	<p>Technical Adjustments. The May Revision includes the following technical adjustments:</p> <ul style="list-style-type: none"> • Decrease Item 2660-001-0042 by \$100,711,000 ongoing. This reduction is necessary to achieve a net-zero fund shift of expenditures from the State Highway Account (with a corresponding increase to a non-budget act item from the Road Maintenance and Rehabilitation Account) to help maintain a minimum fund balance reserve in the State Highway Account. • Increase reimbursements to Item 2660-001-0042 by \$867,000 in 2025-26 and 2026-27 to accommodate the Motor Carrier Safety Assistance Program federal grant, which promotes safe commercial motor vehicle enforcement. The grant was awarded to the California Highway Patrol, which is coordinating with Caltrans, which will perform the workload associated with this grant. • Increase Item 2660-001-0890 by \$42,957,000 in 2025-26, \$30,645,000 in 2026-27, \$12,802,000 in 2027-28, \$9.04 million in 2028-29, and \$9 million in 2029-30 and ongoing to accommodate various federal grants awarded to Caltrans. • Add Item 2660-490 to reappropriate up to \$6 million from Item 2660-001-0042, Budget Act of 2024, for FISCAL Onboarding costs. 	Approve as budgeted.

13.	May Revision	<p>Los Angeles Olympics Transportation Network. The May Revision includes \$17.6 million from the State Highway Account in 2025-26 to plan and design a transportation network that supports the Los Angeles 2028 Olympics and Paralympics Games. During the Games, athletes, coaches, officials, and other key Games stakeholders will be moved to venues through a dedicated transport system. These stakeholders will use the Games Route Network (GRN), which is a network of dedicated lanes on relevant freeways and surface streets that connect sports competition venues to the Olympic and Paralympic Village, International Broadcast Center, and training facilities. Caltrans requests 92 positions and \$7.2 million in operational expenses to plan, design, implement, operate and maintain this type of transportation network in preparation for the Olympic Games.</p>	Approve as budgeted.
14.	May Revision	<p>LA 2028 Olympics Streamlining Trailer Bill Language. The Administration proposes three trailer bills to “streamline” projects related to the LA 2028 Olympics. It proposes to provide Caltrans and local entities the authority to repurpose certain highway lanes for the Games Route Network.</p>	Approve placeholder trailer bill language.

2665 HIGH-SPEED RAIL AUTHORITY

Issues 15-17: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
15.	January Governor's Budget	California High-Speed Rail Authority Office of Inspector General Reimbursement Authority. The Budget includes \$113,000 from the High-Speed Passenger Train Bond Fund reimbursement authority in 2025-26 and ongoing for High Speed Rail Authority's costs associated with administrative services on behalf of the independent Office of Inspector General, California High-Speed Rail (HSR-OIG). Given the size of HSR-OIG, certain administrative services are more cost-effective to be handled by the Authority. These types of services include business services and mail services; human resources technical support; budgeting technical support; accounting services; and information technology services. This reimbursement authority will allow the Authority to provide ongoing support for the HSR-OIG administrative functions. These services will be reimbursed at an hourly rate when services are rendered, which will be significantly more cost effective than if the HSR-OIG were to obtain the staffing required for all the administrative services required for the operations of the HSR-OIG.	Approve as budgeted.
16.	January Governor's Budget	National Environmental Policy Act (NEPA) Assignment Support. The Budget includes \$2.5 million ongoing from the High-Speed Passenger Train Bond Funds (Proposition 1A) and associated reimbursement authority for 13 positions and costs associated with the renewed National Environmental Policy Act (NEPA) Assignment Memorandum of Understanding (MOU) executed with the Federal Railroad Administration (FRA) on July 22, 2024.	Approve as budgeted.

17.	January Governor's Budget	Operational Technology and Data Integration. The Budget includes \$1.2 million in 2025-26 and \$1.8 million in 2026-27 and ongoing from the High-Speed Passenger Train Bond Funds for eight positions to design the frameworks and identify the standards essential for the implementation, integration, and security of the technology required to establish train operations in the Central Valley between 2030 and 2033.	Approve as budgeted.
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2667 HIGH-SPEED RAIL AUTHORITY, OFFICE OF INSPECTOR GENERAL

Issues 18-19: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
18.	January Governor's Budget	Continuing Establishment of the Office of Inspector General, High Speed Rail. The Budget includes \$1.3 million in 2025-26 and \$338,000 in 2026-27 and ongoing from the Public Transportation Account to continue the establishment of the Office of Inspector General, High Speed Rail (OIG-HSR).	Approve as budgeted.
19.	Legislative Proposal	Classification Authority Trailer Bill Language. The Legislature proposes trailer bill language that adds Section 187024(b) to the Public Utilities Code to allow OIG-HSR to match classifications and compensation of other state agencies performing similar work.	Approve trailer bill language.

2670 BOARD OF PILOT COMMISSIONERS FOR THE BAYS OF SAN FRANCISCO, SAN PABLO, AND SUISUN

Issues 20: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
20.	May Revision	Board of Pilot Commissioners’ Business Modernization. The May Revision includes \$2.1 million in 2025-26, \$229,448 in 2026-27, and \$117,000 2027-28 and ongoing from the Board of Pilot Commissioners Special Fund. Of this amount, \$201,000 will be available to the BPC to continue the planning phase of a project that will automate many of the Board’s manual processes to enhance operational efficiency, streamline business processes, and improve data accessibility and security. It is also requested that provisional language be added to make \$1.9 million of amount will be contingent upon all four stages of the California Department of Technology (CDT)’s Project Approval Lifecycle (PAL) process being completed.	Approve as budgeted.

2720 CALIFORNIA HIGHWAY PATROL**Issues 21-28: Various Proposals**

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
21.	January Governor's Budget	Cannabis Tax Fund Program Staffing. The Budget includes position authority for one Associate Government Program Analyst (AGPA) position to provide administrative support to the Cannabis Tax Fund Program at the CHP.	Approve as budgeted.
22.	January Governor's Budget	Security at State Capitol Swing Space, Annex, and Visitor Center. The Budget includes \$8 million from the Motor Vehicle Account for overtime work in the Capitol Protection Section to provide protection and security at the State Capitol Swing Space and the new State Capitol Annex and Visitor Center. The CHP is required to provide 24-hour safety and security for the State Capitol, New Capitol Annex, the State Capitol Swing Space, the Legislature, Executive Branch, staff, and visitors of the State Capitol. Due to the expansion of the State Capitol Complex, it has become necessary to use overtime for staffing mandatory security posts. The CHP has incurred \$7.2 million in overtime costs in 2023-24.	Approve as budgeted.

23.	January Governor's Budget	<p>Capital Outlay Projects. The Governor's Budget includes the following capital outlay proposals:</p> <ul style="list-style-type: none"> • Reappropriate Acquisition for Five California Highway Patrol Area Office Replacement Projects. CHP requests to reappropriate \$9.1 million General Fund for the acquisition phase of five area office replacement projects in the following locations: Redding, Los Banos, Porterville, Antelope Valley, and Barstow. Additional time is needed due to the challenging nature of acquiring appropriate parcels for CHP area offices. Specifically, CHP requires approximately five acre parcels of land that have appropriate freeway access, unhindered by rail crossings, have sufficient telecommunications connectivity, and have adequate site safety. • Statewide: Advanced Planning and Site Identification. CHP requests \$1 million Motor Vehicle Account to identify suitable parcels for replacing up to three additional area offices and to develop studies for those sites. CHP has aging infrastructure that is often space deficient and rates poorly for seismic safety. However, replacing and/or reconstructing area offices is frequently a time-intensive endeavor, given the specific needs of the CHP for their area offices. As such, this initial funding will allow the department to streamline the facility replacement program to continue updating CHP offices to modern day needs. 	Approve the reappropriation and reject the statewide advanced planning and site identification.
24.	January Governor's Budget	<p>Child Sexual Abuse Investigations. The Governor's Budget includes \$5 million ongoing from the General Fund for twelve positions in the Computer Crimes Investigation Unit to assist in combatting child sexual abuse material and human trafficking in the state. Specifically, CHP requests twelve positions: one sergeant, nine officers, one Information Technology Specialist I, and one Information Technology Specialist II.</p>	Approve \$3 million ongoing for CHP, shift \$2 million ongoing for OES' Internet Crimes Against Children (ICAC), and amend budget bill language.

25.	May Revision	California Crash Data System Modernization Program. The May Revision includes \$3.5 million from the Federal Trust Fund in 2025-26, one-time, to begin the planning phase of the CalCrash IT project that will automatically capture statewide crash data and send it to the National Highway Traffic Safety Administration and replace the manual data entry process currently conducted by CHP. It is also requested that provisional language be added to allow the Department of Finance to augment the item up to \$9.9 million, contingent upon all four stages of the CDT's PAL process being completed in 2025-26.	Approve as budgeted.
26.	May Revision	Increase in Federal Spending Authority. The May Revision includes \$13.4 million from the Federal Trust Fund in 2025-26 and 2026-27 for Motor Carrier Safety Administration Grants to provide additional federal resources for commercial vehicle traffic enforcement, including inspections and hazardous materials oversight.	Approve as budgeted.
27.	May Revision	Highway Violence Task Force. The May Revision includes \$4.9 million from the Motor Vehicle Account in 2025-26, one-time, for a one-year extension of the Highway Violence Task Force. Funding is used for investigative and enforcement equipment, training, investigative technology needs, and operational expenses that focus on violent crimes occurring on freeways.	Approve as budgeted.
28.	May Revision	<p>Capital Outlay Projects. The May Revision includes the following proposals regarding various CHP projects:</p> <ul style="list-style-type: none"> • Lease Revenue Debt Service Adjustments. The May Revision shifts \$7 million in lease revenue debt service payments on the Hayward Area Office Replacement and the El Centro Area Office Replacement projects from the Motor Vehicle Account to the General Fund. • Revert and Fund New, Performance Criteria. The May Revision reverts \$11 million in prior appropriations from the Public Building Construction Fund and proposes new funding of \$13.3 million from the Public Building Construction Fund, for a net increase of \$2.3 million to fund the performance criteria phase of the Area Office Replacement projects in Redding, Los Banos, Antelope Valley, Barstow, and Porterville. 	Approve as budgeted.

		<ul style="list-style-type: none">• Supplemental Appropriation, Acquisition. The May Revision includes \$4.4 million from the General Fund for the acquisition phase of the Humboldt Area Office Replacement (\$3.1 million) and Los Banos Area Office Replacement (\$1.3 million) projects.• Enhanced Radio System: Replace Towers and Vaults (Leviathan Peak). The May Revision includes \$9.3 million one-time General Fund, reversion of \$5.8 million General Fund of existing authority, resulting in a net increase of \$3.4 million General Fund for the construction phase of this project.	
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2740 DEPARTMENT OF MOTOR VEHICLES**Issues 29-38: Various Proposals**

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
29.	January Governor's Budget	Delay of Implementation of AB 3 (2021) Trailer Bill Language. The Budget includes trailer bill language that would delay the implementation of AB 3 until July 1, 2029.	Approve placeholder trailer bill language.
30.	May Revision	Chapter 298, Statutes of 2019 (SB 210) – Heavy-Duty Vehicle Inspection & Maintenance Program. The May Revision includes \$4.9 million and 19.4 positions in fiscal year 2025-26 and \$3.5 million and 19.4 positions in 2026-27 and ongoing from the Truck Emission Check Fund to continue an existing IT project that will allow DMV to withhold registration from heavy-duty vehicles that fail to establish emission compliance.	Approve as budgeted.
31.	May Revision	Chapter 314, Statutes of 2021 (AB 796) – Voter Registration: California New Motor Voter Program. The May Revision includes \$2 million ongoing from the General Fund to continue the maintenance and operation of an Information Technology (IT) project that will capture voter registration information from incomplete DMV transactions and transmit it to the Secretary of State as required by AB 796.	Approve as budgeted.
32.	May Revision	Digital eXperience Platform (DXP) Project. The May Revision includes \$53.1 million one-time from the Motor Vehicle Account in 2025-26 to complete the vehicle registration phase of the DXP project, an IT effort that will replace DMV's software and hardware for vehicle registration functions. It is also requested that provisional language be added to make the \$53,107,000 available to complete the vehicle registration phase of the project, but contingent upon approval of the appropriate project documents by the California Department of Technology.	Approve as budgeted.

33.	May Revision	<p>State-to-State Verification System (S2S) Project. The May Revision includes \$10 million one-time from the Motor Vehicle Account in 2025-26 to begin the planning phase of the S2S project, which allows DMV to upload its driver license and identification card data to the American Association of Motor Vehicle Administrators electronic verification and history exchange. This is required to prevent identification fraud and maintain REAL ID compliance with the federal Department of Homeland Security. Without it, the Department of Homeland Security might not allow California’s REAL IDs to be used to board domestic flights or enter specified federal facilities. It is also requested that provisional language be added to make \$8.9 million of this amount available to begin the IT project, but contingent upon all four stages of the California Department of Technology’s Project Approval Lifecycle process being completed in 2025-26.</p> <p>In addition, the administration has indicated there is an associated trailer bill proposal. However, neither the budget change proposal nor the trailer bill language proposal is publicly available at the time of writing.</p>	Reject without prejudice, given the budget change proposal and trailer bill language is not available at the time of voting.
34.	May Revision	<p>El Centro: Field Office Replacement – Reappropriation. The May Revision reappropriates \$2.7 million General Fund for the acquisition phase and \$2.5 million from the Public Buildings Construction Fund for the performance criteria phase of this project. While one site for the new office was selected in 2024, there is now an alternate site under consideration. The reappropriation is necessary to provide additional time to determine which of the two potential sites will better meet the needs of the department.</p>	Approve as budgeted.
35.	May Revision	<p>Statewide Ignition Interlock Device Pilot Program Extension Trailer Bill Language. The May Revision includes trailer bill language that extends the sunset date for the Statewide Ignition Interlock Device Pilot Program from January 1, 2026 to January 1, 2033. Chapter 783, Statutes of 2016 (SB 1046, Hill) created the current Statewide IID Pilot Program to evaluate the efficacy of IIDs as a post-licensing sanction for injury-involved DUI offenders and multiple DUI offenders. Non-injury alcohol-involved 1st offenders may have a court-ordered IID or, in the absence of a court order, an optional IID. The pilot began January 1, 2019, and will sunset on January 1, 2026.</p>	Defer to the legislative policy process.

36.	May Revision	Chapter 610, Statutes of 2021 (SB 287) Trailer Bill Language. The May Revision includes trailer bill language that delays implementation of SB 287 (Grove, Chapter 610, Statutes of 2022) from January 1, 2027, to January 1, 2029. Commencing January 1, 2027, SB 287 authorizes a driver to tow a 10,000 to 15,000-pound gooseneck trailer with a noncommercial Class C license for recreational purposes, provided they had successfully completed a knowledge exam.	Approve placeholder trailer bill language.
37.	May Revision	Chapter 952, Statutes of 2022 (AB 1800) Trailer Bill Language. The May Revision includes trailer bill language that eliminates the existing January 1, 2027, delayed operative date of AB 1800 (Low, Chapter 952, Statutes of 2022), and instead authorizes DMV and the National Marrow Donor Registry to establish an implementation timeline as part of the required memorandum of understanding.	Approve placeholder trailer bill language.
38.	May Revision	Digital Experience Platform Project Trailer Bill Language. The May Revision includes trailer bill language that reestablishes the \$1 Business Partner Automation (BPA) system improvement fee which ended on December 31, 2023, to January 1, 2029, when the DMV director determines that sufficient funds have been received. This fee is intended to collect the business partners' proportionate share of the department-wide system improvements.	Approve placeholder trailer bill language.

VARIOUS DEPARTMENTS

Issues 39: Transit Agencies Loan

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
39.	Legislative Proposal	Transit Agencies Loan. The Legislature proposes to make available General Fund loans that total no more than \$750 million loan to local entities for operating expenditures to maintain transit services.	Conform to actions taken in Subcommittee #4.



AGENDA

Joint Informational Hearing of the Senate Public Safety Committee & Senate Budget Subcommittee No. 5 on Corrections, Public Safety, Judiciary, Labor and Transportation

Tuesday, February 25th 9:00 a.m.
1021 O Street, Room 2200

Implementation of Proposition 36

I. Welcoming Remarks

- Senator Jesse Arreguín, Chair of Senate Public Safety Committee
- Senator Laura Richardson, Chair of Budget Subcommittee No. 5 on Corrections, Public Safety, Judiciary, Labor and Transportation

II. Overview of Proposition 36

- Rick Owen, Senior Staff Counsel, Committee on Revision of the Penal Code
- Caitlin O'Neil, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Will Owens, Fiscal and Policy Analyst, Legislative Analyst's Office

III. Enforcement and Prosecution

- Eric Taylor, San Benito County Sheriff
- Allison Haley, Napa County District Attorney
- Brendon Woods, Alameda County Public Defender
- Jennifer Jennison, Stanislaus County Public Defender

IV. Proposition 36 Process

- Hon. Sergio Tapia, Presiding Judge, Los Angeles County Superior Court
- Steve Jackson, San Joaquin County Chief Probation Officer
- Francine Byrne, Director of Criminal Justice Services, Judicial Council of California
- Cathy Jefferson, Deputy Director, Office of Research, California Department of Corrections and Rehabilitation

V. Treatment

- Phebe Bell, Director of Behavioral Health, Nevada County
- Robb Layne, Executive Director, California Association of Alcohol and Drug Program Executives
- Saun Hough, SHIELDS for Families

VI. Public Comment

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Tuesday, May 20, 2025
9 a.m.
State Capitol – Room 112

Consultants: Nora Brackbill, Diego Emilio J. Lopez and Hans Hemann

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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 DISCUSSION

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

Issue 1: Overview, Population Projections, and Solutions

The May Revision proposes total funding of \$13.6 billion (\$13.2 billion General Fund and \$385.4 million other funds) for the California Department of Corrections and Rehabilitation (CDCR) in 2025-26, a slight decrease as compared to the Governor's budget. This includes \$4.1 billion General Fund for health care programs.

Adult Institution Population. The average daily adult incarcerated population is projected to be 91,471 in 2024-25 and 91,205 in 2025-26, both slight decreases compared to fall projections. This reflects a slower ramp up related to Proposition 36 compared to the fall projections, leading to a peak population of 92,179 in 2027-28. However, the population is still expected to decrease in the long-term, to 89,692 in June 2029.

Prison Closure. The May Revision reflects the closure of one additional prison by October 2026, resulting in savings of roughly \$150 million annually.

Operational Savings. The May Revision reflects additional savings of \$125 million General Fund in 2025-26, growing to \$635 million by 2028-29, through operational improvements.

Public Safety Radio Replacements. The May Revision withdraws the Governor's budget proposal for \$19.8 million ongoing General Fund for public safety radio replacements.

Increased Departmental Legal Costs. The May Revision includes \$4.3 million General Fund in 2025-26 and ongoing, to support increased departmental legal costs related to *Coleman* class action monitoring and legal representation from the Department of Justice.

Other Adjustments. The May Revision also includes:

- Reduction of \$691,000 General Fund in 2025-26 as compared to Governor's budget to adjust the updated funding methodology for food, due to adjusted population projections.
- Net-zero realignment of budget authority within CDCR programs and a reduction of \$192,000 to correct a miscoding from the 2019 Budget Act.
- Increase of \$357,000 General Fund in 2025-26 and ongoing related to utilities costs.

Staff Recommendation. Hold Open.

Issue 2: Capital Outlay and Facilities Overview

The May Revision reflects the following adjustments related to capital outlay and facilities.

Statewide Roofs Replacement Funding. The May Revision repurposes \$50.8 million in roof replacement funding from the 2023 Budget Act and \$62 million from the 2024 Budget Act for use on various statewide roof replacement projects and for kitchen repairs at two prisons that were damaged by roof leaks.

Statewide Fire Alarm replacements and Fire Watch. The May Revision includes \$37.3 million in 2025-26 and \$44.2 million in 2026-27 and 2027-28 to replace fire alarm control panels and systems at two institutions that require staff to patrol for fires, as mandated by the Office of the State Fire Marshal.

Solutions. The May Revision reflects the following solutions related to capital outlay and facilities to address the projected shortfall:

- Reduction of \$6 million General Fund in 2025-26 and \$25.4 million General Fund in 2026-27 related to the air cooling pilot, maintaining \$17.6 million General Fund in 2025-26 and \$20 million General Fund in 2026-27 for this purpose.
- Withdrawal of \$23.1 million one-time General Fund for accessibility improvements, which will be incorporated into CDCR's master planning process that is currently underway.
- Withdrawal of \$500,000 General Fund for statewide planning.

Staff Recommendation. Hold Open.

Issue 3: Health Care and Programming Overview

The May Revision reflects the following adjustments related to health care and programming.

California Advancing and Innovating Medi-Cal (CalAIM) Justice-Involved Initiative Program Support. The May Revision includes reimbursement authority of \$21.5 million in 2025-26 and \$11 million ongoing and 65 positions ongoing to support implementation of the CalAIM Justice-Involved Initiative and to account for federal reimbursements. The May Revision also includes a reduction of \$6.2 million General Fund in 2025-26, an increase of \$3.8 million General Fund in 2026-27, and a reduction of \$11 million General Fund ongoing.

San Quentin Rehabilitation Center. The proposed budget maintains \$7.8 million General Fund in 2025-26 and \$13 million General Fund in 2026-27 and ongoing to increase staffing, add and expand rehabilitative programs, and provide staff training for the San Quentin Rehabilitation Center and the new Educational and Vocational Center.

Statutory Changes. The May Revision includes statutory changes to (1) increase the ability for full-time incarcerated students to also hold a job or participate in programming, (2) broaden the pre-licensure employment waiver options for all mental health professionals employed by CDCR, and (3) revise the tuberculosis testing requirements for employees.

Family Liaison Services and Gender-Responsive Contract Costs. The May Revision includes \$2.6 million General Fund in 2025-26, 2026-27, and 2027-28 to fund increased costs for Family Liaison Services and Gender-Responsive, Trauma-Informed contract costs. The Family Liaison Services Program was established in 1980 and currently has ongoing funding of \$159,000 for CDCR to hire contract staff who act as a liaison between incarcerated people and their families and communities. CDCR is also required to contract with gender responsive experts to, among other things, design and implement evidence-based gender specific rehabilitative programs for female offenders and develop programs and training for department staff in female correctional facilities.

Solutions. The May Revision reflects a reduction of \$7.8 million one-time General Fund for COVID-19 mitigation costs as compared to Governor's budget, maintaining \$5 million for this purpose.

Staff Recommendation. Hold Open.

0559 LABOR & WORKFORCE DEVELOPMENT AGENCY
7100 EMPLOYMENT DEVELOPMENT DEPARTMENT
7350 DEPARTMENT OF INDUSTRIAL RELATIONS
7501 DEPARTMENT OF HUMAN RESOURCES (CALHR)
7900 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
7920 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Issue 4: Overview of May Revision Proposals

May Revision. The May Revision reflects the following adjustments:

Labor & Workforce Development Agency

Labor and Workforce Development Fund Loan. The May Revision includes a loan of \$400 million from the Labor and Workforce Development Fund to the General Fund.

Regional Coordination for Career Education. The May Revision includes a reduction of \$3 million one-time General Fund for the Labor and Workforce Development Agency in 2025-26 for the Labor and Workforce Development Agency to support evaluation of the expansion of regional coordination models for purposes of implementation of the Master Plan for Career Education. The Governor's January Budget included \$4 million one-time General Fund for this purpose, bringing the total investment to \$1 million with this reduction.

Employment Development Department (EDD)

Unemployment Insurance Trust Fund Loan Interest. The May Revision includes an increase of \$8.5 million one-time General Fund in 2025-26 to align with updated estimates for the annual interest payment on the state's Unemployment Insurance loan balance. This adjustment will bring the total estimated interest payment for 2025-26 to \$642.8 million General Fund.

Workforce Innovation and Opportunity Act. The May Revision includes an increase of \$20.4 million one-time in 2024-25 and an increase of \$119.6 million one-time in 2025-26 to align with anticipated federal Workforce Innovation and Opportunity Act funding that will be available to support various workforce development programs.

Department of Industrial Relations (DIR)

DIR Apprenticeship Training Grant. The May Revision includes an increase of \$18.2 million one-time from the Apprenticeship Training Contribution Fund for DIR to support apprenticeship training in construction and related trades. This is in addition to the \$3 million included in the Governor's January Budget for this purpose, bringing total investments up to \$21.2 million.

DIR Public Works Information Technology System Enhancements. The May Revision includes an increase of \$19.1 million Labor and Workforce Development Fund to continue modernization of DIR’s Public Works information technology system.

California Department of Technology (CDT) Rate Increases. The May Revision includes \$1 million special fund to address rate increases for services provided to DIR by CDT.

Department of Human Resources (CalHR)

Telework Policy Move Trailer Bill Language. The May Revision includes trailer bill language that would repeal statutory language related to the State Employee Telecommuting Program (Chapter 3 (commencing with Section 14200) of Part 5 of Division 3 of Title 2 of the Government Code) and recasts those sections into a new chapter, with modifications.

Proposed changes include a revised definition of “telework” that means “...employees residing in California participating in a flexible work arrangement where employees divide their time between working remotely and reporting to the designated workplace.”

California Public Employees’ Retirement System (CalPERS)

CalPERS State Contributions. The May Revision includes a decrease of \$103.9 million in 2025-26 for state contributions to CalPERS relative to Governor’s January Budget, Proposition 2. The May Revision estimates \$573 million in one-time Proposition 2 debt repayment funding in 2025-26 to further reduce unfunded liabilities of the CalPERS state plans.

California State Teachers’ Retirement System (CalSTRS)

CalSTRS State Contributions. The May Revision includes an increase of \$7.2 million in 2025-26 for state contributions to CalSTRS, relative to Governor’s January Budget, due to increases to the Defined Benefits Program and Supplemental Benefits Maintenance Account.

Staff Recommendation. Hold Open.

CONTROL SECTIONS 4.05 AND 4.12**Issue 5: Update on State Operations Reductions and Vacant Position Eliminations**

The 2024-25 Budget Act included two control sections, Control Section 4.05 and 4.12, aimed at reducing General Fund state operations and enhancing operational efficiencies across nearly all state agencies and departments to achieve savings in 2024-25, 2025-26 and ongoing.

Control Section 4.05 - State Operations Reductions. Control Section 4.05 provided the Department of Finance (DOF) with the authority to reduce departmental budgets for state operations by up to 7.95 percent to achieve savings of \$2.2 billion General Fund in 2024-25 and \$2.8 billion General Fund in 2025-26 and ongoing. The enacted budget did not assume any non-General Fund savings. The control section was designed to give flexibility to DOF to capture savings to address the General Fund deficit in 2024-25 and future years. Although the budget assumed a level of savings that could be achieved, it did not actually reduce departmental budgets. Instead, the reduction was made to the overall budget totals and remained “unallocated” to departments. Before allocating the reductions to specific departmental budgets, the control section required the administration to report specific information to the Legislature before requesting any implementation of any budgetary changes to departments’ funding levels. As required by the control section, on January 10, DOF revised its savings estimates down to \$1.5 billion (\$820 million General Fund) in 2024-25, and \$2 billion (\$1.2 billion General Fund) in 2025-26. However, the information provided to the Joint Legislative Budget Committee (JLBC) at that time was very limited and did not include any of the specific information required by the control section. On May 14, in concert with the May Revision and four months after it was required, DOF issued a more detailed report and requested authority to decrease spending levels by \$1.024 billion (\$605 million General Fund) in 2024-25 and \$1.6 billion (\$1.2 billion General Fund) in 2025-26, and ongoing, to implement savings achieved pursuant to Section 4.05. The amount of operational efficiencies departments were able to identify varied widely.

Control Section 4.12 – Vacant Position Eliminations. Control Section 4.12 established statewide administrative exercises led by DOF to achieve savings by limiting the ability of departments to fill vacant positions in 2024-25 and eliminating those vacant positions and the related funding in 2025-26. The control section applied to all state entities except the Legislature, Legislative Counsel, universities, and the judicial branch. The enacted 2024-25 budget assumed savings of \$1.5 billion (\$762.5 million General Fund) resulting from about 10,000 authorized positions being vacant in 2024-25. Like Control Section 4.05, Control Section 4.12 did not distribute savings or reduced position authority to departments. Instead, the reductions were made to the whole budget and were unallocated to departments. The budget specified that DOF would report and propose, as part of the Governor’s 2025-26 January Budget, the permanent elimination of vacant positions and associated funding to make the assumed savings ongoing beginning in 2025-26. While the administration technically complied with the January 10 reporting requirement, the information provided to the JLBC was limited and did not include the detailed information required pursuant to the control section.

On May 14, DOF finally issued a more detailed notification, four months after it was required, and requested authority to decrease spending levels by \$502 million (\$195 million General Fund) in 2024-25 and \$490 million (\$182 million General Fund) and eliminate 6,002 positions in 2025-26, ongoing, to implement savings achieved pursuant to the control section.

Below is a chart prepared by the LAO that shows the changes of the estimated saving associated with Control Sections 4.05 and 4.12:

Evolution of Assumed Combined Savings under Control Sections 4.05 and 4.12 (in billions)

	2024-25		2025-26	
	General Fund	All Funds	General Fund	All Funds
<i>Savings Assumed in 2024-25 Enacted Budget</i> ⁽¹⁾	2.9	3.7	3.6	4.3
Savings Identified In January 10, 2025 Report ⁽²⁾	1.0	2.0	1.5	2.5
Savings Identified In May 14 JLBC Reports ⁽³⁾	0.8	1.5	1.4	2.1

⁽¹⁾ The enacted 2024-25 budget included both Control Sections 4.05 and 4.12. The final budget bill language included reporting requirements under both control sections for the administration to report the conclusion of its work from the fall with departments as to how the savings would be achieved and which specific positions would be eliminated. In the case of Control Section 4.05, the final budget bill language specified that the savings would be "up to" 7.95 percent reductions.

⁽²⁾ The January 10, 2025 report indicated that roughly 6,500 vacant positions would be eliminated under Control Section 4.12. The report included savings that the administration has since indicated will not be achieved to address the fire response in Southern California. (The report also identified savings resulting from trial courts; however, these savings are not the result of Control Section 4.05 and so are not reflected in this figure.)

⁽³⁾ Does not reflect restoration of UC/CSU funding reflected outside of CS 4.05 and CS 4.12 in May Revision.

Little Information then Late Information. The administration was supposed to provide the Legislature with very detailed information about how it intended to implement the efficiencies and elimination of vacancies by January 10, 2025. For Control Section 4.05 the report was supposed to include "how the reduction in state operations expenditures was achieved" by reporting by department and program the funding source and magnitude of any changes to departments' budgets pursuant to the control section. For Control Section 4.12, DOF was required to report specific information to the JLBC and to the exclusive bargaining representatives of the state's 21 collective bargaining units. Specifically, for each position proposed to be eliminated in 2025-26, DOF was required to report (1) the department and program associated with the eliminated position, (2) the job classification of the eliminated position, (3) the savings associated with the eliminated position, and (4) the total amount of savings associated with the eliminated positions.

On January 10, the administration submitted a letter to the JLBC that included a two-page list organized by department that identified the "General Fund," "Other Funds," and "Total" savings identified in 2024-25 and 2025-26 for each state department. The report did not indicate which specific programs or funding sources were affected by the identified savings or any of the other detailed information that was required. According to the LAO, the list of identified savings that the administration reported to the Legislature at that time provided very high-level information and did not fully meet the reporting requirements specified under the control sections. There was

no information about specific funding sources, affected programs, or affected job classifications as was required by the control sections.

On May 14, in concert with the May Revision, more detailed information was eventually issued, giving the Legislature little time to evaluate the impact of the proposed reductions on departments and programs. If the information had been provided when it was required, the budget subcommittees would have had the opportunity to understand how departments arrived at the proposed reductions during their spring hearings.

General Fund v. Special Funds. The two control sections were primarily intended to capture savings to address the General Fund deficit in 2024-25 and future years. As mentioned above, the enacted budget did not assume any non-General Fund savings associated with state operations. However, in the January letter to the Joint Legislative Budget Committee the administration's estimates included a significant reduction in non-General Fund spending. In the May report, the revised savings showed lower overall savings, still split between General Fund and non-General Fund sources.

Questions remain about the impact of the cuts on special funded programs. According to the LAO, special funds are created to fund a specific purpose and are supported by taxes and fees levied on payors who receive the service supported by the fund. With little opportunity to review the reduction, it is unclear what lower spending from these special funds has on fees and other revenues that support the affected special funds. For some departments, including those that are responsible for implementing public health and safety standards, protecting environmental quality and natural resources or enforcing water and air quality measures, a majority of their revenue is made up of many special funds. The question arises as to how the level of service will be impacted by the efficiency cuts and vacancy eliminations especially considering some of these departments have struggled to have the funds and staffing necessary to meet their goals and missions.

The Legislature will need to approve the proposed state operations reductions and the vacant position eliminations as part of the 2025-26 Budget Act.

Staff Recommendation. Hold Open.

CONTROL SECTIONS 3.90 AND 3.91**Issue 6: Employee Compensation and Collective Bargaining**

The Ralph C. Dills Act requires the state to collectively bargain with the exclusive representatives of employee groups (i.e., bargaining units) regarding wages and working conditions, and to define negotiated agreements in memoranda of understanding (MOUs). Statute requires that any MOU or significant change to an MOU between the state and a bargaining unit be ratified by the Legislature.

In total, there are 21 collective bargaining units (BUs) that represent the nearly 220,000 employees that work for the State of California.

There are seven state employee bargaining units currently in negotiations whose contracts expire in July 2025. They include the following:

- BU 2 – California Attorneys, Administration, Law Judges and Hearing Officers in State Employment (CASE)
- BU 6 – California Correctional Peace Officers Association (CCPOA)
- BU 9 – Professional Engineers in California Government (PECG)
- BU 13 – International Union of Operating Engineers (IUOE)
- BU 16 – Union of American Physicians and Dentists (UAPD)
- BU 18 – California Association of Psychiatric Technicians (CAPT)
- BU 19 – American Federation of State, County and Municipal Employees (AFSCME) – Health and Social Services/Professionals

There are 14 BUs whose contracts expire in future years, all of which include collectively bargained pay increases scheduled to take effect on July 1, 2025. They include the following:

- BUs 1, 3, 4, 11, 14, 15, 17, 20, and 21 – State Employees International Union (SEIU) – General salary increase of 3% effective July 1, 2025 with an additional 1% if the Director of the Department of Finance determines that there is sufficient excess funding to fully fund the cost of a 4% increase at the time of the May Revision. (Contract expires June 30, 2026.)
- BU 5 – California Association of Highway Patrolmen (CAHP) – A general salary increase as required pursuant to Government Code section 19827 effective July 1, 2025. (Contract expires June 30, 2027.)
- BU 7 - California Statewide Law Enforcement Association (CSLEA) – A general salary increase of 2% effective July 1, 2025. (Contract expires June 30, 2026.)
- BU 8 - CAL FIRE Local 2881 – A general salary increase of 2.5% effective July 1, 2025 (Contract expires June 30, 2026.)

- BU 10 - California Association of Professional Scientists (CAPS-UAW) – A special salary increase of 3% on July 1, 2025. (Contract expires July 1, 2027.)
- BU 12 - International Union of Operating Engineers (IUOE) – Special salary top step increase of 4% on July 1, 2025. (Contract expires June 30, 2026.)

Control Sections 3.90 and 3.91. The May Revision proposes the addition of two new control sections and a reduction in employee compensation totaling \$767 million (\$283 million General Fund) in 2025-26.

The May Revision adds Control Section 3.90 that would provide the Director of Finance with the authority to make reductions to employee compensation achieved through collective bargaining. However, if an agreement is not reached by July 1, 2025, the Director would have the authority to reduce compensation for those bargaining units that have failed to reach an agreement. This new control section applies to all 21 BUs - the seven bargaining units with contracts that expire on July 1, 2025 and are currently in negotiations and the 14 bargaining units with existing MOUs that expire in future years.

In addition, the May Revision proposes Control Section 3.91 which would suspend collectively bargained salary increases that are scheduled to become effective during fiscal year 2025-26. This new control section would impact the 14 BUs that have existing contracts that expire in future years and the raises they are scheduled to receive on July 1, 2025. The \$767 million (\$283 million General Fund) in savings proposed in the May Revision is generated by freezing employee compensation at existing salary and wage levels and not implementing the collectively bargained increases scheduled for July 1, 2025.

The two new control sections do not impact negotiated increases in health care premiums and enrollment for state employees for the 2026 calendar year.

Ratification by the Legislature? Typically, statute requires that any MOU or change to a MOU between the state and a bargaining unit to be ratified by the Legislature. It is unclear how reductions in employee wages and salaries under Control Section 3.90 will be approved by the Legislature if the administration does not reach agreements with all of the BUs by July 1. Control Section 3.90 states:

“If a reduction in employee compensation is not achieved through collective bargaining agreements by July 1, 2025, the Director of Finance, upon agreement with the Legislature on this act, shall reduce employee compensation for members of all bargaining units without such a collective bargaining agreement.”

The phrase “upon agreement with the Legislature on this act” is ambiguous and does not specify what “agreement” means. It is unclear if this provision is a delegation of the Legislature’s authority or would still require the ratification of any changes to existing or expired MOUs.

Personal Leave Program/Furloughs? Control Section 3.90 provides little detail about how reductions to employee compensation to existing and expiring MOUs will be achieved. Because it is unknown how much savings is anticipated with the implementation of this section, it is unclear what the administration plans to propose in the way of salary and wage reductions. In the past, the administration has negotiated Personal Leave Programs (PLPs) with the BUs. According to the California Department of Human Resources, the PLP was established in 1992 to achieve savings in employee salary costs during a fiscal crisis. In 2003, 2010, 2012, and 2020 PLP was reinitiated to assist in achieving budget savings to improve the state's ability to meet its financial obligations. The most recent implementation of the PLP was effective July 1, 2020. This was in response to the economic crisis caused by the COVID-19 pandemic. As a result of the state's improved fiscal condition, effective July 1, 2021, the PLP 2020 pay reduction and accrual of leave credits ended. It is unclear if a PLP or some sort of furlough program would be used to achieve savings.

Freezing Salaries and Wages. Control Section 3.91 will freeze employee compensation for those bargaining units that have contracts that expire after July 1, 2025 and include negotiated salary and wage increases, including those that reached new multi-year agreements with the state during the current fiscal year. This new control section could allow for pay suspensions without any negotiation between the BUs and the administration, and does not require Legislative ratification of a new or amended MOUs between BUs and state.

Staff Recommendation. Hold Open.

ITEMS FOR COMMENT ONLY

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

Issue 7: Community Corrections Performance Incentive Grant

The May Revision contains \$127.9 million General Fund in 2025-26 to support the Community Corrections Performance Incentive Grant SB 678 (Leno), Chapter 608, Statutes of 2009, which provides incentives for counties to reduce the number of felony probationers sent to state prison. The Governor's budget proposed an updated the methodology for calculating the payments.

Staff Recommendation. Hold Open.

5227 BOARD OF STATE AND COMMUNITY CORRECTIONS

Issue 8: Overview of May Revision Proposals

The May Revision includes \$574.6 million for the Board of State and Community Corrections (BSCC), including \$230.6 million for infrastructure. Significant adjustments are outlined below.

Proposition 47 State Savings. The Administration estimates net savings of \$91.5 million General Fund in 2025-26 associated with Proposition 47, the Reduced Penalties for Some Crimes Initiative (2014). This is an increase of \$3.2 million compared to the Governor's budget.

Adult Reentry Grant Reappropriation. The May Revision includes a reappropriation from June 30, 2027, until June 30, 2029 of \$2.9 million originally appropriated in the 2024 Budget Act for the administration of the Adult Reentry Grant Program.

Suitability of Facilities for the Confinement of Juveniles. The May Revision includes statutory changes related to the suitability of facilities for the confinement of juveniles. The statutory changes requested would authorize BSCC to bring a civil action when it finds a juvenile detention facility unsuitable. These changes would also allow a superior court to order specified relief, including corrective action or injunctive relief, for a facility that fails to meet the state's minimum standards for operating a juvenile detention facility. This issue is being heard in Subcommittee #3 on Health and Human Services, as it impacts various departments and programs under both subcommittees.

Changes to Strengthen Cannabis Enforcement. The May Revision includes statutory changes that would authorize the BSCC's Proposition 64 Public Health and Safety Grant Program, which is funded through Allocation 3 of the Cannabis Tax Fund, to award grants to local governments that prohibit cannabis cultivation if they authorize retail cannabis sales and would require BSCC to prioritize grants to be directed to local illicit cannabis enforcement efforts. This issue is being heard in Subcommittee #4 on State Administration and General Government.

Staff Recommendation. Hold Open.

Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Tuesday, June 10, 2025
State Capitol – Room 112
8:00 a.m.

Consultant: Diego Emilio J. Lopez
Part B – Labor & Public Employment
Vote-Only Calendar

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Public Comment

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Vote-Only Calendar

- 0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY**
- 7100 EMPLOYMENT DEVELOPMENT DEPARTMENT**
- 7120 CALIFORNIA WORKFORCE DEVELOPMENT BOARD**
- 7300 AGRICULTURAL LABOR RELATIONS BOARD**
- 7320 PUBLIC EMPLOYMENT RELATIONS BOARD**
- 7501 DEPARTMENT OF HUMAN RESOURCES (CALHR)**
- 7900 PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)**
- 7920 STATE TEACHERS’ RETIREMENT SYSTEM (CALSTRS)**
- 9901 CONTROL SECTION 4.05**
- 9901 CONTROL SECTION 4.12**
- 9901 CONTROL SECTION 3.90**
- 9901 CONTROL SECTION 3.91**

Issue 1-47: Various Proposals

Issue	BU	Origin	Dept.	Subject	Description	Staff Recommendation
1	0559 7100 7120 7300 7350	Governor's Budget	Various	New Labor Agency Building Relocation	The Governor’s budget requests \$10,359,000 and \$194,000 (reimbursements) in 2025-26, \$15,067,000 and \$93,000 (reimbursements) in 2026-27, \$16,221,000 and \$93,000 (reimbursements) in 2027-28, \$17,486,000 and \$93,000 (reimbursements) in 2028-29, and \$18,463,000 and \$93,000 (reimbursements) in 2029-30 and ongoing for the Labor and Workforce Development Agency, and the departments within it, to support the Workforce Management System,	Approve as budgeted.

					relocation and decommissioning activities, and increased lease costs associated with the move to the New Labor Agency Building (NLAB).	
2	0559	Governor's Budget/May Revision	Labor and Workforce Development Agency	Regional Coordination for Career Education	The Governor's January budget included \$4 million one-time General Fund to evaluate, in collaboration with the Executive Director of the State Board of Education, regional coordination models. The May Revision reduces this amount to \$1 million one-time General Fund.	Reject May Revision and fully reject the \$4 million from the Governor's January budget.
3	0559	Governor's Budget	Labor and Workforce Development Agency	Labor and Workforce Development Fund Loan to the General Fund	The May Revision includes a \$400 million loan from the Labor and Workforce Development Fund to the General Fund.	Approve May Revision.
4	7100	Governor's Budget	Employment Development Department	Continuation of Cybersecurity Staffing, Security Audit Logging and Data Security	The Governor's budget requests \$13.8 million ongoing (\$6.9 million General Fund and \$6.9 million Unemployment Compensation Disability Fund) and 29 positions, for EDD, to continue support for its Cybersecurity Program.	Approve as budgeted.
5	7100	Governor's Budget	Employment Development Department	EDDNext Modernization	The Governor's January budget requests \$124.2 million in 2025-26, funded equally by the General Fund and the Unemployment Compensation Disability Fund, for EDD, to	Approve as budgeted.

					continue the EDDNext customer service improvement effort.	
6	7100	May Revision	Employment Development Department (EDD)	Continuation of Operating System License Agreement	The May Revision includes \$4.1 million ongoing and \$1.5 million ongoing to support the continuation of EDD's Microsoft 365 enterprise license agreement.	Approve May Revision.
7	7100	May Revision	Employment Development Department (EDD)	Workforce Innovation and Opportunity Act Allocations	The May Revision includes \$22.8 million one-time and an increase of \$96.7 million one-time to align Workforce Innovation and Opportunity Act funding authority with estimated federal allocations.	Approve May Revision.
8	7100	May Revision	Employment Development Department (EDD)	Unemployment Insurance Loan Interest Payment	The May Revision includes \$8.5 million one-time to reflect an updated Unemployment Insurance loan interest payment estimate. In conjunction with the amount proposed at Governor's Budget, this will be used to fund the estimated interest payment of \$642.8 million.	Approve May Revision.
9	7100	May Revision	Employment Development Department (EDD)	EDDNext Reappropriation	The May Revision reappropriates \$163.4 million Unemployment Compensation Disability Fund included in the 2024 Budget Act for the EDDNext modernization projects to make funds available for an additional year, through June 30, 2026.	Approve May Revision.
10	7120	May Revision	California Workforce Development Board	Continuing Grant Workload	The May Revision includes \$1.5 million one-time to support the continuation of California Workforce Development Board grant administration and evaluation activities in fiscal year 2025-26.	Approve May Revision.

11	7120	May Revision	California Workforce Development Board	Extensions of Liquidation for Grant Funding	The May Revision includes budget bill language to extend the liquidation periods for various programs with grantees impacted by wildfires and other unanticipated delays to have additional time for program implementation and service delivery.	Approve May Revision.
12	7120	May Revision	California Workforce Development Board	Continuing Grant Workload	The May Revision includes a reversion and new appropriation of \$1.5 million General Fund included in the 2021 Budget Act to continue grant implementation and evaluation workload from one-time grant programs in 2025-26, including \$150 million in local assistance as part of the Job and Economic Resilience grant package funded in the 2021 Budget Act.	Approve May Revision.
13	7120	Legislature	California Workforce Development Board	Helping Justice-Involved Reenter Employment (HIRE) Initiative	The Legislature's plan includes \$23 million one-time to support the Helping Justice-Involved Reenter Employment (HIRE) Initiative.	Approve as proposed.
14	7300	Governor's Budget	Agricultural Labor Relations Board	Increased Workload Related to Chapter 7, Statutes of 2023	The Governor's January budget requests 7 positions and \$1,873,000 in 2025-26 and ongoing from the Labor and Workforce Development Fund, for the Agricultural Labor Relations Board (ALRB),	Approve as budgeted.
15	7320	Governor's Budget/May Revision	Public Employment Relations Board	Attorney Classification Realignment (BCP Withdrawn)	The Governor's January budget included \$115,000 in fiscal year 2025-26 and ongoing to provide funding to improve the organizational structure and supervision of the Office of the General Counsel in line with the 2023 Attorney Class consolidation. The May Revision withdraws this proposal.	Approve May Revision.

16	7320	Legislature	Public Employment Relations Board	Increase Capacity and Funding for Training and Outreach	The Legislature's plan includes \$2 million one-time General Fund to increase case processing capacity and provide training and resources.	Approve this proposal.
17	7350	May Revision	Department of Industrial Relations	California Department of Technology Rate Increases	The May Revision includes \$1 million ongoing to fund additional costs associated with California Department of Technology rates based on the Department of Industrial Relations' (DIR's) current utilization of systems and services.	Approve May Revision.
18	7350	May Revision	Department of Industrial Relations	Public Works Information Technology System Enhancements	The May Revision includes \$19.1 million one-time and provisional language be added to support the continuation of enhancements to DIR's Public Works Information Technology System.	Approve May Revision and adopt placeholder budget bill language.
19	7350	May Revision	Department of Industrial Relations	Apprenticeship Training Grant Augmentation	The May Revision includes \$18.2 million one-time to support the expansion of building and construction trade apprenticeship grants in fiscal year 2025-26. The Governor's January budget included \$3 million Apprenticeship Training Contribution Fund for this purpose. The increase in apprenticeship grant funding proposed will facilitate an increase in building and construction workforce development statewide.	Approve May Revision.
20	7350	Legislature	Department of Industrial Relations	Garment Worker Center Pilot Program	The Legislature's plan includes \$12 million one-time Labor and Workforce Development Fund to support the Garment Worker Center Pilot Project.	Approve as proposed.

21	7350	Legislature	Department of Industrial Relations	California Workplace Outreach Program Expansion (CWOP)	The Legislature's plan includes \$13 million one-time Labor and Workforce Development Fund to support an expansion of the California Workplace Outreach program.	Approve as proposed and adopt placeholder trailer bill language.
22	7350	Governor's Budget	Department of Industrial Relations	Administrative Support	The Governor's January budget includes \$2.4 million various special funds and 17.0 positions in 2025-26 and ongoing to address the growing administrative need within DIR's divisions.	Approve as budgeted.
23	7350	Governor's Budget	Department of Industrial Relations	Audit & Enforcement Unit	The Governor's January budget requests \$3.2 million Workers' Compensation Administration Revolving Fund (WCARF) and 16.5 permanent positions in 2025-26, and \$2.9 million WCARF in 2026-27 and ongoing, for DIR, to enable the Audit and Enforcement Unit within the Division of Workers' Compensation (DWC)	Approve as budgeted.
24	7350	Governor's Budget	Department of Industrial Relations	Cal/OSHA Data Modernization	The Governor's January budget requests \$18.2 million Labor and Workforce Development Fund in 2025-26 to continue the development of the Division of Occupational Safety and Health's information technology system	Approve as budgeted.
25	7350	Governor's Budget	Department of Industrial Relations	Domestic Worker Definitions (SB 1350)	The Governor's January budget included \$1.2 million Occupational Safety and Health Fund (OSHF) and 4.5 positions in 2025-26 and \$1.1 million OSHF and 4.5 positions in 2026-27 and ongoing to provide resources for the Division of Occupational Safety and Health to	Approve as budgeted.

					implement the new requirements of Chapter 895, Statutes of 2024 (SB 1350).	
26	7350	Governor's Budget	Department of Industrial Relations	Electronic Adjudication Management System Modernization	The Governor's budget requests \$25.8 million one-time Labor and Workforce Development Fund, for DIR,	Approve as budgeted.
27	7350	Governor's Budget	Department of Industrial Relations	Occupational Safety and Health Standards Board Rulemaking Support	The Governor's January budget includes \$301,000 Occupational Safety and Health Fund (OSHF) and 1 position in 2025-26, \$588,000 OSHF and 2 positions in 2026-27, \$874,000 OSHF and 3 positions in 2027-28, and \$857,000 OSHF and 3 positions ongoing for the Occupational Safety and Health Standards Board (OSHSB or Standards Board) to assist with the rulemaking backlog and increase workload levels.	Approve as budgeted.
28	7350	Governor's Budget	Department of Industrial Relations	Property Service Worker Protection (AB 2364)	The Governor's budget includes \$900,000 one-time various special funds to commission a study on improving worker safety and safeguarding employment rights in the janitorial industry, and to convene an advisory committee to make recommendations regarding the scope of the study consistent with Chapter 394, Statutes of 2024 (AB 2364).	Approve as budgeted.

29	7350	Governor's Budget	Department of Industrial Relations	Schools' Occupational Injury & Illness Prevention Programs	The Governor's January budget includes \$170,000 Workers' Compensation Administration Revolving Fund (WCARF) annually from 2025-26 through 2027-28 to allow the Commission on Health and Safety and Workers' Compensation to assist schools in establishing effective occupational Injury and Illness Prevention Programs.	Approve as budgeted.
30	7350	Governor's Budget	Department of Industrial Relations	Subsequent Injuries Benefits Trust Fund Workload	The Governor's January budget requests \$2.7 million Workers' Compensation Administration Revolving Fund (WCARF) and 15 permanent positions in 2025-26 and \$2.5 million WCARF in 2026-27 and ongoing,	Approve as budgeted.
31	7350	Governor's Budget	Department of Industrial Relations	Workplace Violence Prevention Plans in Hospitals (AB 2975)	The Governor's January budget includes 0.5 permanent positions and \$125,000 in 2029-30 and ongoing from the Occupational Safety and Health Fund to implement Chapter 749, Statutes of 2024 (AB 2975).	Approve as budgeted.
32	7350	Governor's Budget	Department of Industrial Relations	DIR Employer Assessment Regulatory Alignments	The Governor's January budget includes trailer bill language that combines the statute for all six assessments, streamline fund administration, and other conforming changes.	Adopt placeholder trailer bill language.
33	7501	May Revision	Department of Human Resources	Telework Policy Move - TBL	The May Revision includes trailer bill language that proposes statutory changes to the State Employee Telecommuting Program.	Reject without prejudice.
34	7501	May Revision	Department of Human Resources	Non-Industrial Disability Insurance (NDI) Technical Fix - TBL	The May Revision includes trailer bill language that proposes technical statutory changes related to Non-Industrial Disability Insurance.	Adopt placeholder trailer bill language.

35	7501	Governor's Budget	Department of Human Resources	CalHR Internal Content Management System/Intranet	The Governor's January budget requests \$1.5 million General Fund in 2025-26 and \$500,000 General Fund in 2026-27, for the Department of Human Resources (CalHR) to replace its Internal Content Management System/Intranet.	Approve as budgeted.
36	7501	Governor's Budget/May Revision	Department of Human Resources	Diverse, Ethnic, and Community Media Outreach (AB 1511)	The Governor's January budget included 1.0 position and \$5.2 million various funds in 2025-26 and \$5.2 million various funds in 2026-27, 2027-28, and 2028-29 and \$160,000 various funds ongoing to maximize the use of ethnic and community media outlets for advertising and outreach, expanding the state's ability to reach California's diverse communities in accordance with Assembly Bill 1511. The May Revision withdraws this proposal.	Approve May Revision.
37	7501	Governor's Budget/May Revision	Department of Human Resources	LMS Consolidation with CalHR and DGS	The Governor's January budget requests 1 position and a total of \$399,000 General Fund for 2025-26 and \$392,000 General Fund ongoing, for CalHR, to address the consolidation of three statewide training systems into one Statewide LMS. The May Revision withdraws this proposal.	Approve May Revision.
38	7501	Governor's Budget	Department of Human Resources	Recruitment System Enhancements	The Governor's January budget requests \$300,000 General Fund in 2025-26, \$450,000 General Fund in 2026-27, and \$400,000 General Fund in 2027-28 and ongoing to invest in the State Recruitment platform and Examination and Certification Online System (ECOS) to continue to support Anonymous Hiring.	Approve as budgeted.

39	7501	Governor's Budget	Department of Human Resources	Savings Plus' Education & Outreach Travel Reimbursements	The Governor's January budget requests a \$79,000 augmentation to the Savings Plus' Deferred Compensation (DC) fund for 2025-26 and ongoing to fund travel costs that are currently prefunded by Savings Plus' Third-Party Administrator (TPA) Nationwide Retirement Solutions (Nationwide) and reimbursed by the Program's contracted Investment Managers.	Approve as budgeted.
40	7501	Legislature	Department of Human Resources	In-Home Supportive Services (IHSS) Collective Bargaining	The Legislature's plan includes \$3.3 million one-time General Fund to support IHSS collective bargaining.	Approve this proposal.
41	7900	Governor's Budget	Public Employees Retirement System (CalPERS)	State Employees' Retirement Contributions	The Governor's January budget includes \$9.1 billion (\$4.9 General Fund) for the statutorily required annual contribution to CalPERS for state pension costs in 2025-26	Approve as budgeted.
42	7900	May Revision	Public Employees' Retirement System	Proposition 2 Supplemental Pension Payment - TBL	The May Revision includes trailer bill language for statutory changes related to the Proposition 2 Supplemental Pension Payment.	Adopt placeholder trailer bill language.
43	7920	Governor's Budget	State Teachers' Retirement System (CalSTRS)	Annual Retirement Contributions	The Governor's January budget includes \$4.6 billion General Fund for the statutorily required annual state contributions to CalSTRS in 2025-26.	Approve as budgeted.

44	7920	Governor's Budget	State Teachers' Retirement System (CalSTRS)	Enterprisewide Operational Support	The Governor's January budget requests \$6.3 million Teachers' Retirement Fund ongoing, for the State Teachers Retirement System (CalSTRS), for enterprise-wide operational support. This includes \$2.6 million to establish 15 permanently authorized positions. In addition, this proposal includes \$3.7 million for various information technology (IT) service contracts.	Approve as budgeted.
45	9901	May Revision	Control Section 4.05	State Operations Reductions	The May Revision assumes savings of \$1.6 billion (\$1.175 General Fund) from reductions to state operations achieved pursuant to Control Section 4.05. Control Section 4.05, was adopted as part of the 2024-25 Budget Act, and provided the Department of Finance (DOF) with the authority to reduce departmental General Fund budgets for state operations by up to 7.95 percent to achieve savings through operational efficiencies. The savings will be achieved in 2024-25, 2025-26 and ongoing, across nearly all state agencies and departments.	Approve the General Fund saving achieved pursuant to Control Section 4.05 and reject the non-General Fund savings for 2025-26 excluding specified special funds.

46	9901	May Revision	Control Section 4.12	Vacant Position Elimination	<p>The May Revision assumes saving of \$489.8 million (\$182 General Fund) from the elimination of 6002.4 vacant positions. Control Section 4.12 in the 2024 Budget Act established statewide administrative exercises led by DOF to achieve savings by limiting the ability of departments to fill vacant positions in 2024-25 and permanently eliminating those vacant positions and the related funding in 2025-26. The control section applied to all state entities except the Legislature, Legislative Counsel, universities, and the judicial branch.</p>	<p>Approve the General Fund savings of \$182 million associated with the vacant General Fund positions. Reject the non-General Fund savings excluding the specified special funds. Reject the May Revision proposal to eliminate the General Fund and non-General Fund positions. Adopt control section language suspending the elimination of 6002 vacant positions identified pursuant to Control Section 4.12 in the 2024 Budget Act until the enactment of the Budget Act of 2026.</p>
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47	9901	May Revision	Control Section 3.90 and 3.91	Employee Compensation and Collective Bargaining	<p>The May Revision proposes the addition of two new control sections and a reduction in employee compensation totaling \$767 million (\$283 million General Fund) in 2025-26.</p> <p>Control Section 3.90. This new control section would provide the Director of Finance with the authority to make reductions to employee compensation achieved through collective bargaining. If an agreement is not reached by July 1, 2025, the Director will have the authority to reduce compensation for those bargaining units that have failed to reach an agreement. The new control section applies to all 21 state employee bargaining units - seven bargaining units with contracts that expire on July 1, 2025 and are currently in negotiations and the 14 bargaining units with existing memoranda of understanding that expire in future years.</p> <p>Control Section 3.91. This new control section would suspend collectively bargained salary increases that are scheduled to become effective during fiscal year 2025-26. This will impact 14 bargaining units that have existing contracts that expire in future years and by suspending raises these units are scheduled to receive on July 1, 2025. The \$767 million (\$283 million General Fund) in savings proposed in the May Revision is generated by freezing employee</p>	Reject May Revision.
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					compensation at existing salary and wage levels and not implementing the collectively bargained increases scheduled for July 1, 2025.	
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Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto
Senator Aisha Wahab



Tuesday, June 10, 2025
State Capitol – Room 112
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Consultant: Diego Emilio J. Lopez
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4-0: Issues 1, 2, 4-7, 9-12, 15, 17, 19, 22-24, 26, 29, 30, 32, 33, 35-37, 39, 41-43, and 45-47

3-1: Issues 3, 8, 13, 14, 16, 18, 20, 21, 25, 27, 28, 38, and 40

3-0: Issues 31, 34, and 44

Vote-Only Calendar

- 0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY**
- 7100 EMPLOYMENT DEVELOPMENT DEPARTMENT**
- 7120 CALIFORNIA WORKFORCE DEVELOPMENT BOARD**
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Issue 1-47: Various Proposals

Issue	BU	Origin	Dept.	Subject	Description	Staff Recommendation
1	0559 7100 7120 7300 7350	Governor's Budget	Various	New Labor Agency Building Relocation	The Governor's budget requests \$10,359,000 and \$194,000 (reimbursements) in 2025-26, \$15,067,000 and \$93,000 (reimbursements) in 2026-27, \$16,221,000 and \$93,000 (reimbursements) in 2027-28, \$17,486,000 and \$93,000 (reimbursements) in 2028-29, and \$18,463,000 and \$93,000 (reimbursements) in 2029-30 and ongoing for the Labor and Workforce Development	Approve as budgeted.

					Agency, and the departments within it, to support the Workforce Management System, relocation and decommissioning activities, and increased lease costs associated with the move to the New Labor Agency Building (NLAB).	
2	0559	Governor's Budget/May Revision	Labor and Workforce Development Agency	Regional Coordination for Career Education	The Governor's January budget included \$4 million one-time General Fund to evaluate, in collaboration with the Executive Director of the State Board of Education, regional coordination models. The May Revision reduces this amount to \$1 million one-time General Fund.	Reject May Revision and fully reject the \$4 million from the Governor's January budget.
3	0559	Governor's Budget	Labor and Workforce Development Agency	Labor and Workforce Development Fund Loan to the General Fund	The May Revision includes a \$400 million loan from the Labor and Workforce Development Fund to the General Fund.	Approve May Revision.
4	7100	Governor's Budget	Employment Development Department	Continuation of Cybersecurity Staffing, Security Audit Logging and Data Security	The Governor's budget requests \$13.8 million ongoing (\$6.9 million General Fund and \$6.9 million Unemployment Compensation Disability Fund) and 29 positions, for EDD, to continue support for its Cybersecurity Program.	Approve as budgeted.
5	7100	Governor's Budget	Employment Development Department	EDDNext Modernization	The Governor's January budget requests \$124.2 million in 2025-26, funded equally by the General Fund and the Unemployment Compensation Disability Fund, for EDD, to	Approve as budgeted.

					continue the EDDNext customer service improvement effort.	
6	7100	May Revision	Employment Development Department (EDD)	Continuation of Operating System License Agreement	The May Revision includes \$4.1 million ongoing and \$1.5 million ongoing to support the continuation of EDD's Microsoft 365 enterprise license agreement.	Approve May Revision.
7	7100	May Revision	Employment Development Department (EDD)	Workforce Innovation and Opportunity Act Allocations	The May Revision includes \$22.8 million one-time and an increase of \$96.7 million one-time to align Workforce Innovation and Opportunity Act funding authority with estimated federal allocations.	Approve May Revision.
8	7100	May Revision	Employment Development Department (EDD)	Unemployment Insurance Loan Interest Payment	The May Revision includes \$8.5 million one-time to reflect an updated Unemployment Insurance loan interest payment estimate. In conjunction with the amount proposed at Governor's Budget, this will be used to fund the estimated interest payment of \$642.8 million.	Approve May Revision.
9	7100	May Revision	Employment Development Department (EDD)	EDDNext Reappropriation	The May Revision reappropriates \$163.4 million Unemployment Compensation Disability Fund included in the 2024 Budget Act for the EDDNext modernization projects to make funds available for an additional year, through June 30, 2026.	Approve May Revision.
10	7120	May Revision	California Workforce Development Board	Continuing Grant Workload	The May Revision includes \$1.5 million one-time to support the continuation of California Workforce Development Board grant administration and evaluation activities in fiscal year 2025-26.	Approve May Revision.

11	7120	May Revision	California Workforce Development Board	Extensions of Liquidation for Grant Funding	The May Revision includes budget bill language to extend the liquidation periods for various programs with grantees impacted by wildfires and other unanticipated delays to have additional time for program implementation and service delivery.	Approve May Revision.
12	7120	May Revision	California Workforce Development Board	Continuing Grant Workload	The May Revision includes a reversion and new appropriation of \$1.5 million General Fund included in the 2021 Budget Act to continue grant implementation and evaluation workload from one-time grant programs in 2025-26, including \$150 million in local assistance as part of the Job and Economic Resilience grant package funded in the 2021 Budget Act.	Approve May Revision.
13	7120	Legislature	California Workforce Development Board	Helping Justice-Involved Reenter Employment (HIRE) Initiative	The Legislature's plan includes \$23 million one-time to support the Helping Justice-Involved Reenter Employment (HIRE) Initiative.	Approve as proposed.
14	7300	Governor's Budget	Agricultural Labor Relations Board	Increased Workload Related to Chapter 7, Statutes of 2023	The Governor's January budget requests 7 positions and \$1,873,000 in 2025-26 and ongoing from the Labor and Workforce Development Fund, for the Agricultural Labor Relations Board (ALRB),	Approve as budgeted.
15	7320	Governor's Budget/May Revision	Public Employment Relations Board	Attorney Classification Realignment (BCP Withdrawn)	The Governor's January budget included \$115,000 in fiscal year 2025-26 and ongoing to provide funding to improve the organizational structure and supervision of the Office of the General Counsel in line with the 2023 Attorney Class consolidation. The May Revision withdraws this proposal.	Approve May Revision.

16	7320	Legislature	Public Employment Relations Board	Increase Capacity and Funding for Training and Outreach	The Legislature's plan includes \$2 million one-time General Fund to increase case processing capacity and provide training and resources.	Approve this proposal.
17	7350	May Revision	Department of Industrial Relations	California Department of Technology Rate Increases	The May Revision includes \$1 million ongoing to fund additional costs associated with California Department of Technology rates based on the Department of Industrial Relations' (DIR's) current utilization of systems and services.	Approve May Revision.
18	7350	May Revision	Department of Industrial Relations	Public Works Information Technology System Enhancements	The May Revision includes \$19.1 million one-time and provisional language be added to support the continuation of enhancements to DIR's Public Works Information Technology System.	Approve May Revision and adopt placeholder budget bill language.
19	7350	May Revision	Department of Industrial Relations	Apprenticeship Training Grant Augmentation	The May Revision includes \$18.2 million one-time to support the expansion of building and construction trade apprenticeship grants in fiscal year 2025-26. The Governor's January budget included \$3 million Apprenticeship Training Contribution Fund for this purpose. The increase in apprenticeship grant funding proposed will facilitate an increase in building and construction workforce development statewide.	Approve May Revision.
20	7350	Legislature	Department of Industrial Relations	Garment Worker Center Pilot Program	The Legislature's plan includes \$12 million one-time Labor and Workforce Development Fund to support the Garment Worker Center Pilot Project.	Approve as proposed.

21	7350	Legislature	Department of Industrial Relations	California Workplace Outreach Program Expansion (CWOP)	The Legislature's plan includes \$13 million one-time Labor and Workforce Development Fund to support an expansion of the California Workplace Outreach program.	Approve as proposed and adopt placeholder trailer bill language.
22	7350	Governor's Budget	Department of Industrial Relations	Administrative Support	The Governor's January budget includes \$2.4 million various special funds and 17.0 positions in 2025-26 and ongoing to address the growing administrative need within DIR's divisions.	Approve as budgeted.
23	7350	Governor's Budget	Department of Industrial Relations	Audit & Enforcement Unit	The Governor's January budget requests \$3.2 million Workers' Compensation Administration Revolving Fund (WCARF) and 16.5 permanent positions in 2025-26, and \$2.9 million WCARF in 2026-27 and ongoing, for DIR, to enable the Audit and Enforcement Unit within the Division of Workers' Compensation (DWC)	Approve as budgeted.
24	7350	Governor's Budget	Department of Industrial Relations	Cal/OSHA Data Modernization	The Governor's January budget requests \$18.2 million Labor and Workforce Development Fund in 2025-26 to continue the development of the Division of Occupational Safety and Health's information technology system	Approve as budgeted.
25	7350	Governor's Budget	Department of Industrial Relations	Domestic Worker Definitions (SB 1350)	The Governor's January budget included \$1.2 million Occupational Safety and Health Fund (OSHF) and 4.5 positions in 2025-26 and \$1.1 million OSHF and 4.5 positions in 2026-27 and ongoing to provide resources for the Division of Occupational Safety and Health to	Approve as budgeted.

					implement the new requirements of Chapter 895, Statutes of 2024 (SB 1350).	
26	7350	Governor's Budget	Department of Industrial Relations	Electronic Adjudication Management System Modernization	The Governor's budget requests \$25.8 million one-time Labor and Workforce Development Fund, for DIR,	Approve as budgeted.
27	7350	Governor's Budget	Department of Industrial Relations	Occupational Safety and Health Standards Board Rulemaking Support	The Governor's January budget includes \$301,000 Occupational Safety and Health Fund (OSHF) and 1 position in 2025-26, \$588,000 OSHF and 2 positions in 2026-27, \$874,000 OSHF and 3 positions in 2027-28, and \$857,000 OSHF and 3 positions ongoing for the Occupational Safety and Health Standards Board (OSHSB or Standards Board) to assist with the rulemaking backlog and increase workload levels.	Approve as budgeted.
28	7350	Governor's Budget	Department of Industrial Relations	Property Service Worker Protection (AB 2364)	The Governor's budget includes \$900,000 one-time various special funds to commission a study on improving worker safety and safeguarding employment rights in the janitorial industry, and to convene an advisory committee to make recommendations regarding the scope of the study consistent with Chapter 394, Statutes of 2024 (AB 2364).	Approve as budgeted.

29	7350	Governor's Budget	Department of Industrial Relations	Schools' Occupational Injury & Illness Prevention Programs	The Governor's January budget includes \$170,000 Workers' Compensation Administration Revolving Fund (WCARF) annually from 2025-26 through 2027-28 to allow the Commission on Health and Safety and Workers' Compensation to assist schools in establishing effective occupational Injury and Illness Prevention Programs.	Approve as budgeted.
30	7350	Governor's Budget	Department of Industrial Relations	Subsequent Injuries Benefits Trust Fund Workload	The Governor's January budget requests \$2.7 million Workers' Compensation Administration Revolving Fund (WCARF) and 15 permanent positions in 2025-26 and \$2.5 million WCARF in 2026-27 and ongoing,	Approve as budgeted.
31	7350	Governor's Budget	Department of Industrial Relations	Workplace Violence Prevention Plans in Hospitals (AB 2975)	The Governor's January budget includes 0.5 permanent positions and \$125,000 in 2029-30 and ongoing from the Occupational Safety and Health Fund to implement Chapter 749, Statutes of 2024 (AB 2975).	Approve as budgeted.
32	7350	Governor's Budget	Department of Industrial Relations	DIR Employer Assessment Regulatory Alignments	The Governor's January budget includes trailer bill language that combines the statute for all six assessments, streamline fund administration, and other conforming changes.	Adopt placeholder trailer bill language.
33	7501	May Revision	Department of Human Resources	Telework Policy Move - TBL	The May Revision includes trailer bill language that proposes statutory changes to the State Employee Telecommuting Program.	Reject without prejudice.
34	7501	May Revision	Department of Human Resources	Non-Industrial Disability Insurance (NDI) Technical Fix - TBL	The May Revision includes trailer bill language that proposes technical statutory changes related to Non-Industrial Disability Insurance.	Adopt placeholder trailer bill language.

35	7501	Governor's Budget	Department of Human Resources	CalHR Internal Content Management System/Intranet	The Governor's January budget requests \$1.5 million General Fund in 2025-26 and \$500,000 General Fund in 2026-27, for the Department of Human Resources (CalHR) to replace its Internal Content Management System/Intranet.	Approve as budgeted.
36	7501	Governor's Budget/May Revision	Department of Human Resources	Diverse, Ethnic, and Community Media Outreach (AB 1511)	The Governor's January budget included 1.0 position and \$5.2 million various funds in 2025-26 and \$5.2 million various funds in 2026-27, 2027-28, and 2028-29 and \$160,000 various funds ongoing to maximize the use of ethnic and community media outlets for advertising and outreach, expanding the state's ability to reach California's diverse communities in accordance with Assembly Bill 1511. The May Revision withdraws this proposal.	Approve May Revision.
37	7501	Governor's Budget/May Revision	Department of Human Resources	LMS Consolidation with CalHR and DGS	The Governor's January budget requests 1 position and a total of \$399,000 General Fund for 2025-26 and \$392,000 General Fund ongoing, for CalHR, to address the consolidation of three statewide training systems into one Statewide LMS. The May Revision withdraws this proposal.	Approve May Revision.
38	7501	Governor's Budget	Department of Human Resources	Recruitment System Enhancements	The Governor's January budget requests \$300,000 General Fund in 2025-26, \$450,000 General Fund in 2026-27, and \$400,000 General Fund in 2027-28 and ongoing to invest in the State Recruitment platform and Examination and Certification Online System (ECOS) to continue to support Anonymous Hiring.	Approve as budgeted.

39	7501	Governor's Budget	Department of Human Resources	Savings Plus' Education & Outreach Travel Reimbursements	The Governor's January budget requests a \$79,000 augmentation to the Savings Plus' Deferred Compensation (DC) fund for 2025-26 and ongoing to fund travel costs that are currently prefunded by Savings Plus' Third-Party Administrator (TPA) Nationwide Retirement Solutions (Nationwide) and reimbursed by the Program's contracted Investment Managers.	Approve as budgeted.
40	7501	Legislature	Department of Human Resources	In-Home Supportive Services (IHSS) Collective Bargaining	The Legislature's plan includes \$3.3 million one-time General Fund to support IHSS collective bargaining.	Approve this proposal.
41	7900	Governor's Budget	Public Employees Retirement System (CalPERS)	State Employees' Retirement Contributions	The Governor's January budget includes \$9.1 billion (\$4.9 General Fund) for the statutorily required annual contribution to CalPERS for state pension costs in 2025-26	Approve as budgeted.
42	7900	May Revision	Public Employees' Retirement System	Proposition 2 Supplemental Pension Payment - TBL	The May Revision includes trailer bill language for statutory changes related to the Proposition 2 Supplemental Pension Payment.	Adopt placeholder trailer bill language.
43	7920	Governor's Budget	State Teachers' Retirement System (CalSTRS)	Annual Retirement Contributions	The Governor's January budget includes \$4.6 billion General Fund for the statutorily required annual state contributions to CalSTRS in 2025-26.	Approve as budgeted.

44	7920	Governor's Budget	State Teachers' Retirement System (CalSTRS)	Enterprisewide Operational Support	The Governor's January budget requests \$6.3 million Teachers' Retirement Fund ongoing, for the State Teachers Retirement System (CalSTRS), for enterprise-wide operational support. This includes \$2.6 million to establish 15 permanently authorized positions. In addition, this proposal includes \$3.7 million for various information technology (IT) service contracts.	Approve as budgeted.
45	9901	May Revision	Control Section 4.05	State Operations Reductions	The May Revision assumes savings of \$1.6 billion (\$1.175 General Fund) from reductions to state operations achieved pursuant to Control Section 4.05. Control Section 4.05, was adopted as part of the 2024-25 Budget Act, and provided the Department of Finance (DOF) with the authority to reduce departmental General Fund budgets for state operations by up to 7.95 percent to achieve savings through operational efficiencies. The savings will be achieved in 2024-25, 2025-26 and ongoing, across nearly all state agencies and departments.	Approve the General Fund saving achieved pursuant to Control Section 4.05 and reject the non-General Fund savings for 2025-26 excluding specified special funds.

46	9901	May Revision	Control Section 4.12	Vacant Position Elimination	<p>The May Revision assumes saving of \$489.8 million (\$182 General Fund) from the elimination of 6002.4 vacant positions. Control Section 4.12 in the 2024 Budget Act established statewide administrative exercises led by DOF to achieve savings by limiting the ability of departments to fill vacant positions in 2024-25 and permanently eliminating those vacant positions and the related funding in 2025-26. The control section applied to all state entities except the Legislature, Legislative Counsel, universities, and the judicial branch.</p>	<p>Approve the General Fund savings of \$182 million associated with the vacant General Fund positions. Reject the non-General Fund savings excluding the specified special funds. Reject the May Revision proposal to eliminate the General Fund and non-General Fund positions. Adopt control section language suspending the elimination of 6002 vacant positions identified pursuant to Control Section 4.12 in the 2024 Budget Act until the enactment of the Budget Act of 2026.</p>
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47	9901	May Revision	Control Section 3.90 and 3.91	Employee Compensation and Collective Bargaining	<p>The May Revision proposes the addition of two new control sections and a reduction in employee compensation totaling \$767 million (\$283 million General Fund) in 2025-26.</p> <p>Control Section 3.90. This new control section would provide the Director of Finance with the authority to make reductions to employee compensation achieved through collective bargaining. If an agreement is not reached by July 1, 2025, the Director will have the authority to reduce compensation for those bargaining units that have failed to reach an agreement. The new control section applies to all 21 state employee bargaining units - seven bargaining units with contracts that expire on July 1, 2025 and are currently in negotiations and the 14 bargaining units with existing memoranda of understanding that expire in future years.</p> <p>Control Section 3.91. This new control section would suspend collectively bargained salary increases that are scheduled to become effective during fiscal year 2025-26. This will impact 14 bargaining units that have existing contracts that expire in future years and by suspending raises these units are scheduled to receive on July 1, 2025. The \$767 million (\$283 million General Fund) in savings proposed in the May Revision is generated by freezing employee</p>	Reject May Revision.
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					compensation at existing salary and wage levels and not implementing the collectively bargained increases scheduled for July 1, 2025.	
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