

Senator Eloise Gómez Reyes, Chair
Senator Catherine Blakespear
Senator Steven Choi
Senator Jerry McNerney



Thursday, February 26, 2026
9:30 a.m. or Upon Adjournment of Session
1021 O Street - Room 2200

Consultant: Joanne Roy

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Issue 1: CNRA Bond and Technical Proposals

Governor’s Proposal. The Governor’s budget requests to make various bond and technical adjustments such as reappropriations and reversions.

Staff Recommendation. Approve as budgeted.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

Issue 2: Lake Tahoe Clarity Management Tools

Governor’s Proposal. The Governor’s budget requests \$700,000 one-time in 2026-27 from the Lake Tahoe Science and Lake Improvement Account to support the Tahoe Science Advisory Council’s (Council’s) work to understand and improve Lake Tahoe’s clarity in the face of changing climate conditions.

CNRA intends to contract with the Council to use the requested resources to leverage recent research and monitoring and develop contemporary clarity prediction tools that are intended to reflect evolving ecological and climate conditions, and support management decisions at Lake Tahoe.

Background. The Council provides coordinated, collaborative science advice to inform policy and implementation decisions. In May 2025, the Council conducted a two-day workshop to review recent findings and scientists and partners both stressed the need for updated predictive tools. Effective water

quality management at Lake Tahoe depends on understanding of how clarity conditions respond to restoration and land use policy decisions. The science and technology behind current clarity prediction methods is over two decades old. Changing climate conditions have impacted Lake Tahoe's physical, chemical, and biological systems and altered the drivers of transparency, rendering current clarity predictions out-of-date.

Staff Recommendation. Approve as budgeted.

3125 TAHOE CONSERVANCY

Issue 3: Minor Capital Outlay

Governor's Proposal. The Governor's budget requests \$500,000 (\$100,000 from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access Fund (Proposition 68) and \$400,000 from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84)) for various minor capital outlay projects on Conservancy land. These projects involve demolishing existing structures, stabilizing and improving previously acquired property, installing public safety features, and completing upgrades on developed facilities. Additionally, the Conservancy requests the reversion of the following items:

1. 3125-301-6051, ENY 2022 (Conceptual Feasibility Planning)
2. 3125-301-6051, ENY 2024 (Conceptual Feasibility Planning)

The funding is intended to help resolve a list of issues based on an inventory of site improvement needs for improved public access and safety, fencing, property surveys, and water quality improvements.

Background. Since its establishment in 1984, the Conservancy has acquired over 4,700 parcels (over 6,500 acres) for water quality and resource protection. The vast majority of these parcels are undeveloped. Some have facilities for public access and recreation. Many of these properties require minor improvement to provide better public access and other improvements to enhance habitat biodiversity and other natural characteristics

Staff Recommendation. Approve as budgeted.

Issue 4: Reappropriation of Item 3125-301-0262 Budget Act of 2022

Governor's Proposal. The Governor's budget requests the reappropriation of an existing \$500,000 Habitat Conservation Fund capital outlay appropriation for the working drawings phase for the multiple-benefit Upper Truckee River, Reach 6 Project without delay. As part of the project's working drawings phase, the Conservancy intends to develop engineering plans and specifications to restore a degraded section of the Upper Truckee River (River) and adjacent floodplain. Total project costs are estimated at \$11.5 million. The project is intended to reduce sediment and nutrients that flow from the River into Lake Tahoe; enhance aquatic and terrestrial habitat; protect biodiversity; sequester carbon; improve public access; and restore climate resilience.

Staff Recommendation. Approve as budgeted.

3480 DEPARTMENT OF CONSERVATION (DOC)

Issue 5: Maintaining and Strengthening Resilience of California's Seismic Network

Governor's Proposal. The Governor's budget requests \$2.13 million in 2026-27, and \$1.87 million annually in 2027-28, 2028-29, and 2029-30, from the Strong Motion Instrumentation and Seismic Hazard Mapping Fund; and 10 permanent positions to maintain and upgrade the California Strong Motion Instrumentation Program (CSMIP).

According to the administration, DOC's California Geologic Survey (CGS) lacks sufficient staffing and funding to maintain, operate, and modernize approximately 1,400 seismic monitoring stations and over 10,000 seismic sensors. Specifically, approximately 30 percent of sensors are overdue for maintenance inspections and over 20 percent of stations are inoperable, creating a significant vulnerability in the state's ability to monitor and respond to seismic events.

Background. Since 2000, CSMIP has significantly expanded its seismic monitoring network — the number of strong-motion stations has grown from approximately 800 to approximately 1,400 instruments across California, including over 940 ground response sites (272 of which support the California Earthquake Early Warning), 274 buildings, 129 lifeline structures (such as bridges, dams, wharves, and tunnels), and 41 geotechnical arrays. These stations encompass more than 10,000 seismic sensors. While this expansion has greatly enhanced the state's seismic monitoring capabilities, it has also introduced major challenges, including the lack of sufficient staffing to maintain, operate, and modernize this growing infrastructure. Staffing levels have not kept pace with the increased number of stations and sensors. As a result, approximately 30 percent of instruments are currently overdue for maintenance inspections, and over 20 percent of stations are inoperable, which has created substantial vulnerability in California's seismic monitoring and emergency response systems.

Staff Recommendation. Approve as budgeted.

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)**Issue 6: Reimbursement Position Authority**

Governor’s Proposal. The Governor’s budget requests 21.5 positions (permanent position authority only) in 2026-27 and ongoing, to replace temporary positions used to complete work that has been funded historically by long-term reimbursement agreements. These reimbursement agreements allow the department to further its mission and help ensure the protection of California’s ecosystems and wildlife. For CDFW to continue to meet the objectives in the agreements and the associated permitting, the department requires reimbursement position authority.

Background. CDFW has long-term agreements with several state entities and utility companies that fund department staff who perform work on behalf of the contracted entity. These agreements are with entities such as the California Department of Water Resources, California Department of Transportation, and Southern California Edison Company. These agreements fund dedicated permitting staff to help expedite permitting review and allow the department to complete activities and objectives of reimbursement agreements more effectively and efficiently.

Staff Recommendation. Approve as budgeted.

Issue 7: Cannabis Impacted Lands

Governor’s Proposal. The Governor’s budget requests 22 positions (permanent position authority only) to further assess, mitigate and remediate cannabis impacted lands owned by the department, California Native American Tribes, and local jurisdictions, in addition to increasing enforcement support in Northern California. The positions will be funded by the department’s existing authority provided through the continuous appropriation from the Cannabis Tax Fund – Department of Fish and Wildlife, Environmental Restoration and Protection Account - Allocation 3 (Allocation 3).

The requested positions are needed to expand and strengthen CDFW’s capacity to protect public and tribal lands from the escalating threats posed by illegal cannabis cultivation. By establishing specialized scientific teams dedicated to unique geographic regions and watersheds, the department intends to enhance its ability to assess, mitigate, and remediate environmental impacts while fostering vital partnerships with local jurisdictions and local tribes to safeguard their ancestral resources.

Collectively, these positions are intended to provide the department necessary resources to extend its reach beyond current limitations, addressing both the environmental degradation of public and tribal lands and the operational challenges of enforcement and evidence management. This investment directly supports the mandate under Revenue and Taxation Code Section 34019(f)(2) and Fish and Game Code Section 12029 to protect California’s natural resources and uphold the rule of law in the face of ongoing illegal cannabis cultivation. The requested positions provide a range of business support services and technical expertise necessary to carry out the enhanced program operations.

Background. CDFW’s Cannabis Program protects public lands from illegal cultivation and the associated environmental damage. This responsibility spans over 141 ecological reserves, 85 public access properties, 109 wildlife areas, and 309 undesignated properties totaling more than 1.2 million acres.

Many of the attributes that make the department lands desirable as wildlife habitat and public recreation sites (remoteness, minimal staffing, water sources, vegetative cover, etc.), also make them susceptible to cannabis cultivation and related illegal activities. These activities result in habitat degradation, fragmentation, pollution, poaching, land clearing, water theft and stream impairments, and undermine the legal cannabis market.

Staff Recommendation. Approve as budgeted.

Issue 8: San Joaquin River Basin Spring and Fall-Run Chinook Salmon Restoration

Governor’s Proposal. The Governor’s budget requests three permanent positions, resources for existing staff, \$5 million General Fund in 2026-27 and \$5.4 million in 2027-28 and ongoing to provide necessary resources for the operation of the newly constructed San Joaquin Research and Conservation Hatchery Facility (SCARF), and to continue the San Joaquin River Restoration Program (SJRRP), and the Merced River Hatchery (MRH).

This proposal is intended to help ensure continued success for salmon reintroduction and restoration in the San Joaquin River Basin which represents the southern segment of the Central Valley salmon population.

Background. Salmon populations face a downward trend of many salmon populations in California due to several threats and impacts, including ongoing drought conditions and more recent dynamics like an increased deficiency in salmon diets in the ocean. In addition, following large water development projects in the 20th century, spring-run Chinook salmon became extirpated in the southern Central Valley and fall-run Chinook salmon have similarly faced significant extinction risks.

The Salmon Strategy. In January 2024, the administration released California’s Salmon Strategy for a Hotter, Drier Future: Restoring Aquatic Ecosystems in the Age of Climate Change (Salmon Strategy). The Salmon Strategy identifies six priorities to build healthier, thriving salmon populations in California. One of those priorities is the modernization of salmon hatcheries. The Salmon Strategy includes the goal to increase spring-run Chinook salmon production to one million fish annually by 2025.

The hatcheries are an integral component of a strategy to mitigate Chinook Salmon losses and sustain the long-term viability of the salmon fishery while protecting the genetic diversity of naturally producing populations. Department hatcheries are focused on supplementing the natural production of salmon with hatchery produced fish.

San Joaquin Research and Conservation Hatchery Facility (SCARF). The newly constructed SCARF serves to support the state’s efforts to restore spring-run Chinook salmon by 2040. SCARF is adjacent to the existing San Joaquin (trout) Hatchery and will implement modern hatchery practices and support reintroduction and restoration of Spring-run Chinook salmon which, historically, was one of the largest and most important salmon runs in California.

Collectively, both facilities, along with the SJRRP, which conducts salmonid research and monitoring supporting salmon reintroduction and habitat restoration, are necessary to prevent further impediments to Central Valley salmonid populations, reduce extinction risks and support recovery of salmonid populations in California.

SJRRP. CDFW’s SJRRP is engaged in long-term research and monitoring activities for all life-stages of

salmon, habitat quantity and need, flow and temperature impacts, genetic sampling, fish passage, and native fish community assessment to inform restoration measures and evaluate success. These two hatchery facilities and the SJRRP are critical to the department's efforts to restore and protect salmon populations in California.

MRH. The MRH has been in service for more than 50 years producing fall-run Chinook salmon for the San Joaquin River system to: (1) Mitigate Chinook salmon losses, (2) Sustain the viability of the salmon fishery in California, (3) Protect the genetic diversity of Central Valley Fall-run, and (4) Produce study fish to inform various proceedings and water management efforts in the Delta and Sacramento-San Joaquin River Systems.

Due to the expiration in long-term mitigation funding provided by the Department of Water Resources (DWR), MRH does not have the necessary resources to maintain existing operations and support future needs. Since 1991, DWR has provided for 47 percent (approximately \$336,000) of the annual expenses to operate the hatchery in exchange for mitigation credits to offset San Joaquin River basin wide fall-run salmon entrainment loss at Harvey O. Banks pumping plant. DWR met its contractual agreement and funding expired in June of 2022.

Staff Recommendation. Approve as budgeted.

3720 CALIFORNIA COASTAL COMMISSION

Issue 9: Public Education Program Support

Governor's Proposal. The Governor's budget requests \$183,000 one-time from the California Beach & Coastal Enhancement Account (CBCEA) to support a temporary position in the Public Education program. The administration states that this temporary position is needed to support grant recipients, conduct outreach, broaden access to coastal educational opportunities, and help manage social media accounts.

Background. The California Coastal Commission's (Commission) Public Education Program (Program) is mandated by the California Coastal Act. PRC Section 30012(b)(1) states:

The commission shall carry out a public education program that includes outreach efforts to schools, youth organizations, and the general public for the purpose of promoting understanding of, fostering a sense of individual responsibility for, and encouraging public initiatives and participation in programs for, the conservation and wise use of coastal and ocean resources.

According to the administration, the Program's purposes are to do the following: increase public knowledge of coastal and marine resources, engage the public in coastal protection and restoration activities, and foster long-term stewardship of California's natural resources. The Program has been in operation since the mid-1980s. In the early years, the focus of the Program was on Coastal Cleanup Day and the Adopt-A-Beach®. However, over the past several decades, the breadth of the Program has grown substantially.

The Commission's Public Education Unit and the Whale Tail Grants Program are funded by revenue generated from sales of the Whale Tail License Plate, a "specialty" license plate that California drivers purchase to support coast and ocean protection. Specialty license plates generate revenue through two

types of fees: specialty fees to purchase that style of license plate, and personalization fees for a personalized message if the customer chooses that. Half of the specialty fee revenues generated by Whale Tail License Plate sales and renewals are deposited into the CBCEA. The other half of the specialty and personalization fee revenues are deposited into the Environmental License Plate Fund. This results in approximately 25 percent of total Whale Tail License Plate revenue being directed to the CBCEA.

CBCEA has a sufficient reserve to support this one-time cost, and the proposal complies with California Vehicle Code § 5067 (C)(1)(a) which states that the fund should be allocated to the Commission for purposes including its public education programs, grant programs, the Adopt-A-Beach program, and the Beach Cleanup Day program. During 2026-27, Public Education staff intend to make a renewed effort to increase Whale Tail plate sales through new marketing methods and social media outreach. The Commission intends to continue to evaluate CBCEA revenues and their ability to support ongoing resources for the Public Education program in future years

Staff Recommendation. Approve as budgeted.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 10: Hollister Hills State Vehicle Recreation Area (SVRA): Entrance Kiosk

Governor’s Proposal. The Governor’s budget requests \$133,000 one-time from the Off-Highway Vehicle Trust Fund (OHVTF) for the working drawings phase of the Hollister Hills State Vehicular Recreation Area (SVRA) Entrance Kiosk project in San Benito County. This project includes an entrance kiosk, site work, utilities, and accessible parking. Total project costs are estimated at \$1.66 million. Construction is scheduled to begin in January 2028 and will be completed in October 2028.

Budget Bill Language (BBL): Parks requests provisions for encumbrance availability for two years, rather than one year because this project is in a park with culturally and naturally sensitive areas. This results in longer than average time requirements for design, permitting, environmental compliance and construction.

The existing entrance kiosk is located too close to the main road and does not allow adequate space for vehicles to line up to pay the entrance fee. In peak season, vehicle lines extend into the main road, causing unsafe conditions for themselves and other motorists. The existing kiosk is not accessible and does not provide adequate space for operations.

The new entrance kiosk would be relocated in the park to provide adequate space for vehicles to line up to pay without causing vehicles to back up onto the main road. The entrance kiosk would be accessible to the public and designed to accommodate operational needs.

Background. Hollister Hills SVRA is located six miles south of Hollister. The Gabilan Mountains are an hour drive from San Jose. Park elevations range from 660 feet to 2,425 feet. This area is a motorcycle, four-wheel drive, all-terrain vehicle, and dune buggy use area. For motorcyclists and ATV riders, the park offers 64 miles of trails in addition to motocross, vintage training track, and mini-bike tracks. Four-wheel drive enthusiasts will find over 24 miles of trails and a custom designed obstacle course.

Staff Recommendation. Approve as budgeted

Issue 11: Off-Highway Vehicle Trust Fund (OHVTF) Local Assistance Grants

Governor’s Proposal. The Governor’s budget requests one-time funding of \$29 million in 2026-27 from the OHVTF for local assistance grants.

Background. The OHVTF provides state funds to local and state agencies and other organizations for grants that support various off-highway motorized vehicle projects and programs.

The OHV Recreation Act of 1988 provides for well-managed off-highway vehicle recreation in the state of California by providing financial assistance to cities, counties, districts, federal agencies, state agencies, educational institutions, federally recognized Native American Tribes, California Native American Tribes, certified community conservation corps, and nonprofit entities.

The OHV local assistance program administered by the Off-Highway Motor Vehicle Recreation Division supports the planning, acquisition, development, maintenance, administration, operation, enforcement, restoration, and conservation of trails, trailheads, areas, and other facilities associated with the use of off-highway motor vehicles and programs involving off-highway motor vehicle safety or education.

Staff Recommendation. Approve as budgeted.

Issue 12: Statewide: OHV Opportunity Purchases

Governor’s Proposal. The Governor’s budget requests \$5 million OHVTF one-time for the acquisition of opportunity purchases. This project is intended to provide for the purchase of real property benefitting and supported by the Off-Highway Motor Vehicle Recreation Division (Division) throughout the state.

These purchases may include, but are not limited to in-holdings, parcels adjacent to or near State Vehicular Recreation Areas (SVRAs), or parcels available through tax defaults that fall within Parks’s five-year plan for program expansion. These funds would also be used for property appraisals prior to departmental requests for further acquisition funding. Additionally, this funding would cover the following costs: the expense of obtaining comprehensive title information, inspections, environmental assessments, relocation assistance estimates, surveys, and appraisal work. Parks may contract with other state agencies or private entities to provide the work.

Parcels may include in-holdings located within park boundaries, property near, adjacent or contiguous to a park boundary, and parcels which may become available through tax default. Parks requires funding for the submission of fair market appraisals in the fiscal year preceding acquisition funding to close the purchase.

The current project schedule estimates acquisition activities are intended to begin in July 2026 and reach completion by June 30, 2029.

Background. Public Resources Code Section 5090.32 defines the duties and responsibilities of the Division, including the development of off-highway motor vehicle recreational areas, facilities, and acquisition opportunities to be managed and maintained for sustained long-term use.

Staff Recommendation. Approve as budgeted.

Issue 13: Fort Ord Dunes State Park (SP): New Campground and Beach Access

Governor’s Proposal. The Governor’s budget requests a supplemental appropriation of \$1 million in 2026-27 from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68) for the construction phase of the Fort Ord Dunes SP: New Campground and Beach Access project in Monterey County. This project is intended to result in the construction of up to 110 new campsites. Half of these are intended to be incorporated with full utility hook-ups for recreational vehicles. This project includes other pertinent improvements, operations facilities, and a beach access trail with restrooms and paved parking.

Background. Fort Ord Dunes SP is located on the central California coast along Monterey Bay, in an unincorporated areas of Monterey County adjacent to the Cities of Seaside, Marina, and Sand City. The property consists of approximately 990 acres of parkland, including four miles of ocean beach. Fort Ord Dunes provides both an expansive seascape and a landform of dune habitat and undeveloped seashore. The natural system is combined with vestiges of the former Fort Ord military reservation.

Available campsites in the State Park System do not meet demand during the peak recreation season, particularly in coastal parks. Parks has not completed a new major capital outlay campground project in northern California since 1988. In that time, the state has added over six million new residents. This represents a significant per capita reduction in available campsites.

Staff Recommendation. Approve as budgeted.

Issue 14: California Indian Heritage Center

Governor’s Proposal. The Governor’s budget requests transfer of \$2.1 million in 2026-27 from the General Fund to the Natural Resources and Parks Preservation Fund (NRPPF) for the construction phase of the California Indian Heritage Center (CIHC) project in Yolo County.

Parks is in the process of bidding the first construction phase of the Immediate Public Use (IPU) project. This request does not reflect a net increase to the state’s share of the \$200 million total; instead; it provides funding in the NRPPF to augment the project now, shifting \$2.1 million from a later phase of construction to provide additional enhancements in the IPU portion of construction.

This project is intended to address problems associated with operating the State Indian Museum in a facility constructed in 1940 on the grounds of Sutter's Fort State Historic Park in the City of Sacramento. The California Indian Cultural Center and Task Force, formed pursuant to SB 2063 (Brulte), Chapter 290, Statutes of 2002, selected a site at the confluence of the Sacramento and American Rivers in West Sacramento for the CIHC. The requested appropriation is intended to allow Parks to fully develop the site, which will include up to approximately 120,000 sq. ft. of building space, equipment and furnishings, outdoor plazas, and venues, along with interpretive/educational trail-connections to the Sacramento River.

Staff Recommendation. Approve as budgeted.

Issue 15: California Indian Heritage Center — Access and Community

Governor’s Proposal. The Governor’s budget requests \$842,000 General Fund in 2026-27, \$805,000 General Fund in 2027-28 and ongoing, and three permanent positions, to support the California Indian Heritage Center (CIHC). These resources are intended to develop recreational and interpretive infrastructures such as parking lots, interpretive shelters, and restrooms to enhance public access and improve visitor recreation experience at the site.

The CIHC property is currently limited to walk-up recreation as no vehicular parking or access is provided. The property lacks basic recreational and interpretive infrastructure (parking lot, signage, ceremonial space, restrooms). Parks intends to complete an accelerated phase of work at the CIHC property by October 2026 to create recreational and interpretive infrastructure that will make it easier for the visiting public to understand and recreate at the site, and for California Native Americans to hold ceremonies and gatherings. Creating a parking lot and restroom facilities will substantially increase visitation and physical impacts on the site. Parks also intends to hold Native American events consistent with the larger purpose of the CIHC.

Staff Recommendation. Approve as budgeted.

HOLD OPEN (Public Comment Only)

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3360 ENERGY RESOURCE CONSERVATION AND DEVELOPMENT COMMISSION (CEC)
3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)
3720 CALIFORNIA COASTAL COMMISSION
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 16: CNRA Chaptered Legislation Proposals

Governor’s Proposal. The Governor’s budget requests resources from the General Fund and special funds to implement legislation chaptered in 2025, as follows:

CNRA. AB 900 (Papan), Chapter 385, Statutes of 2025. *Environmental protection: 30x30 goals: land conservation: stewardship: reporting.* \$1.21 million General Fund in 2026-27 and \$963,000 in 2027-28.

This bill required CNRA to update the 2027 Pathways to 30x30 Report to include recommendations to increase and improve stewardship of 30x30 lands, including innovative ways to reduce barriers and increase federal, state, and local support for science-based management and stewardship.

CEC. SB 237 (Grayson), Chapter 118, Statutes of 2025. *Oil spill prevention: gasoline specifications: suspension: California Environmental Quality Act (CEQA): exemptions: County of Kern: transportation fuels assessment: coastal resources.* \$660,000 Energy Resources Programs Account one-time.

This bill contained a number of provisions that seek to safely and responsibly increase in-state oil production (such as through testing of previously-idled pipelines, greater disclosure of financial assurances, and resolving ongoing litigation in favor of easier approval of drilling permits in Kern County), while also soliciting additional information to mitigate rising fuel costs (such as by relaxing California gasoline standards) and assess medium- to long-term strategies in line with recent work from CEC.

CEC. AB 368 (Ward), Chapter 145, Statutes of 2025. *Passive House Standards.* \$342,000 Energy Resources Programs Account in 2026-27 and 2027-28. Energy: building standards: passive house standards.

This bill required CEC to evaluate the cost-effectiveness of passive house building energy efficiency standards by climate zone and submit a report to the Legislature on its findings.

CEC. SB 767 (Richardson), Chapter 657, Statutes of 2025. *Crude Oil Reportable Pipelines.* \$396,000 Energy Resources Programs Account in 2026-27 and 2027-28; and \$205,000 in 2028-29 ongoing; and one position. Energy: transportation fuels: supply: reportable pipelines.

This bill required oil pipeline operators to report specified information about pipeline flows to CEC,

starting on March 30, 2027.

CDFW. SB 237 (Grayson), Chapter, Statutes of 2025. Oil spill prevention: gasoline specifications: suspension: CEQA: exemptions: County of Kern: transportation fuels assessment: coastal resources. \$125,000 Oil Spill Prevention and Administration Fund one-time.

This bill contained several provisions regarding safely and responsibly increasing in-state oil production (such as through testing of previously idled pipelines, greater disclosure of financial assurances, and resolving ongoing litigation in favor of easier approval of drilling permits in Kern County), while also soliciting additional information to mitigate rising fuel costs (such as relaxing California gasoline standards) and assess medium- to long-term strategies in line with recent work from CEC.

Coastal Commission. SB 484 (Laird), Chapter 416, Statutes of 2025. Coastal resources: coastal development permits: infill area categorical exclusion: Categorical Exclusions for Affordable Housing. \$220,000 General Fund in 2026-27 and 2027-28.

This bill required the California Coastal Commission to identify coastal zone infill areas in three jurisdictions where the commission retains coastal development permitting authority for a 10-year categorical exclusion from that permitting requirement for residential housing projects comprised entirely of very low-, low-, and moderate-income housing units.

Coastal Commission. AB 462 (Lowenthal), Chapter 491 Statutes of 2025. Land use: accessory dwelling units (ADUs): Permitting in the coastal zone. \$217,000 General Fund ongoing.

This bill required coastal development permits for ADUs to be approved or denied within 60 days, waives prohibitions on issuing certificates of occupancy for ADUs on lots without a primary dwelling unit following a disaster, and eliminates the ability to appeal a coastal development permit for an ADU issued by a local government to the California Coastal Commission.

Parks. SB 586 (Jones), Chapter 588, Statutes of 2025. Off-Highway Electric Motorcycles. \$200,000 one-time from the Off-Highway Vehicle Trust Fund.

This bill classified “off-highway electric motorcycle” or “eMoto” as an off-highway motor vehicle (OHV) thereby requiring them to follow OHV rules, including displaying an identification plate or device issued by the Department of Motor Vehicles.

Staff Recommendation. Hold open.

DISCUSSION

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

Issue 17: Agency Overview: CNRA

Background. CNRA’s mission statement is “To restore, protect and manage the state’s natural, historical and cultural resources for current and future generations using creating approaches and solutions based on science, collaboration, and respect for all the communities and interests involved.” The agency stewards 100 million acres of the state’s land, hundreds of rivers and lakes, and over 1,000 miles of coastline. CNRA’s departments protect and restore wildlife habitat, operate parks, deliver water, prevent and respond to wildfires, preserve cultural and historical resources, and manage energy sources.

CNRA oversees many departments, conservancies, boards, commissions, councils, and one urban park (Exposition Park) in Los Angeles, with approximately 25,000 employees statewide, including:

Departments:

- Department of Forestry and Fire Protection (CalFire)
- California Conservation Corps
- Department of Conservation
- Department of Fish and Wildlife
- Department of Parks and Recreation
- Department of Water Resources
- Exposition Park
- Office of Energy Infrastructure Safety

Conservancies:

- Baldwin Hills & Urban Watersheds Conservancy
- California Tahoe Conservancy
- Coachella Valley Mountains Conservancy
- Sacramento-San Joaquin Delta Conservancy
- San Diego River Conservancy
- San Gabriel & Lower Los Angeles Rivers & Mountains Conservancy
- San Joaquin River Conservancy
- Santa Monica Mountains Conservancy
- Sierra Nevada Conservancy
- State Coastal Conservancy

Boards & Commissions:

- Blue Ribbon Committee for the Rehabilitation of Clear Lake
- California Cultural and Historical Endowment
- Board of Forestry
- California Boating and Waterways Commission
- California Coastal Commission
- California Energy Commission

- California Fish and Game Commission
- California State Lands Commission
- California Water Commission
- Central Valley Flood Protection Board
- Colorado River Board of California
- Delta Protection Commission
- Mining and Geology Board
- Native American Heritage Commission
- Oroville Dam Citizens Advisory Commission
- Parks and Recreation Commission
- San Francisco Bay Conservation and Development Commission
- State Off-Highway Motor Vehicle Recreation Commission
- State Historical Resources Commission
- Wildlife Conservation Board

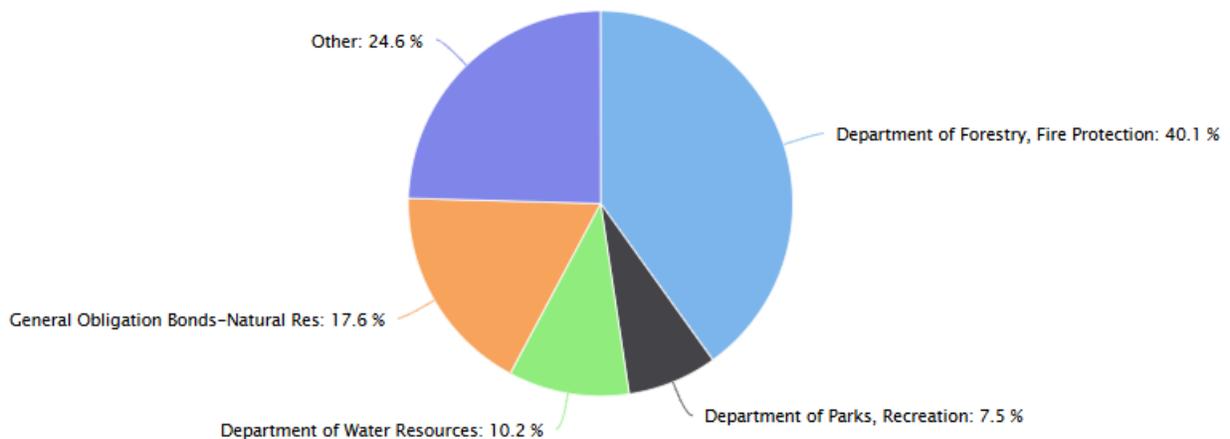
Councils:

- Biodiversity Council
- Delta Stewardship Council
- Ocean Protection Council

Museums

- California African American Museum
- California Science Center

The following pie chart represents \$9.8 billion of expenditures within CNRA’s purview in the Governor’s budget.



Source: Department of Finance

Please note that the amounts above do not include federal funds, certain non-governmental cost funds, or reimbursement.

LAO provides the following breakdown summarizing the Governor’s funding levels for departments within CNRA:

Natural Resources Expenditures Summary

(Dollars in Millions)

	2024-25 Actual	2025-26 Estimated	2026-27 Proposed
Totals	\$16,363	\$18,395	\$12,812
By Department			
Forestry and Fire Protection ^a	\$5,174	\$4,719	\$5,018
Water Resources ^b	3,811	4,407	2,652
Energy Commission	2,825	1,422	431
General obligation bond debt service	1,315	1,564	1,720
Parks and Recreation	938	1,979	840
Fish and Wildlife	757	719	677
Wildlife Conservation Board	273	876	224
Conservation	231	402	339
Coastal Conservancy	230	577	93
Natural Resources Agency	219	765	178
Conservation Corps	181	216	213
State Lands Commission	70	73	47
Other resources programs ^c	342	674	379
By Funding Source			
General Fund	\$7,841	\$8,741	\$4,905
Special funds	6,757	6,344	5,853
Federal funds	1,155	1,235	424
Bond funds	810	4,074	1,631

^aIncludes reimbursements the department receives from work it does on behalf of other entities.

^bIncludes funding from contractors of the State Water Project that is continuously appropriated to the department.

^cIncludes state conservancies, the California Coastal Commission, and other departments.

Source: Legislative Analyst’s Office

Secretary of Natural Resources. The Secretary for Natural Resources sets the policies and coordinates the environmental preservation and restoration activities of the various departments, boards, commissions, and conservancies overseen by CNRA.

In addition, CNRA directly administers the Sea Grant Program, Ocean Protection Council, California Environmental Quality Act, Environmental Enhancement Mitigation Program, Urban Greening, Tribal Nature-Based Solutions, and the California Cultural and Historical Endowment grant programs.

Below is a summary of the Secretary of CNRA 3-year expenditures and positions reflected in the Governor’s budget:

3-YEAR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2024-25	2025-26	2026-27	2024-25*	2025-26*	2026-27*
0320 Administration of Natural Resources Agency	94.1	131.3	132.3	\$232,030	\$831,720	\$179,464
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	94.1	131.3	132.3	\$232,030	\$831,720	\$179,464

Source: Department of Finance

Comparing CNRA’s Final Budgets of the Previous and Current Administrations. The 2018-19 budget was the last budget approved by the previous governor. Below is a chart comparing the last budget

approved under the previous administration and this year’s Governor’s budget, which is the final one proposed by the current administration.

	2018-19 Enactment	2026-27 Governor's Budget	Percent Change
Positions	56.9	132.3	133%
<u>State Operations:</u>			
General Fund	\$3,862.00	\$7,857.00	103%
Proposition 68/Proposition 4	\$31,411.00	\$4,183.00	-87%
Other	\$21,039.00	\$24,226.00	15%
Subtotal:	\$56,312.00	\$36,266.00	-36%
<u>Local Assistance:</u>			
General Fund	\$60,775.00	\$2,000.00	-97%
Proposition 68/Proposition 4	\$115,500.00	\$134,498.00	16%
Other	\$62,200.00	\$6,700.00	-89%
Subtotal:	\$238,475.00	\$143,198.00	-40%
Total	\$294,787.00	\$179,464.00	-39%

Source: Department of Finance

The most significant change is the number of positions at CNRA, which has increased by 131 percent since the last administration. According to CNRA, most of the growth is due to the increase in grant programs and legislative adds that the agency administers.

According to the Department of Finance, the most significant challenge of making year over year comparisons in terms of expenditures for any Natural Resources Budget is the nature of significant one-time expenditures from one year to another, which can provide a distorted and misleading comparison. Nevertheless, the chart above splits out the expenditures between State Operations and Local Assistance. Both State Operations and Local Assistance have declined 36 percent and 39 percent respectively. Both Proposition 68 and Proposition 4 Local Assistance expenditures represent a significant share of the overall expenditures. In addition, primarily because of the nature of significant one-time investments, the increase in expenditures between 2024-25 and 2025-26 is largely due to carryover, and Legislative investments and Proposition 4 have also been contributing factors.

Legislative Analyst’s Office (LAO) Comments on the Governor’s Budget Related to Natural Resources. In February 2026, LAO recently published its brief, *The 2026-27 Budget Framework for Approaching the Natural Resources, Environmental Protection, And Agriculture Budget*. In summary, LAO found the following:

- The Governor’s January budget proposal is roughly balanced — yet it is predicated on projections that state revenues will remain on their current trend and does not incorporate the risk of stock market downturn, which LAO believes is elevated. Also, the administration and LAO project significant and persistent structural deficits undergirding the state’s budget and threatening California’s fiscal stability.
- While LAO has concerns about the overall budget structure, they note that the administration deserves credit for how it crafted its proposals for natural resources, environmental protection, and agriculture. Specifically, the Governor’s budget contains a limited amount of new spending for these departments, and most of the proposals are primarily focused on responding to near-

term risks. LAO states that the Legislature may find it needs to approve some level of new expenditures — even from the General Fund — such as to address pressing health and safety concerns. However, in the context of the budget deficit, any new spending from the General Fund will essentially come at the expense of existing expenditures. While new spending proposals from special funds do not have a direct General Fund impact, in some cases, the Legislature can use special funds to help address its budget problem, so LAO recommends using a discerning set of standards when evaluating new spending proposals, regardless of fund source.

Decline in Overall Spending Proposed for the Budget Year. LAO notes a decline in overall spending in the budget year with a cumulative funding drop of nearly one-third for CNRA departments across two years. LAO states that a few key reasons explain these year-over-year changes. First, the 2024-25 and 2025-26 totals include significant one-time General Fund spending that the state dedicated for the department a few years ago. First, the 2024-25 and 2025-26 totals include significant one-time General Fund spending that the state dedicated to CNRA a few years ago when the state had surpluses (The current-year total includes some General Fund carried over from appropriations in prior years that departments are still spending.) Second, the 2025-26 amount similarly includes notably more one-time bond funding from Proposition 4 (2024) as compared to what is proposed in 2026-27, as well as funds carried over from other bonds (such as Proposition 68 [2018]) from appropriations made in prior years. Third, there is a sizeable year-to-year decline in federal funds for CNRA departments.

Totals for Some Departments Include Reductions From Position Eliminations That the Legislature Has Not Approved. According to LAO, the Governor’s budget reflects funding reductions for certain departments from permanently eliminating vacant positions. This is related to actions taken through Budget Control Section 4.12 in the 2024-25 and 2025-26 budget agreements. However, the Legislature has not concurred with some of these position eliminations. As such, some of the funding totals do not reflect reductions in both 2025-26 and 2026-27 to which the Legislature has not consented. This includes \$11.2 million annually for the Department of Fish and Wildlife (CDFW) and for the Department of Parks and Recreation (Parks), among others. *(The issue regarding proposed position elimination for multiple CNRA and CalEPA departments will be discussed at a later date in Subcommittee 2.)*

LAO Overarching Comments. Governor’s Overall Budget Approach Raises Serious Concerns. According to the LAO, consideration of the Governor’s specific natural resources proposals must take place against the backdrop of the larger budget condition.

Governor’s Overall Budget Approach Raises Serious Concerns. Consideration of the Governor’s specific natural resources, environmental protection, and agriculture proposals must take place against the backdrop of the larger budget condition and context. As LAO discusses in its recent publications, *The 2026-27 Budget: Overview of the Governor’s Budget* and *California’s Strong Revenue Trends Mask Looming Budget Risk*, LAO has identified three major concerns with the Governor’s overall budget approach.

- ***Stock Market Poses Serious Risk to Revenues.*** While the administration acknowledges the risk of a market downturn, it stops short of incorporating the possibility of one into its revenue estimates. Several historically reliable signs suggest the market is overheated and at a high risk of reversing course in the next year or so. With a heightened possibility of a market downturn—and resulting drop in income tax revenues—adopting the administration’s revenue assumption would put the state on precarious footing. Further amplifying this precariousness, even under the administration’s revenues, the budget is only roughly balanced in 2026-27.

- ***Multiyear Budget Deficits Alarming.*** Both LAO and the administration expect the state to face multiyear deficits, with estimates ranging from \$20 billion to \$35 billion annually. These chronic deficits have persisted even as the state’s economy and revenues have grown and the Legislature has adopted solutions totaling more than \$125 billion to address budget problems over the past four years, underscoring that the problem is structural rather than cyclical.
- ***Governor’s Budget Does Not Materially Address These Challenges.*** While the Governor has acknowledged both the downside risk to the state’s revenue picture and the multiyear deficits, the proposed budget does not include material actions to address either challenge. Rather, the administration indicates it will propose a revised budget that begins to solve the out-year problems as part of the May Revision. However, such a delay would force the Legislature to either accept solutions that have not received sufficient public discussion or defer action even more.

Addressing Structural Deficits Will Be Very Challenging. A particularly daunting characteristic of the budget problem now facing the Legislature is that it has already taken a number of steps to address funding shortfalls in recent years using tools that are now largely unavailable or less feasible. In the environment area, for example, the Legislature was able to reduce spending by scaling back one-time augmentations that had been provided or planned through “climate packages” adopted when the state was benefiting from pandemic-era General Fund surpluses. Eliminating planned one-time spending generally is less disruptive than cutting support for base, ongoing programs. However, nearly all of this one-time funding has now been spent or committed to specific projects and thus cannot easily be pulled back. As such, bringing ongoing General Fund expenditures back into balance with revenues likely will involve even more difficult decisions and trade-offs, such as reducing existing ongoing activities and/or raising revenues by increasing taxes and fees.

Administration Clearly Used Judicious Approach in Crafting 2026-27 Environment Proposals. While LAO has concerns about the overall budget structure, the administration deserves credit for how it crafted its proposals for natural resources, environmental protection, and agriculture. Specifically, as LAO discuss below, the Governor’s budget contains a limited amount of new spending for these departments, and most of the proposals are primarily focused on pressing health and safety concerns. The administration clearly crafted these proposals with careful consideration of the budget condition in mind and by using a discerning set of standards. That said, the Legislature may choose to set its “bar” for approving funding for new activities at a different level—either because of differing priorities, or by necessity based on its overall strategy to address the evolving budget condition.

Even Proposals With Strong Justifications Come With Trade-Offs. The Legislature may find it needs to approve some level of new expenditures—even from the General Fund—such as to address pressing health and safety concerns. However, in the context of a budget deficit, any new spending from the General Fund will essentially come at the expense of existing expenditures. That is, particularly in the case of new ongoing expenditures, the state ultimately will need to “make room” for new spending by reducing expenditures elsewhere in the budget or by raising new revenues. Even relatively minor new General Fund expenditures — especially those that are ongoing — will exacerbate out-year structural deficits. LAO suggests the Legislature keep this larger context in mind as it weighs the merits of each new proposal.

Special Fund Proposals May Have Unique Considerations... The General Fund is not the main source of support for most CNRA and CalEPA departments. In contrast, many of these departments are primarily supported by special funds (along with bonds and federal funds). Correspondingly, some of the Governor’s new spending proposals for these departments are from other fund sources and therefore

would not have a direct impact on the General Fund condition. As such, the Legislature may want to apply a somewhat different lens when considering such proposals. For example, a proposal might fund a regulatory activity using a special fund that is structured specifically to ensure fee-payers help support the regulation and mitigation of their industry’s environmental impacts. Such a proposal might be worthy of approving not only because it protects health and safety, but also because it avoids burdening the General Fund and follows the “polluter pays” principle. Similarly, spending proposals from Proposition 4 implement the will of the voters and will not have major immediate General Fund implications. (The General Fund eventually will need to pay for the debt service on bond spending over the course of the next few decades.)

...However, Bar for New Spending Should Be High Regardless of Fund Source. In some cases, the Legislature can use special funds to help address its budget problem and ensure its highest priorities are supported. For example, as LAO discusses in its companion publication, *The 2026-27 Budget: Cap-and-Invest Expenditure Plan*, the Legislature has the option of using monies from the Greenhouse Gas Reduction Fund (GGRF) flexibly to support any purpose. As such, GGRF could be thought of akin to the General Fund and therefore should similarly be targeted for the state’s highest priorities (whether within the environmental sector or other policy areas). Depending on their balances and constraints, certain other special funds also can be tools to help address the budget deficit, such as by providing loans to the General Fund or taking on expenditures previously funded by the General Fund. To help avoid precluding these potential options, LAO recommends the Legislature apply a high bar to all new spending proposals, even if they do not come from the General Fund.

Strong Rationale for Taking Near-Term Steps to Prepare Budget Contingencies. LAO urges the Legislature to start addressing the budget’s structural imbalance during this budget cycle. Starting now, before a crisis is at the state’s doorstep, would enable the Legislature to take a more thoughtful approach to rebalancing the state’s commitments, including soliciting public input and weighing trade-offs and potential consequences of options being considered. Moreover, approaching the structural deficit in increments would allow the Legislature to ensure that solutions ultimately improve the state’s fiscal position as intended and allow for time to identify whether subsequent action is necessary. Being proactive about identifying preferred strategies also can help position the Legislature to respond quickly if needed. For example, if the state’s revenue outlook worsens during the budget year, the Legislature may need to consider adopting solutions in the middle of the fiscal year, without the benefit of the typical annual budget deliberation time frame and process. Taking steps to prepare early can help situate the Legislature for this potential, including developing detailed plans for how it will respond if or when the need arises.

LAO: Recommended Framework for Approaching Environment Budget Decisions. Below, LAO offers a framework for approaching environment budget decisions in today’s challenging fiscal circumstances—namely, how to evaluate the Governor’s new spending proposals across CNRA, CalEPA, and CDFG in the context of a General Fund condition that is only precariously balanced in the near term and faces significant deficits in the coming years. The figure below summarizes the main components of this framework.

Recommended Framework for Approaching Environment Budget Decisions

Apply a Very High Bar When Approving New Proposals

- Prioritize proposals that meet critical health and safety concerns or other time-sensitive objectives.

Reject Proposals That Fail to Meet This High Bar

Consider Modifying Proposals to Reduce Pressure on the General Fund

- Explore options for alternative funding sources.
- Consider funding priority proposals at a lower level.

Take Steps to Address the Budget Condition

- Evaluate whether recent augmentations and agreements still represent the state's highest priorities.
- Begin the process of identifying potential additional budget solutions.
- Avoid adopting policies that will create additional out-year budget pressures.

Ensure Remaining Expenditures Focus on the Most Important Activities

- Consider revisiting the mix of remaining funding to ensure it supports the state's highest priorities.

Source: Legislative Analyst's Office

Although the Governor's overall approach to new CNRA, CalEPA, and CDFA spending is relatively restrained given the state's current fiscal outlook, the budget nevertheless proposes a number of new or expanded activities for these departments. In LAO's view, the Legislature should apply a very high bar to such proposals, particularly in light of projected deficits and the need to balance new commitments against existing program obligations. To that end, LAO offers criteria the Legislature could use in reviewing these proposals. While the Legislature could select—and indeed may prefer—other criteria, the framework LAO suggests is intended to help differentiate proposals that address pressing, near-term needs from those that are potentially less urgent, even when the latter might advance important policy objectives. LAO offers examples of proposals in the Governor's budget for which LAO finds a rationale that could justify approval, as well as some that it believe fail to reach this high threshold. LAO also highlights ways the Legislature could consider modifying certain proposals—such as by shifting their fund source or downsizing their scope—if it finds a compelling rationale for their support but is constrained by the General Fund condition.

Additionally, LAO discusses steps the Legislature could take to reduce pressure on the General Fund, beyond just through the lens of considering the Governor's new 2026-27 proposals. Finally, after it has identified what level of funding its budget can support, LAO suggests the Legislature think about revisiting the mix of how those resources are dedicated to prioritize the most important activities.

LAO: Apply a Very High Bar When Approving New Proposals. *Prioritize Proposals That Address Critical Health and Safety Concerns or Other Time-Sensitive Objectives.* In the context of a budget deficit, every dollar of new spending essentially comes at the expense of a previously identified priority and requires finding a commensurate level of solution somewhere within the budget. (This is true even under the Governor's higher revenue projections, as the administration's proposal includes actions to free up capacity for new spending proposals, including creating a settle-up obligation for schools and community colleges and suspending a transfer to the state's rainy day fund.) Given the serious budget challenges facing the state, LAO suggests the Legislature apply a high bar to its review of new spending proposals and be very selective in approving any of them. In our view, proposals merit consideration of budget-year funding when they address a documented, significant, near-term health and safety risk that potentially cannot be managed without additional resources, and/or conditions that could lead to

irreversible implications if not funded. While other proposals also might warrant consideration because they offer longer-term or protective health and safety benefits, they may not require immediate funding in the context of current budgetary constraints. Based on its assessment, LAO finds evidence that a number of the Governor's proposals address issues where additional resources might be needed to avoid higher future costs and/or serious harm. Some examples include the following.

- ***CDFW: Nutria Eradication Program.*** The budget proposes \$8.2 million in 2026-27 and \$8 million in 2027-28 and ongoing from the General Fund, along with one position, to support CDFW's existing nutria eradication program. An invasive species that have been spreading in California since being detected in 2017, nutria carry pathogens and parasites that pose risks to human and animal health, damage flood-protection levees and water conveyance infrastructure with their burrowing behavior, destroy crops, degrade native vegetation, and contaminate water supplies. The Governor's proposal would backfill expiring one-time funding and expand the program. Providing this funding likely would prevent future higher state costs as nutria reproduce rapidly and unchecked populations can lead to expanding infestations.
- ***Department of Water Resources (DWR): Dam Safety Program Operations.*** The budget proposes \$1.4 million in ongoing funding from the Dam Safety Fund to support enforcement-related activities, travel costs, and new and increased information technology costs in the Dam Safety Program. Following the Oroville Dam spillway incident in 2017, legislation increased both DWR's enforcement authority and dam inspection requirements. Without the additional funding, DWR would have less capacity to implement current law and ensure dam owners are following rules designed to protect people and property from dam failures.
- ***DWR: Urban Flood Risk Reduction.*** The budget proposes \$12.5 million (\$8.7 million General Fund and \$3.8 million Proposition 4) on a one-time basis to support state operations associated with high-priority flood management projects conducted in collaboration with the US Army Corps of Engineers. Absent this funding, the state would be unable to complete required project support activities (such as planning, monitoring, inspection, and close-out), placing significant federal flood funding at risk. Because Proposition 4 funding is limited to state operations associated with bond-funded flood projects, General Fund support is needed to cover the remaining costs.
- ***DWR: River Forecasting and Snow Survey Resources.*** The budget proposes \$9.5 million ongoing from the General Fund and 15 positions to replace critical river forecasting and snow survey activities that previously were conducted by the federal government. Reductions in federal staffing and capacity are leading to gaps in vital information that the state and local entities use to forecast water supply and floods, provide 24-hour flood-emergency response, and manage reservoirs.
- ***State Water Resources Control Board (SWRCB): Responding to Changes in Clean Water Act Protections.*** The budget proposes \$2.6 million ongoing from the Waste Discharge Permit Fund, along with 12 positions, to mitigate impacts stemming from a U.S. Supreme Court decision. That decision (*Sackett v. U.S. Environmental Protection Agency*) narrowed federal Clean Water Act protections, thereby indirectly shifting regulatory responsibilities for certain bodies of water to the state under state law. The additional funding and positions would allow the board to issue and enforce permits protecting water quality and public health—including limiting the discharge of pollutants into waters of the state—without redirecting staff from other critical programs. The Legislature could consider making complementary changes to statute to make the state program more efficient.

- ***California Department of Forestry and Fire Protection (CalFire): Fixed-Wing Aircraft Mechanic and Pilot Contract Increases.*** The budget proposes \$66.5 million General Fund in 2026-27 and increasing amounts in subsequent years, growing to \$74.2 million ongoing in 2030-31, for CalFire to cover the increased costs of its air tanker and command center aircraft mechanic and pilot contracts. Without this funding, CalFire would not be able to use its air tanker and command center aircraft to respond to wildfires. Fewer aircraft available to respond to more frequent and severe wildfires in the state likely would increase the risk of harm to communities and their residents and increase the future costs of wildfire recovery.
- ***CalFire: Capital Outlay Projects.*** CalFire proposes \$294.6 million (\$47.1 million from the General Fund and \$247.5 million in lease revenue bonds) in 2026-27 to acquire, plan, and construct 12 capital outlay projects. Once completed, the projects would relocate, repair, or replace facilities with significant health and safety deficiencies. Addressing these deficiencies likely would improve the health and safety of CalFire personnel as well as support the state's wildfire response capacity through, for example, improved equipment maintenance and operational efficiency.
- ***Department of Conservation (DOC): Earthquake Monitoring.*** The budget proposes \$2.1 million in 2026-27 and \$1.9 million in each of the subsequent three years from the Strong Motion Instrumentation and Seismic Hazard Mapping Fund to purchase equipment and add ten permanent positions to DOC's California Strong Motion Instrumentation Program. Through the earthquake monitoring network, the state keeps the earthquake early warning system operational and identifies weaknesses in critical infrastructure, which also helps inform building design and codes. However, this network currently has a maintenance backlog, including defunct seismic monitors and not enough field technicians to repair or replace them. This proposal is important to maintaining the state's capacity for structural integrity monitoring at critical locations, such as bridges, dams, tunnels, and hospitals, and mitigating public safety risks and higher disaster recovery costs that could result from earthquakes.
- ***Various: Landfill Support, Response, and Enforcement.*** The budget proposes \$5.1 million ongoing from various special funds to support the Department of Toxic Substances Control, the California Department of Resources Recycling and Recovery, CalEPA, and SWRCB in addressing subsurface elevated temperature (SET) events at landfills. (SET events are subsurface reactions that increase temperatures within landfills, which can potentially damage liners and gas collection systems and pose risks to the environment and nearby communities.) The funding and positions would address additional workload related to two active SET events occurring in the state; enhance overall state oversight; and update regulations to strengthen monitoring, response, and enforcement for future SET events. Ensuring regulatory agencies have sufficient capacity to manage current incidents and to prevent and address future events would improve protections for human health and the environment. Additionally, the proposal uses dedicated special funds consisting of fees charged on industry to support regulatory activities such as these.
- ***CDFW: Salmon Hatcheries and Restoration Program.*** The budget proposes \$5 million in 2026-27 and \$5.4 million ongoing thereafter from the General Fund, along with three positions, for CDFW to operate two salmon hatcheries and conduct associated monitoring and research. These activities support spring-run Chinook salmon (a threatened species under state and federal laws) and fall-run Chinook salmon (a species that has experienced long-term declines and is integral to the state's commercial fisheries). Proposition 4 bond funding is supporting these activities in 2025-26, but does not provide a long-term funding source. Without ongoing funding,

CDFW would be unable to supplement natural production with hatchery releases, increasing extinction risk for spring-run Chinook and further constraining fall-run populations.

LAO: Reject Proposals That Fail to Meet This High Bar. The Governor’s budget includes a few proposals that do not address critical health and safety issues or pressing near-term problems. Under different fiscal conditions, these activities might merit consideration because they advance various policy objectives, such as expanding public access to state parks or reducing greenhouse gas emissions. However, based on LAO’s assessment, these proposals do not address urgent needs or mitigate near-term risks. Given the state’s current budget condition and the limited capacity for supporting new commitments, LAO recommends that the Legislature reject the following proposals.

- ***Parks: Library Pass Program.*** The budget proposes \$6.8 million General Fund on an ongoing basis for the Library Pass Program, which distributes 33,000 park passes to more than 1,100 library branches statewide. While the program does facilitate Californians’ access to parks, it does not meet a pressing health and safety need. Moreover, the state already funds a number of other free state parks pass programs, including for lower-income residents who may face more barriers to access.
- ***California Air Resources Board (CARB): Zero-Emission Vehicle (ZEV) Incentive Program.*** The budget proposes \$200 million on a one-time basis (\$115 million from GGRF and \$85 million from the Air Pollution Control Fund [APCF]) to create a new incentive program for light-duty vehicles. The administration indicates that the impetus for this new program is to partially replace a federal incentive program that was discontinued in September 2025. While providing additional funding for light-duty ZEVs could help encourage their adoption, we find a few reasons against its approval, such as: (1) it does not meet an urgent or critical need, given the time horizon over which the public likely will phase in purchases of new ZEVs; (2) the state does not have the obligation or resources to backfill all changes in federal commitments; (3) it could result in potential duplication and complication, given the state already has existing programs aimed at subsidizing the purchase of light-duty ZEVs; and (4) key details on the proposed program’s structure—such as duration and incentive amounts—are lacking, making assessing its merits and trade-offs difficult. (We plan to discuss this proposal in greater detail in a forthcoming publication, *The 2026-27 Budget: Proposed Zero-Emission Vehicle Incentive Program.*)

LAO: Consider Modifying Proposals to Reduce Pressure on the General Fund. The Legislature may find itself in a position of having a compelling rationale for approving some of the Governor’s proposals—such as to respond to time-sensitive health or safety concerns—but finding it challenging to do so given the budget condition. Below, LAO identifies two ways the Legislature could modify proposals such that it could provide at least some level of support to pursue what it finds to be worthwhile objectives while still accommodating the state’s fiscal limitations. These include supporting activities with alternative funding sources and/or providing a lower level of funding than that proposed by the Governor. LAO also highlights examples and potential trade-offs for each of these strategies.

Explore Options for Alternative Funding Sources. The Legislature could consider supporting some of the Governor’s proposals using funding sources other than the General Fund. Shifting fund sources could allow the Legislature to advance at least some of its intended objectives while limiting additional pressure on the General Fund. Pursuing this approach, however, would involve a number of trade-offs. For example, funding activities through new or higher fees would shift costs to the individuals or entities paying those fees. In addition, replacing General Fund support with fee-supported special funds could reduce flexibility and introduce specific statutory or programmatic conditions, potentially requiring

changes to the scope or mix of which proposed activities could be implemented. Moreover, alternative funding sources may not be available at the same level as the Governor proposes and their use could require redirecting resources from other activities and priorities. Below are examples of how the Legislature could consider applying this approach.

- ***CalFire: Defensible Space Inspector Resources.*** The budget proposes \$6.2 million General Fund and 19 positions in 2026-27 (and a similar amount ongoing), along with 12 new positions to be funded by CalFire's existing GGRF allocation, for the department to perform defensible space inspections of parcels within the State Responsibility Area (SRA) once every three years. Without these resources, CalFire expects it could perform only about half of these inspections. Fewer inspections could mean fewer parcels have defensible space around their structures, increasing the risk of damage during a wildfire. However, the Legislature could support this activity while lessening the General Fund impacts by funding more or all of these positions out of CalFire's existing GGRF allocation in lieu of using General Fund. Alternatively or in addition, the Legislature could consider reinstating the SRA fee to help cover these costs. Moreover, the Legislature may want to approve funding these positions on a one-time rather than ongoing basis, as forthcoming state regulations to strengthen defensible space requirements likely will increase the amount of time required to complete each inspection, triggering a rationale for revisiting the program's staff and structure in the coming years.
- ***DTSC: Exide Residential Cleanup.*** The budget proposes \$70 million in both 2026-27 and 2027-28—\$20 million from the Lead-Acid Battery Cleanup Fund and \$50 million from the General Fund as a loan to the Toxic Substances Control Account (TSCA)—to support DTSC in cleaning up additional residential properties impacted by lead-contaminated soil linked to the former Exide facility in the City of Vernon. The proposed funding would support the cleanup of approximately 1,000 properties (about 500 per year), though DTSC estimates that about 2,100 properties still would require remediation thereafter. Given the ongoing public health risks posed by lead-contaminated soil to residents in the surrounding communities, the state has a strong interest in advancing cleanup efforts. However, the Legislature could consider shifting a portion of activities from the proposed General Fund loan to the environmental fee (a tiered charge on statewide businesses with 100 or more employees) that supports TSCA. (LAO notes that this change would not limit DTSC's current efforts to pursue potentially responsible parties for cost recovery—the primary mechanism that would, if successful, help reimburse General Fund loans and special fund expenditures for Exide residential cleanup.) While such a shift would reduce pressure on the General Fund, it would require the Board of Environmental Safety to raise the environmental fee, with the magnitude of the increase depending on the amount of costs that are shifted. (The Legislature also could free up General Fund resources by providing a smaller loan relative to the Governor. However, a key trade-off of downscaling this proposal would be fewer residential properties being remediated and prolonging pollution burden impacts for affected households.)

LAO: Consider Funding Priority Proposals at a Lower Level. Several of the Governor's proposals involve activities that can be scaled up or down, with the level of funding determining the scope of work that can be undertaken. Providing less funding in 2026-27 would still allow the Legislature to make progress toward its intended objectives, albeit at a lower level and slower pace. Clearly, such a choice would involve trade-offs, including lower levels of service, fewer public health and safety improvements, and less risk mitigation. LAO discusses some options and resulting implications related to the Governor's budget proposals below.

- ***DWR: Delta Levees Program Mitigation.*** The budget proposes \$14 million one time from the General Fund for required habitat mitigation projects associated with Sacramento-San Joaquin Delta levee projects. State law requires mitigation when a project disturbs or destroys habitat. Without mitigation funding, DWR’s ability to proceed with levee maintenance projects may be delayed, putting Delta communities—and vital state water supply infrastructure—at risk of flooding from levee failure. However, up to \$3 million of the proposed amount is to buy mitigation credits, yet the administration indicates that credits currently are not available for purchase. Therefore, LAO recommends the Legislature reduce the proposal to \$11 million since \$3 million may not be urgently needed or used.
- ***California Conservation Corps (CCC): Hand Crew Resources.*** CCC proposes \$11.7 million General Fund and 49 positions in 2026-27 (as well as a similar amount ongoing) for its hand crews to operate on a daily, year-round schedule consistent with CalFire’s hand crew requirements. This augmentation would help offset a declining number of hand crews staffed by incarcerated individuals and help provide relief to existing CCC hand crews, allowing them to maintain their current capacity even when some members are temporarily unavailable due to injury or illness. However, the Legislature could consider downsizing the proposal by prioritizing funding for positions that provide staffing relief to existing hand crews to reduce their attrition and burnout. Providing less funding and fewer positions would mean sustaining the existing, more limited hand crew availability during five months of the calendar year. (The Legislature also might consider whether some portion of crew operations could qualify for federal or other reimbursement, such as from work on fuels reduction projects.)
- ***CCC: Greenwood Residential Center Staffing.*** The budget proposes \$12.3 million (\$6.8 million General Fund and \$5.5 million in reimbursements) and 24 positions in 2026-27 (and a similar amount ongoing) to open the Greenwood Residential Center in El Dorado County. Since 2018-19, the Legislature has approved a total of over \$73.5 million to plan and construct this new facility. CCC would use the proposed funds to hire (1) 100 new Corpsmembers dedicated to conservation work, including fire prevention and suppression activities (but not hand crews); (2) 19 on-site personnel to support daily operations at the residential center; and (3) 5 headquarters staff to help manage increased administrative workload. The Legislature has a couple of ways it could consider downsizing the scope and cost of this proposal. One option would be to fund and hire some amount lower than the proposed 100 new Corpsmembers. For example, CCC could allow some existing Corpsmembers to transfer to the Greenwood Residential Center instead of expanding the overall statewide corps through hiring so many new Corpsmembers. Alternatively, for greater savings the Legislature could postpone opening the residential center for a set amount of time in recognition of the budget condition. However, delaying opening and staffing the new center would mean that comparatively less conservation—including wildfire prevention—work would be undertaken.
- ***Various: California Sixth Climate Change Assessment (CCCA6).*** The budget proposes \$9.9 million over five years from GGRF for the Governor’s Office of Land Use and Climate Innovation, CNRA, and CEC to jointly produce CCCA6. This climate research is required by law to be completed every five years pursuant to Chapter 136 of 2020 (SB 1320, Stern) and provides data and information that state agencies and local governments use to inform their planning and programmatic decisions. In light of policy changes at the federal level, CCCA6 could help fill in key climate knowledge gaps and relieve other state and local agencies of the task of producing their own data. The absence of such information could lead to inconsistent climate assumptions, plans, and policies across agencies. However, the Legislature could scale down some of the proposed elements, such as the amount dedicated to research grants. This

approach would ease pressure on GGRF and, because of the flexibility around how that fund can be used, therefore free up more resources to potentially help the General Fund. A key trade-off of providing less funding is that the topical and geographic scope of the assessment would also be narrowed as a result. (The Legislature could also explore whether other resources, such as climate research funding that was previously provided to the University of California system, could help support this assessment.)

LAO: Take Steps to Address the Budget Condition. Given the fiscal challenges facing the state, the Legislature may need to take additional actions within the environment-related section of the budget beyond just considering the proposals included in the Governor’s budget. Below, the LAO discusses three approaches the Legislature could pursue to help address its overall budget condition.

Evaluate Whether Recent Augmentations and Agreements Still Represent Highest Priorities. Given the difficult choices it faces in crafting this year’s budget, the Legislature may wish to reassess whether recent augmentations and previous agreements continue to reflect its highest priorities. Often, discontinuing or scaling back new activities that are still in the process of expanding or being implemented can be done without too much disruption. To the extent the Legislature identifies areas of previously approved spending that could be reduced, delayed, or eliminated, doing so could free up resources to help address the budget shortfall and/or to redirect toward more pressing concerns. For example, the Legislature could consider reducing funding for existing commitments to enable it to support some of the new health and safety-related proposals described above. Some of the recent augmentations the Legislature could consider pausing or rolling back include the following.

- ***CalFire: Conversion of Seasonal to Permanent Firefighters.*** The 2025-26 Budget Act appropriated \$39 million General Fund to begin to transition seasonal firefighters to a permanent classification. Budget bill language also stated the Legislature’s intent to appropriate \$78 million General Fund in 2026-27 and ongoing for this purpose, and to eventually transition all seasonal firefighters to a permanent classification (subject to future funding and legislation). The Legislature could evaluate whether this transition and service expansion remain among its highest priorities, or whether it would rather focus funding on sustaining existing programs.
- ***Cap-and-Invest Commitments.*** Given its size and legal flexibility, GGRF can serve as an important budget tool to help it fund its highest-priority activities across the entire state budget. As LAO discusses in greater detail in our publication, *The 2026-27 Budget: Cap-and-Invest Expenditure Plan*, the Legislature has committed large portions of GGRF in 2026-27 and out-years through the passage of recent legislation, including Chapter 121 of 2025 (SB 840, Limón). Given this, using GGRF as a budget tool would necessitate reexamining existing commitments—including discretionary and statutory allocations—to make sure they continue to reflect the Legislature’s highest priorities. If any of the existing GGRF commitments are for lower-priority activities than programs at risk of being defunded, the Legislature could reallocate some of this funding.
- ***Implementing Recently Enacted Legislation.*** The Legislature could review some of the legislation it approved last year that would begin to take effect upon an appropriation in 2026-27. If some of these activities do not currently represent the Legislature’s highest priorities in light of the budget condition and difficult choices ahead, it could consider delaying implementation to a future year or, if appropriate, repealing the legislation. For example, the Legislature could reject the Governor’s proposed budget augmentations to implement newly enacted legislation, which would result in some budget savings, and it could, if necessary, adopt new statute specifying delayed time frames or scaled back requirements. Depending on the activity, such actions might

be less disruptive than having to reduce an existing program, or than beginning implementation and then having to pause it in the next year or two due to worsening budget conditions.

Begin the Process of Identifying Potential Additional Budget Solutions. Given projections of significant budget deficits in the out-years as well as downside risks associated with budget-year revenue forecasts, LAO recommends the Legislature use the spring budget process—including budget subcommittee hearings—to begin identifying potential additional budget solutions. These options could include further limitations on new spending, reducing previously approved augmentations and existing funding, or adopting new or higher fees or charges. Some approaches—particularly raising new revenues—could require lead time to design and implement. Accordingly, starting these discussions and planning efforts now would increase the likelihood that any resulting fiscal benefits could be realized more quickly and when needed.

Avoid Adopting Policies That Will Create Additional Out-Year Budget Pressures. LAO recommends the Legislature exercise caution when considering policies that would add new ongoing state spending commitments. Even policies with relatively modest budget-year costs can grow over time, limiting future budgetary flexibility and exacerbating the state’s structural imbalance. As a result, avoiding approval of policies and proposals that would increase out-year spending until the state’s fiscal outlook improves would be prudent. Below are two examples for the Legislature to consider.

- ***CalFire: Further Reductions to Duty Week Through Collective Bargaining Process.*** In 2024-25, the state began to reduce its firefighter duty week from a 72-hour workweek to a 66-hour workweek, consistent with a 2022 memorandum of understanding (MOU) between the state and the CalFire firefighters’ union. In July 2025, an amendment to the MOU stipulated that the state agreed to include a 56-hour workweek in the 2027 successor MOU negotiations. While this amendment does not yet obligate the state to make further workweek reductions, it does create a real possibility of additional policy changes that could increase annual General Fund costs by hundreds of millions of dollars. In light of the budget condition, LAO suggests the Legislature carefully weigh the implications of any further reductions to the firefighter duty week before approving agreements from upcoming MOU negotiations, especially if it does not have specific estimates of the fiscal effects and time line to implement a 56-hour workweek.
- ***New Legislation With Fiscal Impacts.*** As the Legislature considers policy bills in the environment, natural resources, and agriculture policy committees, it may wish to carefully assess whether proposed policies with fiscal impacts are essential under current conditions. While this is always an important factor the Legislature weighs through the appropriations committees, the forecasted out-year budget deficits should raise the bar even higher for expanding state costs through new legislation.

Ensure Remaining Expenditures Focus on the Most Important Activities. Consider Revisiting Mix of Remaining Funding to Ensure it Supports the State’s Highest Priorities. In times of budget surplus, the state is able to dedicate new funding to create or expand a broad array of priority activities. However, when the budget is facing a deficit, not every desired activity can be supported, and certain worthwhile activities likely will have to be defunded. As such, in tandem with making budget reductions, LAO recommends the Legislature identify which activities are most important to receive remaining funding. Specifically, to the degree the Legislature is concerned that particular activities are not receiving adequate levels of support to meet its most important objectives within the overall levels of funding its budget can accommodate, it could take another look at existing program structures and funding allocations and potentially change the mix. This could include targeting funding to support communities

that are most vulnerable or at risk, or activities that focus on the most time-sensitive pressing concerns. Some examples might include the following.

- ***Wildfire Resilience Funding.*** Over the past several years, the Legislature has made significant investments in wildfire resilience ranging from fire prevention projects to forest health programs to home hardening grants. If the budget condition means that less overall funding is available for wildfire resilience going forward, the Legislature likely will want to look across its various funding sources—including GGRF and Proposition 4—and suite of programs to ensure its highest-priority activities are being supported. This could mean redirecting and refocusing remaining funding. For example, this could mean shifting some funding from forest resilience activities to defensible space maintenance and home hardening improvements. It could also mean targeting funding for the most vulnerable communities facing high wildfire risk that may not be able to improve their resilience without state assistance.
- ***ZEV Funding.*** The state has various existing funding sources that it uses to support ZEV and other clean transportation programs, such as (1) revenue collected from vehicle-related taxes pursuant to Chapter 319 of 2023 (AB 126, Reyes), (2) Low Carbon Fuel Standard program credits allocated through CARB regulations, and (3) settlement monies that are deposited into APCF. The Legislature could look holistically at these existing revenue sources to determine whether they are funding the highest-priority ZEV-related activities, and, if not, take action to reallocate funding accordingly. For example, this could include looking at the amounts dedicated to vehicle adoption activities as compared to charging infrastructure, or considering a different mix between light-duty and heavy-duty vehicle programs.
- ***Hino Motors Settlement Funds.*** The administration proposes to use \$96 million in settlement funds flowing into the APCF for various specific purposes. The Legislature could consider whether the proposed uses of these funds represent its highest priorities or if it would prefer to reallocate them to other priorities that fit within the legally allowable uses.

LAO: Conclusion on Framework for Approaching the Natural Resources Budget. The Legislature is facing difficult budget decisions this year. California has numerous goals and challenges in the environmental space—including pursuing its ambitious greenhouse gas reduction goals; reducing the health and safety risks posed by climate impacts such as heat, wildfires, and floods; protecting vulnerable communities burdened by pollution; and preserving the state’s biodiversity in the face of warming temperatures and changing climactic conditions. Yet while the state continues its efforts to make progress on these objectives, it does so within the context of significant budget challenges that will force it to grapple with difficult decisions about preserving other core services upon which Californians depend—such as education, health care, social services, and public safety. Moreover, the Legislature must make these choices within an uncertain and evolving economic backdrop and while responding to changing policies and reduced funding support from the federal government. A key task before the Legislature is to identify the state’s most important priorities that can be supported by the level of available resources—which likely will require a scaling back of some worthwhile and important activities. The challenge is daunting. However, failing to confront the fiscal realities and delaying action for too long could make the choices and trade-offs even more difficult.

General Obligation (GO) Bond Funding. A GO bond is a form of long-term borrowing in which the state issues municipal securities and pledges its full faith and credit to their repayment, meaning that the state pledges its general taxing power to repay bondholders — these bonds are paid from the state’s General Fund to finance public projects like infrastructure and parks. Bonds are repaid over many years through debt service payments. GO bonds are approved by a majority vote of the public and the state prioritizes repayment of GO debt before all other state obligations except those for the public school system and public institutions of higher education.

Debt Service. The most commonly used measure to pay for this type of bond is annual debt service as a percentage of General Fund revenues. GO debt repayment is continuously appropriated and therefore not included as a separate appropriation in the annual Budget Act. Debt service consists of both principal and interest payments and is more costly than direct appropriations due to the interest paid.

According to the LAO, it makes sense to pay the extra cost of using bonds when the expense is outweighed by the benefits of projects in place sooner than otherwise would be possible — this criterion is often met in the case of capital outlay, given the large costs of infrastructure projects, the many years over which they provide service, and the substantial increases in taxes or other charges that would be needed to pay for them up front.

The Governor’s budget for 2026-27 includes debt service expenditures for 22 natural resources- and environmental protection-specific bonds dating back to 1978 – 48 years ago. The total amount of debt service to be paid for these bonds in 2026-27 is approximately \$1.72 billion General Fund.

Recent Bonds. Over the past couple of decades, the voters have approved several GO bonds authorizing a total of \$38.67 billion to fund natural resources- and environmental protection-related programs and projects, including:

- The *Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000* (Proposition 12) authorized \$2.1 billion in general obligation bonds.
- The *California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002* (Proposition 40) authorized \$2.6 billion in general obligation bonds.
- The *Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002* (Proposition 50) authorized \$3.44 billion in general obligation bond funding for water projects.
- The *Disaster Preparedness and Flood Protection Bond Act of 2006* (Proposition 1E) authorized \$4.09 billion in general obligation bonds to rebuild and repair the state’s most vulnerable flood control structures to protect homes and prevent loss of life from flood-related disasters, including levee failures, flash floods, and mudslides and to protect California’s drinking water supply system by rebuilding delta levees that are vulnerable to earthquakes and storms.
- The *Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006* (Proposition 84) authorized \$5.39 billion in general obligation bonds to fund safe drinking water, water quality and supply, flood control waterway and natural resources protection, water pollution and contamination control, state and local park improvements, public access to natural resources, and water conservation efforts.
- The *Water Quality, Supply, and Infrastructure Improvement Act of 2014* (Proposition 1) authorized \$7.55 billion in general obligation bonds to fund ecosystems and watershed protection

and restoration, water supply infrastructure projects, including surface and groundwater storage, and drinking water protections.

- The *California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018* (Proposition 68) authorized \$3.5 billion in general obligation bonds.
- The *Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024* (Proposition 4) authorizes \$10 billion in general obligation bonds.

Proposition 4. According to the LAO:

The most recently approved bond by voters in 2024, Proposition 4, is intended to increase the state’s resilience to the impacts of climate change. This bond measure builds on significant funding for climate-related programs — principally from the General Fund — the state has made in recent years. Proposition 4 includes eight spending categories, which are:

- Safe Drinking Water, Drought, Flood, and Water Resilience;
- Wildfire and Forest Resilience;
- Coastal Resilience;
- Biodiversity and Nature-Based Climate Solutions;
- Clean Energy;
- Park Creation and Outdoor Access;
- Extreme Heat Mitigation; and,
- Climate Smart Agriculture.

Last year, the Legislature appropriated \$3.5 billion from Proposition 4 for its first year of implementation, which was slightly more than one-third of the \$10 billion. Among the various requirements include:

- At least 40 percent of total funds must go to projects that benefit vulnerable populations or disadvantaged communities and at least 10 percent of total funds must go to projects that benefit severely disadvantaged communities.
- Funds must be prioritized for projects that leverage private, federal, or local funding or provide the greatest public benefit.
- On an annual basis, CNRA must report information about projects’ objectives; status; anticipated outcomes; expected public benefits; and other basic information such as location, cost, and matching funds.

The Governor’s budget proposes \$2.1 billion in Proposition 4 bond funding in 2026-27, which is approximately 21 percent of the total \$10 billion authorized by Proposition 4, as shown in the figure below:

(Continue on to next page)

Governor’s Proposition 4 Proposal: 2026-27 Spending Plan

(In Millions)

Category	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Safe Drinking Water, Drought, Flood, and Water Resilience	\$3,800	\$1,199	\$792	\$1,809
Wildfire and Forest Resilience	1,500	598 ^b	314	588
Coastal Resilience	1,200	279	107	814
Biodiversity and Nature-Based Climate Solutions	1,200	390	199	611
Clean Energy	850	275	326	249
Park Creation and Outdoor Access	700	466	35	199
Extreme Heat Mitigation	450	110	241	99
Climate Smart Agriculture	300	153	89	58
Totals	\$10,000	\$3,470	\$2,103	\$4,427

^aAmounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will be \$75 million in total for all chapters of the bond. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

^b\$181 million of this amount was provided through Chapter 2 of 2025 (AB 100, Gabriel) and was available for administering departments to expend beginning in April 2025.

Note: Numbers may not add up due to rounding.

Source: Legislative Analyst’s Office

Proposition 4: Budget Bill Language. According to LAO, the Governor’s budget proposal includes budget bill language adding a new control section intended to reduce the administrative burdens associated with implementing large-scale or state-administered Proposition 4-funded projects as noted below.

Allows State Departments to Consolidate Multiple Proposition 4 Grant Program Funds for landscape-Level Projects. The proposed control section would allow state departments that each administer different Proposition 4 grant programs to jointly fund projects at a landscape and/or multi-jurisdictional scale and consolidate funding, administration, and oversight under one lead department. Under the proposed language, participating departments would identify an applicable project; select a lead department; and enter into agreements that, among other details, would estimate the total amount of funding needed for the the project and the Proposition 4 contribution from each entity. The lead department would notify the Department of Finance (DOF) once all of the agreements are finalized and, if it approves the arrangement, DOF would transfer budget spending authority from the participating departments to the lead department. The lead department would then work directly with the grantee to complete the project with the consolidated funding, including ensuring compliance with bond requirements.

Streamlines Inter-Department Grant Process for State-Administered Projects. In some cases, one state department might apply for and be awarded a Proposition 4 grant from a different state department to undertake a project. To help avoid delays and cash flow constraints that may arise from the process, the proposed control section would permit DOF to transfer the spending authority directly to the receiving department, rather than that department needing to “front” the money from its own budget and then request and wait for reimbursement.

Proposition 4: LAO Overarching Comments. According to the LAO:

Overall, Proposed Plan Seems Reasonable and Consistent with Bond Requirements. Based on LAO’s review, the Governor’s proposed 2026-27 spending plan for Proposition 4 appears reasonable. LAO has not identified any proposed actions or appropriations that conflict with bond requirements and the timing of the funding allocations generally seems to account for and align with what the LAO knows about

department capacity and local demand. The administration provided reasonable workload justification for the new requested positions. Also, by proposing only one year of project funding at a time — rather than a multiyear spending plan — the Governor gives the Legislature more opportunities for review and weigh in on proposed bond funding and implementation on an annual basis.

Previously Approved Funding Remains Largely Unspent Thus Far. The administration has indicated that a relatively small amount of Proposition 4 funding has been spent so far in 2025-26, due to several reasons. For example, at the time of producing this agenda, many departments were still working through the emergency rulemaking process to develop their grant programs. [Please note that on February 19, 2026, the Legislature approved, and the Governor signed, AB 107 (Gabriel), Chapter 5, Statutes of 2026, a budget bill for early action, which adds Control Section 15.01 exempting Proposition 4 appropriations in the 2025 Budget Act from the Administrative Procedure Act (APA) in order to make haste. On a related note, AB 35 (Alvarez) is a policy bill currently going through the policy process that would exempt Proposition 4 bond programs from the APA moving forward and provides alternative actions to address transparency, accountability, and public participation concerns. AB 35 has passed out of the Assembly and is currently in Senate Rules Committee waiting for referral.]

For New Programs, Legislature Could Consider Clarifying Spending Guidance in Statute. The Legislature designed Proposition 4 such that most of the funding will be allocated through preexisting programs. However, a few instances exist where the bond language allows for more discretion around exactly how funds will be used. These include categories for which the bond language allows funds to be used for multiple potential activities, or for which funds are dedicated for a new program or activity that does not have an established framework in place. The Governor’s budget proposes providing Proposition 4 funding for several such new programs or activities in 2026-27, as summarized in the figure below.

Governor’s Proposition 4 Proposal: New Programs and Activities

(In Millions)

Purpose	Implementing Departments	Bond Category	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Nature, climate education, and research facilities	CNRA	Water/Parks	\$45	\$33	\$10	\$2
Salton Sea Conservancy	SSC	Water	10	2	3	5
Fire training center	CalFire	Wildfire	25	3	5	17
Fuel reduction, structure hardening, defensible space, reforestation, acquisitions	CalFire	Wildfire	50	30	20	—
Reduce wildfire risk related to electricity transmission	CalFire	Wildfire	35	—	15	19
San Andreas Corridor Program	WCB	Biodiversity and NBS	80	—	20	59
Public financing of transmission projects	IBank	Clean Energy	325	—	323	—
Reducing climate impacts on disadvantaged communities and expanding outdoor recreation	CNRA/CDFW/SMMC	Parks	200	119	26	54
Regional farm equipment sharing	CDFA	Agriculture	15	—	14	1
Tribal food sovereignty	CDFA	Agriculture	15	—	14	1
Increasing land access and tenure	DOC	Agriculture	30	—	5	25
Totals			\$830	\$186	\$455	\$184

^aAmounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will be \$6 million in total for all of these programs. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

Note: Numbers may not add up due to rounding.

CNRA = California Natural Resources Agency; SSC = Salton Sea Conservancy; CalFire = California Department of Forestry and Fire Protection; WCB = Wildlife Conservation Board; NBS = nature-based solutions; IBank = California Infrastructure and Economic Development Bank; CDFW = California Department of Fish and Wildlife; SMMC = Santa Monica Mountains Conservancy; CDFA = California Department of Food and Agriculture; and DOC = Department of Conservation.

Source: Legislative Analyst’s Office

As shown above, these 11 programs represent \$830 million of the bond’s authorized total, of which the Governor proposes to appropriate \$455 million in 2026-27. While the Legislature did approve a cumulative \$186 million for some of these activities in 2025-26, LAO believes notable discretion

remains around how specifically the funds can and will be used. As such, these proposed appropriations represent a key opportunity for the Legislature to articulate its priorities and provide guidance about how specifically these funds should be spent, to the degree it has any. Absent such guidance, the Legislature is essentially deferring to the administration to make spending decisions. For example, some of the specific activities contained in the administration's proposals — which are not specified in or required by bond language — include:

- Nature, Climate Education, and Research Facilities Grant. The bond included similar categories of funding in both the Water and Parks chapters. In 2026-27, the administration proposes combining funding from both bond chapters to run a competitive grant program for capital projects at education and research facilities. (The Legislature appropriated some funding from these categories in 2025-26 for several specific facilities.)
- Fire Training Center. The bond language is not specific about how these training center funds must be used. The administration proposes using \$2.5 million in 2026-27 and the entire remaining balance in the out-years to fund improvements at CalFire's Ione Training Center. The remaining \$2.5 million in 2026-27, together with \$2.5 million from the amount approved in 2025-26, would be used for CalFire's Prescribed Fire Learning Hub.
- Fuel Reduction, Structure Hardening, Defensible Space, Reforestation, and Acquisitions. This bond category sets aside funding for a range of potential activities. The administration proposes providing \$20 million in 2026-27 to be used over the next three years for financial and technical assistance for homeowners to implement defensible space mitigations.
- Reducing Climate Impacts on Disadvantaged Communities and Expanding Outdoor Recreation. The bond language does not specify exactly how these funds must be used. The administration would use \$6 million of the proposed \$26 million in 2026-27 to support a three-year stewardship program at Parks to enhance lands adjacent to and surrounding the former Sonoma Developmental Center.

None of the administration's proposed activities for these funds raised specific concerns for LAO through their review. However, since in many cases the administration's proposed approach was not specifically articulated by the Legislature in the bond language, approving or modifying these proposals represents the Legislature's opportunity to confirm and express its intent and priorities — which could differ from what the Governor is proposing. For each new program, the Legislature could use budget subcommittee hearings to ensure it understands specifically what the administration is planning and request additional information if needed. To the extent the Legislature would like to modify the proposal and/or specify spending guidance, it could do so in budget bill and/or trailer bill language. Such language could help the Legislature ensure its expectations for the use of this funding are upheld.

Some Proposition 4 Programs Relate to Other Governor's Budget Proposals. Some of the bond programs in the proposed spending plan relate to other Governor's budget proposals. For example, in addition to the proposed \$20 million from Proposition 4 for CalFire's defensible space mitigation grant program, the department is also retreating \$6.2 million General Fund and 31 positions in 2026-27 (and a similar amount ongoing) to perform defensible space inspections. Similarly, DWR is requesting \$9.5 million in Proposition 1 (2014) funding along with \$15.5 million in Proposition 4 funding for a fish passage project in the San Joaquin River. As another example, DWR is requesting \$8.7 million from the General Fund and \$3.8 million from Proposition 4 to support state operations associated with urban flood risk reduction projects conducted with the federal government. To the extent Proposition 4-funded activities relate to other proposals in the budget, LAO recommends the Legislature consider them in

tandem. This could allow it to assess the potential interactions of the associated proposals. For example, it could explore the implications of funding one proposal without approving the other (such as if the budget condition requires it to reject new proposed General Fund spending).

Proposed Control Section Seems Reasonable but Lacks Legislative Reporting. LAO finds the administration’s proposed control section to be reasonable. Easing departments’ ability to jointly fund landscape and multi-jurisdictional projects would be consistent with bond language that encourages these types of projects. Moreover, streamlining the funding process for state-administered projects could help departments understand the work more quickly and efficiently. However, while the proposed control section requires notification and approval of DOF before spending authority changes, it does not include legislative notification. The Legislature might benefit from receiving summary information about the degree to which the proposed control section is used — both to help it track project funding and implementation, as well as to understand possible strategies for easing administrative burdens and potential unintended consequences.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 18: Department Overview: Parks

Background. The mission of Parks is to provide for the health, inspiration, and education of the people of California by helping to preserve the state’s biological diversity, protecting its most valued natural, cultural, and historical resources, and creating opportunities for high-quality outdoor recreation.

The responsibilities of Parks include: stewardship of natural resources, historic, cultural, and archeological sites, and artifacts and structures; provision of interpretive services for park visitors; construction and maintenance of campsites, trails, visitor centers, museums, and infrastructure such as roads and water systems; and creation of recreational opportunities such as hiking, bicycling, fishing, swimming, horseback riding, jogging, camping, picnicking, and off-highway vehicle recreation.

In addition, the department’s Division of Boating and Waterways funds, plans, and develops boating facilities of waterways throughout the state and ensures safe boating for the public by providing financial aid and training to local law enforcement agencies.

The department’s Office of Grants and Local Services (OGALS) develops grant programs to provide funding for local, state, and nonprofit organization projects. Since 1964, more than 7,700 community parks have been created or improved from OGALS’ grant funding. Since 2000, the program has administered approximately \$4.7 billion in grant funding for projects throughout the state.

Because Parks’s programs derive a need for infrastructure investment, Parks has a capital outlay program to support this need.

The following figure shows Parks’s three-year expenditures and positions plan in the Governor’s Budget:

3-YEAR EXPENDITURES AND POSITIONS †

	Positions			Expenditures		
	2024-25	2025-26	2026-27	2024-25*	2025-26*	2026-27*
2840 Support of the Department of Parks and Recreation	4,053.7	4,672.3	4,682.3	\$877,114	\$1,435,231	\$830,884
2850 Division of Boating and Waterways	66.8	59.8	60.8	19,278	30,004	30,014
2855 Local Assistance Grants	-	-	-	138,244	535,691	135,600
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	4,120.5	4,732.1	4,743.1	\$1,034,636	\$2,000,926	\$996,498

† Fiscal year 2024-25 budget display reflects the best available information for use in decision-making for this department and/or these fund(s). Additional review and reconciliation of 2024-25 ending fund balances will occur in the spring to evaluate if a budget adjustment is required.

Source: Department of Finance

State parks and recreational programs are supported by Parks and its divisions of Boating and Waterways, Off-Highway Motor Vehicle Recreation, and Office of Historic Preservation. There are 280 state park units, over 340 miles of coastline, 970 miles of lake and river frontage, 15,000 campsites, 5,200 miles of trails, 3,195 historic buildings and more than 11,000 known prehistoric and historic archaeological sites. More than 68 million people annually visit the State Park System (with most visits occurring between mid-May and mid-September), which includes:

- Beaches
- Coastal beaches
- Conference centers
- Ghost towns
- Historic homes
- Historic monuments
- Historic parks
- Lakes and reservoirs
- Lighthouses
- Marine parks
- Museums
- Natural and cultural preserves
- Natural reserves
- Off-Highway vehicle recreation areas
- Parks
- Seashores
- Spanish-era adobe buildings
- Visitor centers.

Proposition 4 Climate Bond. The Governor’s budget includes Proposition 4 appropriations to Parks, including:

- \$33 million for forest health and watershed projects (Wildfire and Forest Health)
- \$0.3 million for Implementing Sea Level Rise Adaptation Strategy (Coastal Resilience)
- \$2 million for Statewide Parks Program (Park Creation and Outdoor Access)
- \$6 million for Reducing climate impacts on disadvantaged communities and expanding outdoor recreation (Park Creation and Outdoor Access)
- \$0.4 million for deferred maintenance (Park Creation and Outdoor Access)

According to Parks, the current backlog of deferred maintenance is \$1.2 billion. Parks notes that given ongoing construction cost escalation, inflationary pressures, and the aging condition of many assets, the current liability may be higher than this estimate.

Issue 19: California State Parks Library Pass Program

Governor’s Proposal. The Governor’s budget requests an ongoing transfer of \$6.75 million General Fund to the State Park Recreation Fund (SPRF) for the Library Pass Program, which began as a pilot program in 2021-22. This proposal is intended to continue providing 33,000 State Library Parks Passes to more than 1,100 library branch locations throughout the state.

Background. *California Outdoors for All Initiative: California State Parks Library Pass Program.* The Library Pass program was originally part of the larger California Communities for All Initiative in 2021. Among the several components of the initiative, the 2021-22 budget included \$9.1 million General Fund for three, free state parks pass programs, including: (1) the Library Pass Program, which was a new, limited-term pilot project; (2) a separate, new, pilot program, California State Park Adventure Pass Program, which provides 4th graders and their families free access to certain state parks; and, (3) a revamped Golden Bear Pass Program, which provides free, annual vehicle day-use passes for state parks to families who receive CalWORKs, individuals receive supplemental security income, and income-eligible Californians over the age of 62.

The 2024 Budget Act extended both pilot programs: (1) the Library Pass pilot program for a limited time by appropriating \$6.75 million General Fund on a one-time basis; and (2) the Adventure Pass Program extended permanently by appropriating \$2 million ongoing from Proposition 98 General Fund to the California Department of Education to administer the Adventure Pass Program operated by Parks. The 2025 Budget included a one-time transfer of \$6.75 million General Fund to SPRF to extend the Library Pass program one more year.

The Library Pass Program allows library card users to check out a library pass for free vehicle day-use entry to over 200 participating state park units operated by Parks. The pass is valid for entry of one passenger vehicle with capacity of nine people or less or one highway licensed motorcycle. To ensure that passes are accessible to more income disadvantaged Californians, a larger proportion of the passes have been provided to library branch locations in areas with a high poverty index percentage and high population density.

LAO Comments. Please see LAO comment on the Library Pass Program on page 25 of this agenda.

Staff Recommendation. Hold open.

Issue 20: Low-Cost Accommodations BCPs:

Governor’s Proposal. The Governor’s budget requests the following for lower cost accommodations at various state parks along the coast:

a) Angel Island State Park (SP). Low-Cost Accommodations. \$450,000 in reimbursement authority in 2026-27 to the State Parks and Recreation Fund (SPRF) for the preliminary plans phase of the Angel Island SP: Low-Cost Accommodations project, which is located in the San Francisco Bay. This new project will include planning, development, construction, operation, and maintenance of low-cost accommodations at Angel Island SP. Total cost of the project is \$5.9 million and expected to be completed in December 2029. Parks will use grant funds from the State Coastal Conservancy (SCC) to support this request.

Budget Bill Language (BBL): Parks requests provisions for encumbrance availability for two years, rather than one year, due to fact that the project site is a coastal area and possibly an area of natural resources sensitivity. The planning and initial development process will require coordination between multiple agencies, resulting in longer-than-average time requirements for studies, design, permitting, and environmental compliance.

b) Emma Woods State Beach (SB). Low-Cost Accommodations. \$600,000 in 2026-27 from the State Parks Contingent Fund for the preliminary plans phase of the Emma Woods SB: Low-Cost Accommodations project. This project will provide planning, development, construction, operation, and maintenance of low-cost accommodations at Emma Wood SB. Total project costs are estimated at \$7.7 million and the project is expected to be completed in May 3030. Emma Wood SB is located north of Ventura.

BBL: Parks requests provisions for encumbrance availability for two years, rather than one year, due to fact that the project site is a coastal area and possibly an area of natural resources sensitivity. The planning and initial development process will require coordination between multiple agencies, resulting in longer-than-average time requirements for studies, design, permitting, and environmental compliance.

c) Pfeiffer Big Sur SP: Low-Cost Alternative Lodging. \$1 million in 2026-27 from Proposition 68 for the construction phase of the Pfeiffer Big Sur SP: Low-Cost Alternative Coastal Lodging project in Monterey County. Total project costs are estimated at \$7.47 million and the project is expected to be completed in March 2027.

This continuing project includes construction of up to 15 new, lower-cost alternative lodging cabins along the coast to enhance visitor experience and increase visitors by non-traditional users within Pfeiffer Big Sur SP. A portion of funds for this project will come from the California Coastal Commission as a donation in-lieu of mitigation fees totaling up to \$3.46 million over the next several years. Parks intends to use Proposition 68 for additional project costs.

d) Silver Strand SB: Low-Cost Accommodations. \$750,000 in reimbursement authority to SPRF for the working drawings phase of the Silver Strand SB: Low-Cost Accommodations project. Silver Strand SB is located south of the City of San Diego. This continuing project will allow for the planning and initial development of low-cost accommodations at Silver Strand SB. The funds for this request will come from a grant from SCC. This project will be funded by SPRF, State Park Contingent Fund, and Proposition 68. Total project costs are estimated at \$17 million and the project is expected to be completed in April 2029.

Background. AB 250 (Gonzalez Fletcher), Chapter 838, Statutes of 2017, required the State Coastal Conservancy to develop and implement a specified Lower Cost Coastal Accommodations Program to help develop new low-cost accommodations and improve existing ones on California’s coastline. As the largest public landowner and operator of one-third of the Californian coastline, Parks plays a key role in the implementation of this program.

Staff Recommendation. Hold open.

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)

Issue 21: Department Overview: CDFW

Background. CDFW’s mission is to manage the state’s diverse fish, wildlife, and plant resources, and the habitats upon which they depend, for their ecological value and for their use and enjoyment by the public. This includes habitat protection and maintenance in a sufficient amount and quality to protect the survival of species and natural communities. The department is also responsible for the diversified use of fish and wildlife including recreational, commercial, scientific, and educational uses. Because CDFW programs need infrastructure investment, the department has a capital outlay program. The figure below shows the CDFW’s three-year plan for expenditures and positions in the Governor’s budget:

3-YEAR EXPENDITURES AND POSITIONS †

	Positions			Expenditures		
	2024-25	2025-26	2026-27	2024-25*	2025-26*	2026-27*
2590 Biodiversity Conservation Program	1,154.4	1,264.2	1,322.7	\$465,015	\$394,061	\$344,543
2595 Hunting, Fishing, and Public Use Program	492.6	494.0	494.0	111,583	123,769	123,910
2600 Management of Department Lands and Facilities	422.1	445.1	448.1	100,971	123,177	139,031
2605 Enforcement	486.7	503.5	510.5	121,567	139,090	132,091
2610 Communications, Education and Outreach	21.3	22.9	22.9	4,884	5,188	5,206
2615 Spill Prevention and Response	168.6	170.0	170.0	52,803	54,745	53,750
2620 Fish and Game Commission	11.3	11.5	11.5	1,930	2,059	2,068
9900100 Administration	294.1	332.8	332.8	64,223	67,289	67,148
9900200 Administration - Distributed	-	-	-	-64,223	-67,289	-67,148
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	3,051.1	3,244.0	3,312.5	\$858,753	\$842,089	\$800,599

† Fiscal year 2024-25 budget display reflects the best available information for use in decision-making for this department and/or these fund(s). Additional review and reconciliation of 2024-25 ending fund balances will occur in the spring to evaluate if a budget adjustment is required.

Source: Department of Finance

CDFW Programs. Among the various programs administered by CDFW include the following:

Biodiversity Conservation Program. This program encourages the preservation, conservation, maintenance, and restoration of wildlife resources, including the Ecosystem Restoration Program, under the jurisdiction and influence of the state. Activities involve the conservation, protection, and management of fish, wildlife, native plants, and habitat to ensure maintenance of biologically sustainable populations of those species.

Hunting, Fishing, and Public Use Program. This program facilitates diverse and sustainable hunting, fishing (recreational and commercial), trapping, and other public uses, and associated economic benefits to the state by conserving and managing game species. Activities include collection and assessment of information on the distribution and abundance of game fish and wildlife to determine appropriate regulations (bag limits, gear restrictions, etc.) and to monitor the effects of those regulations.

Management of Department Lands and Facilities Program. The program manages department-owned or leased lands and facilities, including hatcheries, wildlife areas, ecological reserves, fish and wildlife laboratories, and public access areas, to contribute to the conservation, protection, and management of

fish and wildlife.

Enforcement. This program serves the public through law enforcement, public safety, and hunter education. Law enforcement promotes compliance with laws and regulations protecting fish and wildlife resources; and investigates habitat destruction, pollution incidents and illegal commercialization of wildlife. Wardens also serve the public through general law enforcement, mutual aid and homeland security.

Communications, Education, and Outreach Program. This program minimizes damage and environmental impacts to, restore, and rehabilitates California's fish and wildlife populations and their habitats from the harmful effects of oil and other deleterious material spills in marine waters and inland habitats.

Fish and Game Commission. The California Fish and Game Commission ensures the long term sustainability of California's fish and wildlife resources by guiding the ongoing scientific evaluation and assessment of the state's fish and wildlife resources; setting the state's fish and wildlife resource management policies and ensuring these are implemented by the department; establishing appropriate fish and wildlife resource management rules and regulations; and building active fish and wildlife resource management agencies.

Since the 1950s, CDFW's funding base has shifted away from hunting and fishing license revenue, creating a long-term problem of insufficient and uncertain revenues to keep pace with program demands. Since 2001, the Legislature has enacted approximately 400 pieces of legislation impacting the department's policy or regulatory programs.

SB 1535 (Kuehl), Chapter 667, Statutes of 2006, the Legislature found that the state's growing population and development necessitated "a significant portion of the department's activities to be directed toward protecting fish and wildlife" for the benefit of California residents. It further recognized that CDFW's responsibilities increased to protect public trust resources in the face of a growing population and resource demands. The Legislature amended California Fish and Game Code Section 710.5 to declare that "the department continues to be inadequately funded to meet its mandates."

Service Based Budgeting (SBB). In October 2017, CDFW submitted a progress report to the Legislature that recognized that the department continued to accumulate unfunded mandates and identified limited funding as the primary barrier to implementing changes.

SB 854 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2018, directed CDFW to conduct a service-based budget (SBB) review.

SBB is a task-based budgeting approach that describes the services the department provides and

SBB is a budgeting approach that identifies the tasks needed to accomplish the department's mission and responsibilities. This review helps inform budgeting and operational approaches by identifying current staffing at the task level, projected staffing needs to meet its mission, operational improvement actions that may reduce costs, and revenue sources supporting specific activities.

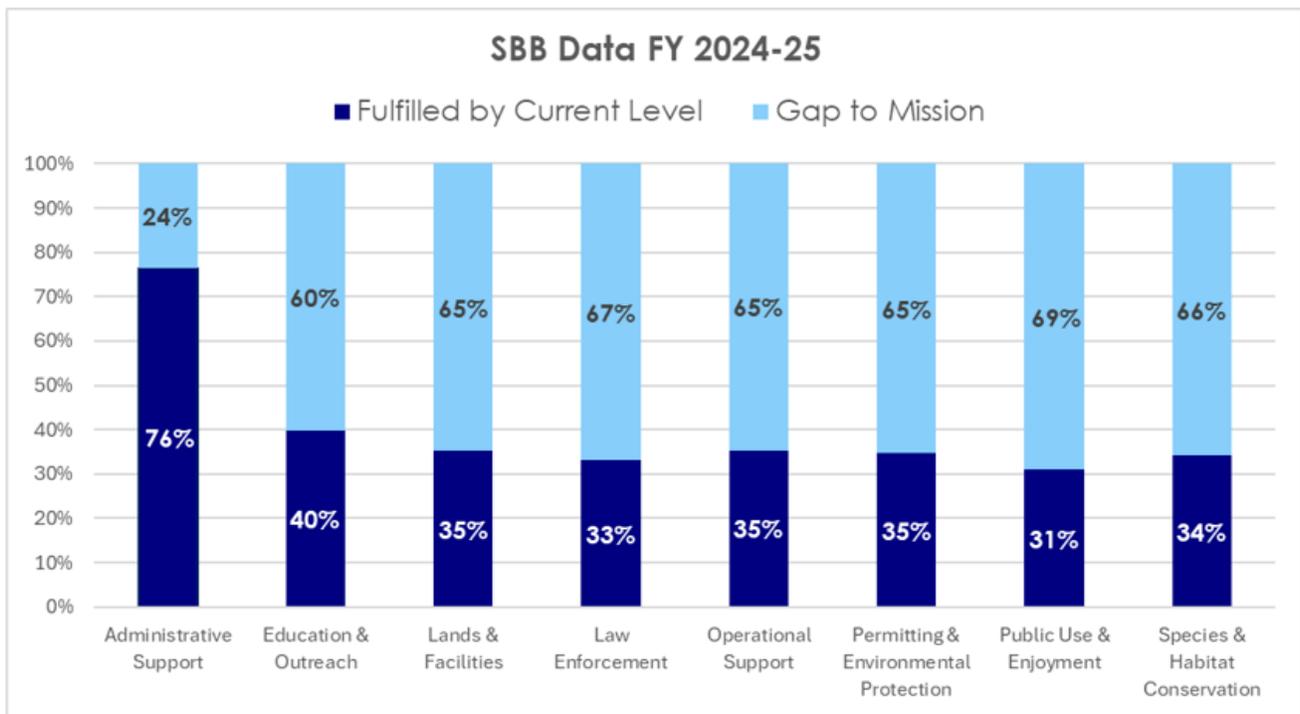
The SBB organizes CDFW into eight service areas, reflecting its core programs:

- Public use and enjoyment
- Species and habitat conservation
- Permitting and environmental protection
- Lands and facilities
- Law enforcement
- Education and outreach
- Operational support
- Administrative support

Below are updated findings from CDFW’s most recent SBB review:

Gap Analysis Overview

Services displayed by least gap to mission to greatest gap to mission as percentage of a whole

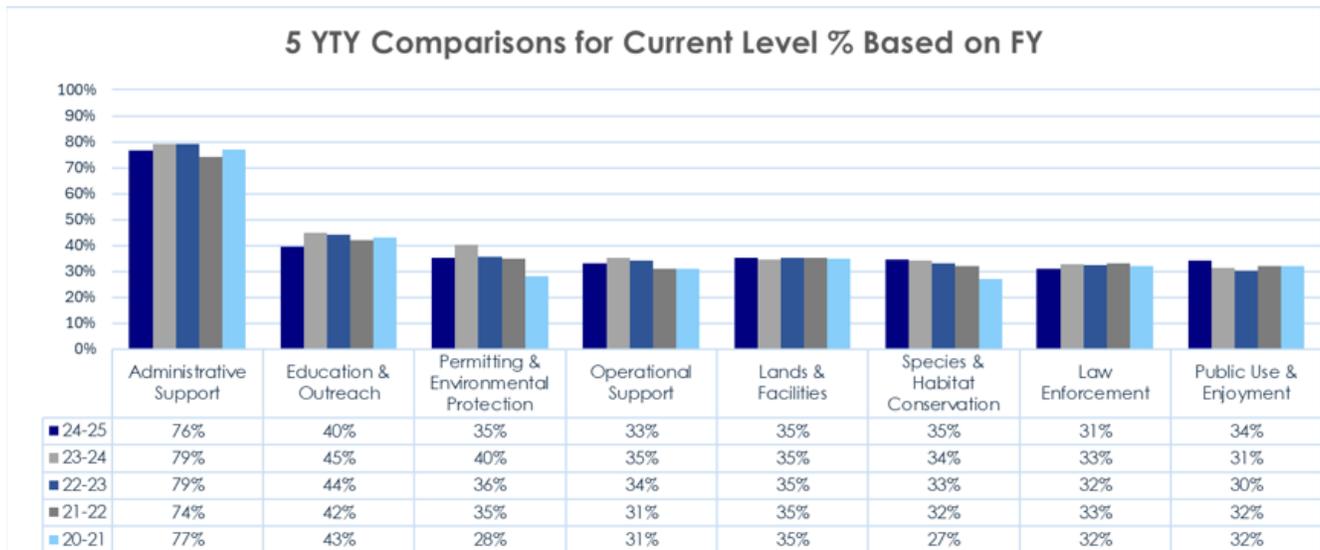


Source: California Department of Fish and Wildlife

As shown above, the SBB data for 2024-25 shows that CDFW is significantly under-sourced to meet its mission. On the whole, the data suggests that the department requires approximately three times its current level (at the time) of staffing to meet its mission.

Gap Analysis by Service Area

Chart and Graph below show 5-year YTY comparison for each year of data collection



Source: California Department of Fish and Wildlife

As shown above, CDFW has incrementally improved its resources since 2020-21 for permitting & environmental protection from 28 percent to 35 percent; and species & habitat conservation from 27 percent to 35 percent.

However, law enforcement has slipped from 33 percent in 2023-24 down to 31 percent in 2024-25. Wardens enforce the laws relating to fish, wildlife, and habitat within the state and its offshore waters and have statewide jurisdiction. Although their primary function is to enforce the state’s Fish and Game Code, they may also be called upon to enforce other state laws. CDFW wardens face unique challenges as law enforcement officers due to the following factors:

- California has 159,000 square miles of area to cover.
- More than 1,100 miles of coastline to cover.
- 30,000 miles of rivers and streams; 4,800 lakes and reservoirs; and 80 major rivers.
- More than 1,000 native fish and wildlife species.
- More than 6,300 native plant species.
- Approximately 360 threatened and endangered species.
- Approximately 3 million licenses and permits issued by CDFW annually.
- Over 300 million pounds of fish landed commercially in California each year.

Considering these factors, CDFW’s resources being less than one third of what is needed to fulfill its law enforcement duties should be addressed along with the department’s other responsibilities at low percentages of mission fulfillment.

CDFW: Proposition 4. The Governor’s budget includes the following Proposition 4 appropriations to CDFW in 2026-27:

- Coastal Resilience:
 - Island ecosystems; fisheries; kelp ecosystems \$10 million
 - Hatchery upgrades, Central Valley Chinook salmon \$20 million

- Park Creation and Outdoor Access:
 - Reducing climate impacts on disadvantaged communities and expanding outdoor recreation \$10 million

The administration intends to use the coastal resilience funding noted above for CDFW’s Parental Based Tagging and hatchery upgrades and expansions that increase fish production to support genetically diverse populations of Central Valley Chinook Salmon.

The California commercial fishing salmon season has been closed for an unprecedented three consecutive years since 2023 due to low adult salmon populations. Recreational salmon fishing had been closed since 2022 except for brief windows in 2025 with a quota of 7,000 fish.

The decline of salmon populations over many decades is partly attributable to deteriorating conditions in the waterways where salmon spawn each year, including the Sacramento and Klamath rivers. These fish also tend to follow patterns in natural hydrology – Wet periods are often followed by an uptick of adult Chinook returning from the ocean to spawn several years later, while droughts often precede population plunges. In 2022, fewer than 70,000 fish returned to the Sacramento River and its tributaries, one of the lowest estimates recorded. (“Commercial salmon season is shut down – again. Will California’s iconic fish ever recover?” *CalMatters*, Alastair Bland, April 15, 2025.)

Issue 22: Nutria Eradication Program (NEP)

Governor’s Proposal. The Governor’s budget requests one permanent position, \$8.2 million General Fund in 2026-27, and \$8 million General Fund in 2027-28 and ongoing, to support the continued and expanded operations of the NEP, which addresses the spread of the invasive nutria species.

This request includes one-time funding for three 4x4, crew cab pickups to move staff to more locations through the 8.3-million-acre project area. The NEP currently operates with a total of 28 trucks, six of which have been temporarily borrowed. NEP vehicles are utilized five to seven days per week, year-round. Temporary, loaned vehicles are not long-term solutions to the NEP’s workload and need, which are daily and year-round.

CDFW’s NEP is facing two critical issues: 1) nearly 65 percent of the program’s funding expires during 2025-26, leaving 19 permanent positions and 21 temporary staff unfunded, and 2) at current staffing and resource levels, NEP is able to conduct only ~30 percent of the workload necessary to successfully address the rapidly growing scale of the nutria infestation and make significant progress toward eradication.

Background. Nutria (*Myocastor coypus*) are large (20+ pounds), semi-aquatic rodents native to South America and highly invasive in the United States. (These animals look similar to beavers but with orange teeth.) Nutria are rodents that reproduce early and often; a female nutria can have three litters of up to 13 offspring within just over one year, and those offspring start reproducing at four to five months of age. As a result, the presence of a single pregnant female nutria can turn into a population of 79-200 within approximately 13 months. Because of their extremely high reproductive rate and ability to disperse up to 50 miles, infestations can rapidly expand both in population size and geographic distribution. A small infestation of nutria was discovered in the wetlands of Merced County in March 2017.

Due to their destructive feeding and burrowing behaviors, nutria can cause extensive damage to wetlands, riparian habitats, restoration projects, levees, water conveyance and flood protection infrastructure, and agriculture. CDFW regulates nutria as a detrimental, restricted animal because they pose a threat to native wildlife, the agriculture interests of the state, and to public health and safety, and are an A-rated pest by the Department of Food and Agriculture (CDFA). This program serves both private and public landowners and resource managers, including water districts responsible for water conveyance, agriculture producers that rely on water delivery, and reclamation districts charged with maintaining flood protection infrastructure, as well as serves the public interest by protecting water quality and supply.

CDFW implemented an emergency response to the nutria infestation in 2018, followed by establishment of a dedicated eradication program through funding received in 2019-20 and 2022-23. The NEP has also been supported by three-year funding approved in 2023-24, a reimbursement agreement from the Sacramento-San Joaquin Delta Conservancy, and a federal grant from the United States Fish and Wildlife Service. However, the three-year funding approved in 2023-24 and the reimbursement agreement, which provides 65 percent of the NEP’s funding, expire in 2025-26, leaving 19 permanent positions and 21 temporary staff unfunded. As of 2026-27, the NEP’s ongoing funding will be enough to support only four field staff; the NEP requires ongoing appropriations to continue its efforts to eradicate nutria from California.

CDFW's NEP is tasked with conducting visual observation and camera surveys to detect the presence of nutria and trapping to remove and ultimately eradicate the invasive species from California's ecosystems. The current scale of the NEP's operations is characterized below:

- Operating at sites scattered throughout an 8.3 million acre project footprint
- Assessed 2.02 million acres for habitat suitability
- Identified 13,612 sites (544,000 acres) of suitable (permanent and seasonal) nutria habitat
- A "site" is a 40-acre cell within a grid overlaying the entire project area
- Identified an additional 11,814 sites (472,000 acres) of corridor habitat that facilitates nutria dispersal among sites
- Detected nutria in a total of 1,431 unique sites across 11 counties
- In recent years, detected nutria in over 500 sites per year
- At current staffing levels, each year the department is able to:
 - Survey only 30 percent of the sites containing suitable, connected nutria habitat
 - Implement trapping in only about 30-40 percent of the sites where nutria are detected

According to the administration, if funding for the program is not continued and augmented, the remaining four NEP field staff will be able to survey approximately 10 percent of what the department has been able to accomplish annually over the past five years.

Staff Recommendation. Hold open.

Issue 23: Golden Mussel Containment Program

Governor’s Proposal. The Governor’s budget requests eight permanent positions to increase the department’s capacity to prevent the spread of golden mussel from infested waters. The requested resources are intended to support efforts by federal, state, and local agencies to prevent the introduction of golden mussel to un-infested waters throughout California. These positions will be funded for three years from \$20 million previously appropriated from Proposition 4 in the 2025 Budget.

Background. Invasive Species Program. The mission of the department’s Invasive Species Program is to reduce the negative effects of non-native invasive species on the wildlands and waterways of California by (1) preventing the introduction of these species into the state, (2) detecting and responding to introductions when they occur, and (3) preventing the spread of invasive species that have become established. Work is conducted in close coordination with other government agencies and non-governmental organizations and the public to protect the state’s natural environment, economy, and human health.

Quagga and Zebra Mussels. Expanding the department’s capacity to address golden mussel builds upon the current efforts that contain quagga and zebra mussels to southern California and San Benito County, respectively. CDFW’s efforts to support ongoing quagga/zebra mussel efforts include coordination and technical assistance to water managers of un-infested waters with mussel prevention, and coordination with water managers of infested waters on containment, outreach and education, early-detection monitoring, and law enforcement support to department staff and water managers.

From 2019 to 2024, the program was supplemented with federal Sport Fish Restoration Act (SFRA) funds to meet quagga/zebra mussel early-detection monitoring needs within the department’s Bay-Delta Region, South Coast Region, and Inland Deserts Region. In 2025-26, SFRA funding continues to fund staff in the Bay-Delta Region and increase the program’s capacity to expand conveyance inspection and decontamination training.

Golden Mussels. Golden mussel (*Limnoperna fortunei*) is a fingernail-size bivalve native to Asia that forms protein-based fibers that it uses to attach to underwater surfaces. Adult mussels can survive days, even weeks, when removed from water. Larval mussels can survive a week or longer in small volumes of water. Golden mussels have high reproductive rates and form dense colonies.

Mass colonization of surfaces, termed biofouling, blocks, impairs, and inhibits, function of manmade surfaces including underwater intakes, structures, and mechanisms, coats the hulls and external components of watercraft and recreational facilities, and natural objects such as rocks, fallen trees. In addition, mass colonies of golden mussel alter ecological processes of the natural environment, resulting in detrimental impacts to native and game species and water quality. Nearly every fresh and brackish water in California is suitable for golden mussel to establish.

There are no socially or environmentally benign methods currently available to eliminate invasive mussels once they are present. Containing mussels within infested areas is the only means to minimize additional new, widespread impacts. While the spread of invasive mussels in interconnected waters cannot be prevented without restricting navigation, their overland spread, attached to and within watercraft and equipment (collectively termed conveyances), can be prevented.

Golden Mussel Invasion. Golden mussels were discovered in the Sacramento-San Joaquin Delta (Delta) in October 2024. This is the first known occurrence of this non-native invasive species in North America, and the first invasive mussel detected in the Central Valley.

The Delta is in a central location and is a large geographic area as well as accessible, highly used for recreation, and has many conveyances and equipment that sit in-water for extended periods of time. Considering these factors, if no action is taken, golden mussels will spread to non-hydrologically connected reservoirs and waterways throughout the Central Valley, Sierra foothills and mountains, the Coastal Range, and Northern California. The spread would negatively impact fresh and brackish-water ecosystems as well as domestic and agricultural water supply systems, hydropower facilities, flood control structures, and recreation areas.

Managing Waterbodies. Access to reservoirs throughout the state are controlled by water managers, and the management of that access varies considerably across different waterbodies. As a result, public boating access has been significantly disrupted since October 2024, affecting recreational boaters and anglers, tourism, and local economies. In an effort to protect their waterbodies, some water managers that lacked staffing and resources to inspect incoming watercraft, closed their waters to boating. Several of these closures are still in effect. Other water managers that were able to stand up inspection programs did so through a variety of requirements prior to launch — Watercraft that did not pass their inspection were turned away. To date, CDFW is aware of four watercraft intercepted by these programs with adult golden mussel attached. Immediate action is needed as conveyances are constantly leaving the Delta and traveling overland to launch at other waterbodies.

Water managers in Southern California spend millions of dollars annually to chlorinate water within their system to kill larval quagga mussels to reduce biofouling alone, which is only one of the additional operational costs associated with the infestation of their system.

CDFW and Parks's Division of Boating and Waterways are working with boating and angling constituencies on solutions to reopen waters to boating and streamline access to launching between independently managed waterbodies. CDFW is also working to bridge communications between constituencies and water managers to identify ways to improve boating access, while also protecting the waterbodies from golden mussel introduction.

While there are similarities with containment of quagga mussel in Southern California, there are three additional challenges to containing golden mussel in the Delta: 1) the proximity of the Delta to many un-infested waters, 2) a less arid climate compared to the climate in Southern California, and 3) the number of large and mechanically complex conveyances that leave the Delta. Conveyances, which retain water or are moored in mussel-infested water for long periods of time, are significantly more likely to harbor adult mussel attached to exterior surfaces and internal system as well as juvenile mussel larvae entrapped in water that cannot be drained from the conveyance.

Staff Recommendation. Hold open.

Issue 24: Protecting California’s Federally Listed Species (AB 1319)

Governor’s Proposal. The Governor’s budget requests five permanent positions, \$1.4 million General Fund in 2026-27 and \$1.3 million annually in 2027-28 through 2031-32 to implement requirements imposed by AB 1319 (Schultz), Chapter 639, Statutes of 2025, through the bill’s sunset date, December 31, 2031.

To fully implement this bill and protect the habitat and biodiversity in the state, CDFW will need to expand the number of scientific and legal staff to monitor federal actions, evaluate impacts on species, conduct status reviews, add species to the list of provisional candidates, develop protective measures and guidance, and implement permitting and conservation programs for the federally listed species that will be listed pursuant to the California Endangered Species Act as a result of this process.

Background. The federal administration has indicated intentions to reduce protections for federally listed species and has initiated formal rulemaking processes to accomplish this reduction. Some federally listed species at risk of decreased protections include the monarch butterfly, the western snowy plover, California red-legged frog, Point Arena mountain beaver, and green sea turtles.

Since January 2025, several executive orders have been issued by the President that directly weaken the protections of species listed under the federal Endangered Species Act (ESA). In addition, the US Fish and Wildlife Service or the National Marine Fisheries Service have initiated a formal rulemaking to repeal the rule defining the term “harm” in the federal ESA. This regulatory act could result in a reduction of protections for 160 federally listed species.

AB 1319. AB 1319 requires CDFW to monitor federal actions for reductions in species protection. These actions may include an act by Congress to amend the federal ESA, a rulemaking or amendment to regulations by either the US Fish and Wildlife Service or the National Marine Fisheries Service, an executive order by the President of the United States, or an action by the Endangered Species Committee.

In addition, AB 1319 created a new species listing process and expanded enforcement authority to ensure adequate protection of threatened and endangered species in California.

Staff Recommendation. Hold open.