

*Senate Budget and Fiscal Review—John Laird, Chair*

# SUBCOMMITTEE NO. 4

# Agenda

**Senator Melissa Hurtado, Chair**  
**Senator Roger W. Niello, Vice-Chair**  
**Senator Christopher L. Cabaldon**  
**Senator Lola Smallwood-Cuevas**



**Thursday, April 16, 2026**  
**9:30 a.m. or Upon Adjournment of Session**  
**State Capitol, Room 113**

Consultants: Elisa Wynne and Timothy Griffiths

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## ITEMS FOR DISCUSSION

### 0509 GOVERNOR'S OFFICE OF BUSINESS & ECONOMIC DEVELOPMENT (GO-BIZ)

#### Item 1: Director's Overview with Highlighted Program Updates and Oversight

**Issue.** The Governor's Office of Business and Economic Development (GO-Biz) provides financial incentives, technical consulting, and marketing assistance through a variety of programs with the common goal of fomenting economic activity and job growth in California. For this agenda item, Director Dee Dee Myers will:

- present an overview of GO-Biz' operations;
- preview the GO-Biz budget requests that will be taken up during this hearing; and
- give programmatic updates on the GO-Biz initiatives described in the following Background section.

**Background.** The 2025 Budget Act provided funding to GO-Biz for the implementation of two new projects as part of its broader mission to promote economic activity and job growth in California: a \$10 million appropriation establishment of the California Civic Media program and a \$20 million appropriation for an initiative to promote economic activity in the state that GO-Biz is calling its California Brand Campaign.

#### California Civic Media Program

SB 155 (Committee on Budget and Fiscal Review, Ch. 649, Stats. 2025) established the California Civic Media Program with the aim of "enhancing the public good through supporting a robust and dynamic California press corps" and made a \$10 million General Fund appropriation to the effort while specifying that no more of that amount can be used than is matched by private contributions, most of which are expected to come from Google.

The bill charged GO-Biz with standing up and operating the new program. GO-Biz may use no more than 7.5 percent of the program fund for its administrative costs. GO-Biz' specific tasks include:

- establishing and appointing a nine-person advisory board to provide recommendations to Go-Biz for the allocation of private moneys in the fund;
- accepting contributions from private sources, including private for-profit and nonprofit organizations.
- directing the expenditure of public money in the fund consistent with the purpose of the Civil Media Program; and

- entering into agreements with third parties for purposes of administering programs funded with public moneys allocated from the fund.

GO-Biz has completed appointment of the Advisory Board. That Board has now met twice, most recently on April 3, 2026.

GO-Biz has also selected the James B. McClatchy Foundation (JBMF) as the third-party administrator for the Civic Media Program after conducting a competitive bid process. According to GO-Biz, JBMF is a California-based nonprofit with a “track record of administering multimillion-dollar journalism and newsroom grant programs.” GO-Biz explains that JBMF will work with Journalism Funding Partners (JFP), which Google chose to administer its private contribution to the program. Together, JFP and JBMF will disburse funding based on the finalized state process, which remains under development.

### **Key Questions:**

- Is GO-Biz actively seeking additional private contributions to the Civic Media Funds? If so, how is that effort going? If not, why not?
- What is GO-Biz’ most recent thinking about how to determine the size and distribution of program awards? What safeguards are being contemplated to ensure that small and rural media outlets are able to benefit from the program?

### **California Brand Campaign**

The 2025 Budget Act included a \$20 million appropriation to support an initiative to promote California to visitors and business. As initially incorporated into the 2025 Budget in SB 105 (Wiener, Ch. 104, Stats. 2025) , this appropriation was directed wholly to the California Travel and Tourism Commission account within GO-Biz. It subsequently became clear that the Commission’s exclusive focus on promoting travel and tourism was too narrow for the broader scope of promotional activity that GO-Biz envisioned for this funding. To enable a wider range of eligible uses, AB 107 (Gabriel, Ch. 5, Stats. 2026) transferred the funding to GO-Biz’ overall state operations account. GO-Biz reports that it has begun the process of implementing this initiative which it currently refers to as the California Brand Campaign.

### **Key Questions:**

- What activities has GO-Biz undertaken pursuant to this initiative so far? What is GO-Biz’ vision for implementation of the campaign going forward?
- What outcomes does GO-Biz hope to achieve? What benchmarks and metrics will it use to assess progress?

**Staff Recommendation.** Information only.

**Item 2: Highlighted California Office of the Small Business Advocate (CalOSBA) Program Updates and Oversight**

**Issue.** As part of its broader economic development mandate, GO-Biz operates the California Office of the Small Business Advocate (CalOSBA). As its name suggests, CalOSBA is dedicated to assisting emerging entrepreneurs across the state to found and grow new businesses, primarily through a combination of technical assistance and the facilitation of access to capital. This agenda item is intended to enable the Subcommittee to obtain updates and conduct oversight with respect to three recently funded initiatives within CalOSBA.

**Background.** A brief description of each of the highlighted CalOSBA projects is below. During the hearing, GO-Biz and representatives of the organizations partnering with GO-Biz on the projects will provide testimony and answer questions about the status of these projects.

CA RISE

The CA RISE program provides financial and technical assistance to Employment Social Enterprises (ESEs). ESEs are for-profit or non-profit organizations that earn revenue through the sale of goods or services produced by employees overcoming barriers to work. In other words, an ESE is a business whose primary purpose is to provide employment, training, and supportive services to people who face high barriers to work, including homelessness, previous incarceration, chronic poverty, substance use or mental health issues as well as youth transitioning from foster care. Some well-known examples of ESEs include Homeboy Industries and the Goodwill.

The idea behind CA RISE is that supporting the establishment and growth of ESEs will help individuals that might otherwise have difficulty obtaining or maintaining a job to secure a lasting foothold in the workforce. CA RISE is based on an earlier program, LA RISE, which has undertaken similar activities since 2014. Both programs rely considerably on the role of the Redefine Alliance (formerly known as REDF), which describes itself as a “nationwide venture philanthropy organization” to provide much of the technical assistance to the ESEs.

The 2022 Budget Act established CA RISE through a \$25 million one-time appropriation in the 2022 Budget Act and the program made its first round of awards in 2024. CalOSBA considered 116 ESEs for grants, ultimately awarding 61 ESEs a total of just over \$17 million in direct support grants in 2024. Individual grants ranged from \$100,000 to \$500,000.

The 2025 Budget Act provided a further General Fund appropriation of \$17 million for additional CA RISE grants and to extend operation of the program for two more years. At the time, both the LAO and this Subcommittee expressed some reservations about the idea of making further appropriations to CA RISE even before the initial round of grants were complete.

Witness: Greg Ericksen, Senior Director, Government Partnerships & Policy, Redefine Alliance

## Key Questions:

- What is the most recent outcome data from the first round of CA RISE grants?

- What is the status of the additional grants funded pursuant to the 2025 Budget Act?

*Performing Arts Equitable Payroll Fund*

SB 1116 (Portantino, Ch. 731, Stats. 2022) established the Performing Arts Equitable Payroll Fund grant program. As its name implies, the program was designed to support the workers behind live performances by reimbursing many of their employers' payroll expenses. The 2023 Budget Act appropriated \$12.5 million to the program. Due at least in part to repeated proposals to withdraw this funding, rollout of the program was substantially delayed. The first round of grants were not awarded until the fall of 2025.

The non-profit organization CA for the Arts manages the program on behalf of the Offices of the Small Business Advocate (CalOSBA) at GO-Biz. CalOSBA reports that:

The program's inaugural funding round distributed \$11,621,892 in grants to 100 small nonprofit performing arts organizations statewide. These grants were awarded on a first-come, first-served basis from a total of 413 applications, which collectively requested \$40,789,646 in funding.

Further details regarding the program and distribution of the first round of grants, including a complete list of awardees, is available [here](#).

Witness: Julie Baker, Chief Executive Office, CA for the Arts

Key Questions:

- The Performing Arts Equitable Payroll Fund was originally intended to help California's performing arts organizations weather the financial impact of the COVID-19 pandemic's limitations on having audiences at live performances. How are those organizations fairing today?
- What lessons did CalOSBA and Californians for the Arts take from the inaugural round of funding for the program? In the event that funding becomes available for future rounds of funding, are there programmatic changes that CalOSBA or Californians for the Arts would recommend?

*Technical Assistance Program (TAP) and Capital Infusion Program (CIP)*

CalOSBA's Technical Assistance Program (TAP) provides grants to a network of small business development centers (SBDCs) throughout the state that provide free or low-cost technical advice and training to help small businesses and entrepreneurs start and grow. Among other things, SBDC services include: business plan development; capital readiness and fundraising; revenue growth strategies such as export training, government and private procurement, e-commerce marketplace development and other business development strategies; marketing; management; operations; financial management; cybersecurity; production/manufacturing assistance and increased

productivity strategies; innovation and tech transfer; and business resilience such as emergency preparedness, disaster economic recovery, succession planning, employer ownership transitions. The SBDCs emphasize that they tailor many of their services to the particular needs of underserved business groups, including include female, minority, and veteran entrepreneurs, as well as to communities that are low-wealth, rural, and disaster impacted. The 2018 Budget Act allocated \$17 million in General Fund to TAP annually for five years. The 2022 Budget Act increased this funding by \$6 million – for a total of \$23 million annually – and made it ongoing.

CalOSBA’s CIP program also operates through the SBDC network, but it focuses more narrowly on helping small businesses access capital. CIP is funded through an ongoing annual General Fund appropriation of \$3 million which acts as the required match for drawing down federal CIP funding from the United States Small Business Administration (SBA). CalOSBA distributes CIP funds across the five regional SBDC networks statewide using a population-based formula. In 2025-26, the distribution breakdown was as follows:

Region	Population Share (%)	Funding Amount
Northern CA	31.7%	\$951,680.00
Central CA	11.2%	\$335,710.00
Los Angeles	28.6%	\$857,860.00
Orange County/Inland Empire	19.7%	\$590,830.00
San Diego/Imperial Valley	8.8%	\$263,920.00

Witness: Susie Pryor, Regional Director, Central California SBDC Network

#### Key Questions:

- What outcomes have TAP and CIP funding enabled CalOSBA and the SBDC networks to achieve? How are these outcomes tracked and measured?
- How has the imposition of tariffs and other volatility in federal policy impacted the small business community in California? What are the other primary challenges currently facing California’s small business community?
- Are existing TAP and CIP appropriations sufficient to maximize California’s drawdown of federal resources for small business assistance?

**Staff Recommendation.** Information only.

**Item 3: Film and Television Tax Credit Staffing**

**Issue.** The Governor’s Budget includes \$472,000 ongoing General Fund and 3.0 permanent positions beginning in 2026-27 to support increased workload for the California Film Commission (CFC) due to the expansion of the Motion Picture Tax Credit Program.

**Background.** California first established the Motion Picture Tax Credit Program (Tax Credit Program) in 2009 to compete with similar programs in other states and countries using tax credits to incentivize production relocation. Since then, California has enacted several iterations of the program. Chapter 114, Statutes of 2021 established the California Soundstage Filming Tax Credit Program, allocating an additional \$150 million in film tax credits for productions filmed at new or renovated soundstages. Chapter 56, Statutes of 2023 renewed the Motion Picture Tax Credit 4.0 (Program 4.0), reauthorized \$330 million in tax credits to be allocated by the CFC on or after July 1, 2025, and before July 1, 2030, and authorized the state’s first large-scale refundable credit for business taxpayers.

The Budget Act of 2025 increased the annual budget of Program 4.0 from \$330 million to \$750 million. Soon after, Chapter 27, Statutes of 2025 (AB 1138 Zbur & Allen) made several enhancements to Program 4.0 and the Soundstage Program. Other key updates to the programs include increasing the base credit percentage from 20 percent to 35 percent, increasing budget thresholds, and broadening the definition of a “qualified motion picture” to include animated TV shows and films, large-scale competition shows, and TV episodes that are 20-minutes or longer

Under the program, the CFC allocates credits to taxpayers producing a motion picture or television show in California according to a competitive process. While new applications are only currently accepted for Program 4.0, carryforward allowances mean that credits issued under previous iterations of the program may still be in the process of being claimed on tax returns.

Due to the increase in workload related to a larger credit amount and various program changes, the CFC is requesting three new full-time, permanent positions:

- Analyst II,
- 1.0 Motion Picture Production Analyst, and
- 1.0 Research Data Specialist I

The CFC notes that increased workload is due primarily to:

- The increase in funding in Program 4.0 and expanded eligibility is anticipated to increase applications. According to the CFC, historically, on average, 210 applications are reviewed annually. However, since launching Program 4.0 and opening the first window of applications, the CFC has seen a nearly 400 percent increase in application volume. As such, the CFC conservatively estimates that with the \$750 million expansion, the number of applications will increase by 115 percent to 450 each fiscal year. In addition to the increased application volume the CFC must adapt to, other policy changes regarding tax credit percentage calculations, production eligibility, DEIA provisions, set safety requirements, and other updates to the tax credit program must also be implemented by CFC staff.

- The addition of refundability as a new program feature in 2023 increases the need for more timely review of credits. This feature results in increased applications from productions which previously would not have benefited from a non-refundable tax credit. In addition, because applicants electing refundability must do so in the first taxable year after the tax credit certificate is issued and the refundable amount is tied to the qualified taxpayer's tax liability in that year, the time frame in which the tax credit is certified is of great financial importance. For that reason, applicants electing refundability will have an even higher expectation of receiving their tax credit certificates (issued by CFC) during the expected timeframes in order to make the election in the taxable year that makes most sense to them. In other words, delays in final audit reviews and tax credit certificate issuance due to limited staffing may have larger financial implications for the applicants in Program 4.0 than in previous iterations of the program.
- The Program 4.0 included a new provision that addresses diversity, equity, inclusion, and accessibility (DEIA) for qualified motion picture productions applying to the California Film and Television Tax Credit Program. The volume of DEIA documents that must be reviewed has increased as most applicants are opting in to DEIA provisions that are necessary to receive 100 percent of their credit amount.

The fiscal analysis for AB 1138 estimated administrative costs to the California Film Commission (CFC) of at least \$330,000 annually to accommodate the increased administrative workload, but potentially several thousand above that.

**Staff Recommendation.** Hold open.

**Item 4: CalCompetes Extension**

**Issue.** The Governor’s January 2026 Budget proposes to extend the \$180 million per year CalCompetes Tax Credit program for another five years through 2032-33.

**Background.** The CalCompetes program provides financial incentives for California businesses to remain in the state if they might otherwise leave. It also provides financial incentives to out-of-state business if they agree to relocate here.

Under the tax credit structure, CalCompetes gives businesses a reduction on their future state income tax bills in exchange for agreements to make capital investments and to hire employees in California. If the business carries out the agreements as promised, the business can utilize the tax credits to reduce or eliminate their future state tax bills. If the business does not comply with its agreements, the state recaptures the credits and recycles them back into the CalCompetes program.

GO-Biz reports that over the course of the program, CalCompetes awardees have committed to making \$35.2 billion in capital investments and to create over 69,000 new, full-time jobs in California in exchange for CalCompetes tax credits.

Since 2018, the state budget has allocated \$180 million in tax credits to GOBiz for award through the CalCompetes program. The state’s current commitment is to maintain that level of funding through 2027-28. This budget request would extend the program through 2032-33. Extending the program now demonstrates the state’s longer-term commitment to attracting and retaining businesses. The extension also enables GO-Biz to plan for the future of the program and provides some assurance to CalCompetes staff that the program will continue for at least another five years beyond its current sunset date.

**Staff Comment:** While it considers the overall proposal presented here, the Subcommittee may wish to inquire about the size of the overall CalCompetes Tax Credit pool and how it will operate going forward. Unused or recaptured CalCompetes tax credits are recycled; that is, GO-Biz adds them back into the overall pool of credits available for future award. To date, many CalCompetes tax credits have been recycled in this fashion. As a result, even though California has committed only \$180 million in tax credits to the CalCompetes program each year, the pool of credits that GO-Biz has available to award each year has grown far beyond that. For 2024-25, GO-Biz announced that it had \$645 million available for CalCompletes tax credit awards. In 2025-26, the pool grew to \$923 million.

On the one hand, the large pool of CalCompetes credits available has the beneficial effect of allowing GO-Biz to offer more awards at greater amounts, thus increasing the state’s chances of attracting more and bigger business through the program. On the other hand, these credits represent the possibility of lower state tax revenues in the future. Thus, the larger the pool of credits available in any one year, the greater the potential future revenue volatility it creates. In addition, the growing pool of tax credits represents a source of modest potential future savings – previously estimated by the LAO to be in the low tens of millions over time – should the state elect to retire some or all of the unused tax credits, rather than recycling them.

**Legislative Analyst’s Commentary:** The LAO’s Office recommends approval of the proposed CalCompetes extension, finding that “[t]he program is conceptually well structured and has recent empirical evidence supporting the idea that the credit is leading to a net increase in jobs in the state.” In light of the large pool of recycled CalCompetes credits that has developed, however, the LAO points out that the Legislature could smooth potential resulting fiscal impacts by placing a limit on how quickly GO-Biz could draw down the pool or by capping the total size of the credit pool. The LAO also suggests that the Legislature continue to monitor the effectiveness of the program given that the existing evaluations were based on earlier iterations of the program and the characteristics of the awards have shifted over time.

The LAO’s full evaluation of the Governor’s proposal to extend the CalCompetes program is available [here](#).

**Key Questions:** In delving deeper into this issue, the Subcommittee may wish to consider some of the following lines of inquiry:

- The existing CalCompetes tax credit allocation does not sunset until 2027-28. What benefits are there to extending the program now? Are there any drawbacks?
- The LAO’s report mentions the option of limiting how quickly GO-Biz can draw down the tax credit pool in order to smooth potential fiscal impacts. If the Legislature were to pursue this option, what limitations would best balance smoothing the program’s potential fiscal impacts and the program’s ability to respond to market opportunities? Similarly, is there a specific upper limit on the credit pool size that achieves the right balance?

**Staff Recommendation.** Hold open.

**Item 5: Creation of Cal-EXPORT and State Assumption of Additional Export Promotion Program Costs**

**Issue.** The Governor’s January 2026 Budget seeks an annual appropriation of \$1.4 million in General Fund beginning in 2026-27 for the International Affairs and Trade (IAT) Unit at the Governor’s Office of Business and Economic Development (GO-Biz) “to scale export promotion efforts and create the California Export Promotion Program (CAL EXPORT).” Currently, the majority of the existing funding for these operations is federal.

**Background.** The IAT Unit at GO-Biz is the lead state agency for international trade promotion. Among other things, the Unit is supposed to promote exports and investment-based economic growth and to foster relationships with “international counterparts to help address barriers to trade, find business partners, and promote California’s strengths abroad.”

Within this broader mission, the IAT Unit is responsible for running the State Trade Expansion Program (STEP) program. As described by GO-Biz, the California STEP program helps small businesses export and enter global markets and tap into the benefits of selling their products and services overseas. California STEP organizes trade missions, delegations, and California pavilions at overseas trade shows. California STEP also manages the California Export Voucher program. The Export Voucher program enables eligible California small businesses to apply for a reimbursement voucher to offset export-related expenses. Small businesses can receive up to \$10,000 in funding for qualified export expenses. GO-Biz asserts that since 2022, it has helped more than 534 small businesses generate over \$141 million in export sales, achieving a return on investment (ROI) of \$119 for every dollar spent, and small businesses reported the creation and retention of 656 jobs.

In recent years, the STEP program has operated at a cost of about \$1.4 million annually. Of this, the federal government paid roughly two-thirds, while California contributed the balance.

**Resource History**  
**State Funding Match for STEP (dollars in thousands)**

Program Budget	PY – 3	PY – 2	PY – 1	PY	CY
	2021-2022*	2022-2023	2023-2024	2024-25	2025-26*** PROJECTED
Total Federal and State Expenditures	N/A	\$923,076	\$1,076,922	\$1,384,614	\$1,384,614
Federal Award	N/A	\$600,000	\$700,000	\$900,000	\$900,000
Authorized State Expenditures	N/A	\$323,076	\$376,922	\$484,614	\$484,614

According to the Administration, however, “the program’s future is uncertain — threatened both by shifting federal priorities and annual administrative grant cycles that make long-term planning challenging. Without stable, dedicated state-level funding, California cannot guarantee consistent programming, inclusive outreach, or the presence at global trade shows that small businesses rely on to compete and/or protect market share.”

The Administration therefore proposes an annual state General Fund appropriation of the full \$1.4 million. Under the proposal, what has been the STEP program at IAT would also undergo a rebranding and emerge as the California Export Promotion Program, or “CAL EXPORT.” The allocation “allows California to establish CAL EXPORT as a permanent, statewide program rather than a year-to-year federal grant-dependent effort.”

**Legislative Analyst’s Commentary:** Observing that “the federal government continues to operate the program and provide grants to states for export assistance activities,” the LAO concludes that “[a]pproving ongoing funding for this proposal would effectively commit the state to backfilling a relatively small federal program before federal funding has actually been reduced.” The LAO also sets forth more limited alternative measures – such as making state funding contingent on the loss of federal funding or a limited-term appropriation rather than ongoing funding – that could serve the purpose of maintaining the state’s export promotion capacity if the Legislature is concerned about federal funding uncertainty.

**Key Questions:** As it takes up this issue, the Subcommittee may wish to consider some of the following lines of inquiry:

- What is the latest information on the status of federal STEP funding?
- What is the Administration’s response to the LAO’s proposal that the Legislature tie any additional General Fund appropriations to the IAT to the actual loss of federal STEP funding, as opposed to just the possibility that federal funding could be lost?

**Staff Recommendation.** Hold open.

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**Item 6: New Innovation and Emergent Technology Promotion Investments**

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**Issue.** The Governor’s January 2026 Budget seeks an ongoing annual appropriation of \$400,000 in General Fund beginning in 2026-27 and one permanent position to operationalize and expand GO-Biz’s work to attract, retain, and grow innovation and emerging technology sectors in California.

**Background.** As part of its broader mission to foment economic activity and job growth in California, GO-Biz recently stood up an “Innovation & Emerging Technologies” function by converting an existing Deputy Director position into the role of Deputy Director for Innovation and Emerging Technologies. According to GO-Biz, that move responds to unprecedented demand from these sectors and aligns with objectives in the California Jobs First State Economic Blueprint.

GO-Biz asserts that its experience with the initiative to date “has validated the demand for innovation-focused economic development.” Thus far, the new Innovation and Emerging Technologies office has:

- forged early partnerships with the national laboratories, federal research centers, and R1 research universities (e.g. University of California system) to pursue tech commercialization and remove obstacles that keep California from competing in tech transfer, corporate-funded research, and research park creation.
- begun, on a limited basis, to organize statewide consortia and convenings in quantum, fusion, and critical minerals to compete with other states’ established efforts.

Due to limited staffing and resources, however, GO-Biz reports that the current iteration of this initiative:

cannot (a) meet firm-level demand at scale for core business investment services (e.g. primarily incentive navigation and incentive technical assistance), (b) convert “lab-to-market” opportunities by coordinating with universities and federal labs on technology commercialization and transfer, and (c) keep pace with time sensitive federal funding windows (e.g. DOE, DARPA, NSF, DOD) where state support can influence federal award outcomes.

In addition, GO-Biz states that it:

lacks the capacity to stand up statewide councils and consortia for Governor- and State-led initiatives on innovation, as well as advancing research and development in sectors such as quantum, fusion, AI, or robotics. This includes supportive activities such as demo days, sandbox environments, monthly working groups, reverse pitches, featuring pilots/testbeds, and coordinated response to federal funding opportunities for emerging technologies.

This budget request is intended to fill these gaps. Specifically, GO-Biz proposes to use the resources sought to hire one Assistant or Associate Deputy Director appointee and one graduate student assistant to help staff the Innovation & Emerging Technologies office.

In further support of its request, GO-Biz points out that California used to have state-led technology promotion activities of the kind proposed here. It notes that in the past, California maintained multiple business development positions dedicated to cultivating California's leadership in the technology sector, but that these positions were eliminated during prior fiscal downturns and never restored. GO-Biz also notes that several other states fund similar initiatives, potentially leaving California at a competitive disadvantage if it continues not to.

**Key Questions:** In considering this budget request, the Subcommittee may wish to explore some of the following lines of inquiry:

- The CalCompetes program is designed to attract and retain business, including those in emerging technology sectors. Last year, this Subcommittee approved \$5 million in General Fund to support quantum technology promotion efforts at GO-Biz. Through early budget action this year, the Legislature approved an Administration request to expand the eligible uses of a \$20 million 2025 Budget Act appropriation from promoting tourism alone to other GO-Biz endeavors to attract business to the state. Why are those existing resources insufficient to cover the innovation and emergent technology promotion proposed here? How would the use of the funding here differ from the uses of these existing resources?

**Staff Recommendation.** Hold open.

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**Item 7: Reappropriation for Alignment of Jobs First Administrative Resources**

**Issue.** The Governor’s January 2026 Budget seeks reappropriation of two sources of funding for the California Jobs First program, to extend the availability of administrative funds through June 30, 2030, when the program is scheduled to conclude.

**Background.** The Budget Acts of 2024 and 2025 each appropriated \$50 million in General Fund to support the California Jobs First program. Included with each appropriation was five percent set aside for administrative costs, including costs incurred by the Governor’s Office of Business and Economic Development (GO-Biz), the Employment Development Department (EDD), and the Labor and Workforce Development Agency (LWDA) as all of these entities participate in joint administration of the program.

These appropriations came with encumbrance deadlines of June 30, 2026, and June 30, 2027, respectively. However, California Jobs First program activities are not scheduled to conclude until summer 2030. To enable the three entities to have the necessary administrative resources to support the program through to its completion, this budget request seeks reappropriation for the 2024 and 2025 appropriations. In effect, this extends the deadline for expenditure of the administrative funds through June 30, 2030.

**Key Questions.** In considering this issue, the Subcommittee may wish to explore some of the following lines of inquiry:

- What is the nature of the administrative costs associated with operation of the Jobs First program? What are the limitations on the amount and use of these administrative funds?
- A key aspect of the Jobs First program design in regionally based planning. Are the administrative costs at issue here part of any regional Jobs First funding?

**Staff Comments:** This is a joint request with the Employment Development Department and the Labor Workforce Development Agency.

**Staff Recommendation.** Hold open.

**0650 GOVERNOR'S OFFICE OF LAND USE & CLIMATE INNOVATION (GO-LCI)****Item 8: Director's Overview**

**Issue.** The Governor's Office of Land Use and Climate Innovation (GO-LCI) administers a wide variety of programs, most of which revolve around planning, development, and the state's response to climate change. For this agenda item, Director Samuel Assefa will:

- present an overview of GO-LCI's operations; and
- preview the GO-LCI budget requests that will be taken up during this hearing; and

**Background.** A [helpful recent summary from the LAO](#) distilled GO-LCI's portfolio into five primary categories:

- California Environmental Quality Act (CEQA) Resources. The office coordinates the state-level guidance for and review of CEQA-related documents, including maintaining a statewide clearinghouse of CEQA environmental documents.
- Land Use Planning Information. GO-LCI conducts various land use planning activities, including developing guidance and information for local governments' General Plans.
- Climate Adaptation Initiatives. The office implements various climate-related initiatives including the Integrated Climate Adaptation and Resiliency Program, certain adaptation planning grant programs, and coordinating some statewide climate change research.
- Strategic Growth Council (SGC). GO-LCI houses SGC, which coordinates work across various state departments and agencies and disburses grants to address statewide climate and land use issues such as extreme heat and sustainable communities.
- Statewide Initiatives. Certain specific state initiatives are housed under LCI, including the Governor's Military Council and the California Racial Equity Commission.

**Staff Recommendation** Information only.

**Item 9: Governor’s Office of Land Use and Climate Innovation (GO-LCI) Baseline Resources**

**Issue.** The Governor’s January 2026 Budget seeks an ongoing General Fund appropriation of \$10.5 million annually beginning in 2026- 27 to establish baseline support for core functions at the Governor’s Office of Land Use and Climate Innovation (GO-LCI). The request is broken down into components represented by three separate Budget Change Proposals:

- Information Technology Baseline Needs: \$6.2 million annually;
- Core Administrative and Legislative Functions: \$3.4 million annually;
- Land Policy Staffing Needs:
  - \$900,000 annually on an ongoing basis for local planning and permitting assistance as well as environmental data and technology oversight; and
  - \$949,000 annually from 2027-28 through 2031-32 for continued implementation of existing statutory obligations related to California Environmental Quality Act (CEQA) judicial streamlining until the program sunset date.

**Background.**

Over the past three years, GO-LCI has undergone a series of transformations. Formerly known as the Governor’s Office of Planning and Research (OPR), GO-LCI changed its name and spun off the community service and public outreach programs now housed in the Governor’s Office of Service and Community Engagement (GO-Serve). Around the same time, GO-LCI transitioned to a more traditional civil service model of staffing. Finally, GO-LCI severed its previous reliance on the Governor’s Office for its information technology and established its own, internal information technology staffing, resources, and equipment. Throughout these transformations, GO-LCI has been given several new programmatic assignments, including administering grant funding related to extreme heat and providing administrative support to California’s Commission on Race Equity.

GO-LCI explains that it has maintained many of its core operational functions through these changes by relying on ad hoc funding mechanisms such as one-time appropriations and administrative set-asides from within project budgets. GO-LCI asserts that such a funding model has been challenging for long-term planning and is no longer sustainable. Accordingly, with this budget request, GO-LCI seek ongoing General Fund appropriations as follows:

**Informational Technology Needs**

The 2023 Budget Act authorized and provided the initial resources for GO-LCI to set up its own internal information technology unit, severing its previous reliance on the Governor’s Office for these services. The 2023 Budget Act appropriation consisted of \$5.2 million in ongoing support and 15 ongoing positions, as well as \$3.7 million annually in funding that expires this fiscal year

(i.e. June 30, 2026). This budget request seeks the indefinite extension of that \$3.7 million as well as a further \$2.6 million annually, split between funding to retain five existing IT positions (\$1.1 million) and resources for cybersecurity operations and systems and infrastructure upgrades (\$1.5 million).

Absent these funds, GO-LCI anticipates the following problems:

- Losing essential staff and core technologies necessary for daily operations.
- Falling out of compliance with statewide cybersecurity and IT governance mandates.
- Compromising support for hundreds of millions in grant program operations.
- Missing opportunities to modernize data and application infrastructure in support of public transparency, equity, and service delivery.

Regarding this aspect of GO-LCI's proposal, the Legislative Analyst's Office (LAO) concludes:

Because the Legislature already signed off on LCI's plans to establish its own IT office, providing additional funding to complete that transition and ensure the systems are safe and secure would be consistent with previous legislative decisions. Moreover, our review found that LCI's proposed total of 20 IT staff positions is not out of line with the size of IT units at other comparable state departments.

#### Core Administrative and Legislative Functions

GO-LCI seeks an appropriation of \$3.4 million annually beginning in 2026-27 to support core agency functions such as: human resources, fiscal management, contracts and procurement, legislative support, and business operations. GO-LCI asserts that it has paid for these operations to date through overhead contributions from program appropriations, one-time and limited term appropriations, and grant programs but that none of these sources are structured or intended to sustain core operations. Moreover GO-LCI states that the temporary resources it has been relying on are no longer available or will soon expire. This budget request is intended to provide stable funding to support these core functions going forward.

Without these funds, GO-LCI anticipates the following problems:

- LCI will be unable to sustain core administrative functions, including human resources, budgeting, accounting, procurement, business services, and legislative support.
- LCI will be at risk of noncompliance with statutory mandates, particularly those related to civil service administration, collective bargaining, and public transparency [...].
- Statewide climate and land use priorities will suffer from delays and diminished leadership.

- Staff recruitment and retention will be severely impacted without predictable resources to support salaries, onboarding, and employee services.
- Public trust and legislative confidence could be compromised if LCI cannot demonstrate fiscal discipline and program accountability due to an unstable funding structure

Regarding this aspect of GO-LCI's proposal, the Legislative Analyst's Office (LAO) concludes:

Through its approval of budgets requests in 2023-24, the Legislature essentially signed off on [GO-LCI's transition to civil service]. As such, providing the necessary resources to comply with applicable human resources laws and practices would be consistent and appropriate.

*Land Policy Unit Operations:*

GO-LCI seeks two General Fund appropriations in relation to the operation of its land policy programs. First, GO-LCI requests ongoing annual funding of \$900,000 to retain three existing positions dedicated to local planning and permitting assistance and one existing position overseeing GO-LCI's environmental data and technology initiatives, including the California Environmental Quality Act (CEQA) Modernization project. Second, GO-LCI requests \$949,000 annually from 2027-28 through 2031-32 to carry out statutory obligations related to CEQA judicial streamlining through the currently scheduled sunset of the program.

GO-LCI indicates that these resources are necessary because the existing funding for these position "is nearing its expiration, even as the positions remain essential to successful delivery of high-priority projects." With the requested appropriations, GO-LCI asserts that it will be able to achieve the following outcomes:

- The General Plan Guidelines and associated technological tools will be updated and released by March 2027 and will continue to be updated so they contain the most recent statutory changes and state documents. Local governments can update their planning documents more quickly, more inexpensively, and arrive at better outcomes.
- The CEQA Modernization project will successfully launch by Summer 2026 and be available to other state agencies. By Summer 2027, all state agencies can use improved data and resources to speed their environmental review and permitting processes. By Summer 2028, public agencies across the state will have access to this resource and CEQA streamlining for all projects will be achieved. This modernization will reduce costs and processing times while maintaining thorough environmental reviews and public transparency, preserving CEQA's foundational goal of informed decision-making.
- The Judicial Streamlining Program will continue to effectively reduce CEQA litigation timelines for critical housing and infrastructure projects needed to help achieve California's ambitious climate and equity goals. These housing and large infrastructure projects will be constructed more quickly, while still preserving environmental review and judicial review. The program will operate until its current sunset in 2032.

Without the requested resources, GO-LCI's asserts that staffing for these initiatives would fall to just three positions forcing GO-LCI to "halt or delay work on key statutory obligations [...], jeopardizing compliance with state law and derailing priority projects across California."

Regarding these aspects of GO-LCI's proposal, the Legislative Analyst's Office (LAO) concludes:

Providing ongoing support for all of the existing LCI staff that work on CEQA guidelines and modernization efforts can help avoid delays or incompleteness of such work and ensure the state continues to provide effective CEQA coordination, technical assistance, and information. [...] Funding proposed for the judicial streamlining program pursuant to [SB 7 and SB 149] is at similar levels to what was provided in previous years, and would allow LCI to continue implementing the legislation's requirements through its sunset year. Providing the proposed funding for such activities is consistent with the Legislature's previous actions in enacting these bills and would allow LCI to meet its statutory requirements and avoid implementation delays.

**LAO's Overall Commentary:** The LAO finds GO-LCI's proposals for core operational support to be "reasonable and well-justified" overall. Nonetheless, the LAO notes that "in the context of the state's structural budget deficit, any increases to ongoing General Fund spending will inevitably require commensurate programmatic reductions (or revenue increases) elsewhere in the state budget." As a result, the Legislature will have to "evaluate whether these activities and staffing expansions at LCI are a higher priority than other existing General Fund-supported activities." The LAO observes that the Legislature could also reduce GO-LCI's resource needs by revising existing statutory requirements that GO-LCI must currently fulfill.

The LAO's full commentary on this item is available [here](#).

**Key Questions:** As it reviews this budget request, the Subcommittee may wish to consider some of the following lines of inquiry:

- The resources for GO-LCI's organizational transition have accumulated over the past three budgets. At what point will GO-LCI achieve budgetary stasis? Does GO-LCI anticipate needing any further resources to complete its organizational transition? Is there any scenario in which that could happen?
- If the Legislature were to take up the LAO's suggestion to scale back some of GO-LCI's statutory responsibilities to reduce GO-LCI's core resource needs, what responsibilities should the Legislature consider?

**Staff Recommendation.** Hold open.

**Item 10: Climate Bond (Proposition 4) Spending Proposals**

**Issue.** The Governor’s January 2026 Budget proposes 2026-27 allocations from the 2024 Climate Bond (Proposition 4) to three programs at the Governor’s Office of Land Use and Climate Innovation (GO-LCI) as follows:

- \$137 million to Transformative Climate Communities (TCC) program;
- \$55 million for Community Resilience Centers (CRC) program; and
- \$24 million to Extreme Heat and Community Resilience (EHCR) program.

**Background.** In 2024, California voters passed Proposition 4, a bond measure directing \$10 billion to projects addressing climate change. The 2025 Budget Act made the first funding allocations from the bond proceeds. The Governor’s January 2026 Budget includes a proposal for further allocations from the bond in 2026-27 across many programs and departments. This Agenda Item takes up just part of that broader proposal: funding for three programs administered by GO-LCI. Because the Climate Bond explicitly sets aside a specific total amount of funding for each of these programs, the only question before the Legislature is the timing for the use of these funds.

Extreme Heat and Community Resilience Program (EHCR)

*Description:* EHCR awards grants on a competitive basis to local, regional, and tribal governments for planning and implementation projects designed to reduce the impacts of extreme heat. According to GO-LCI, such projects may include things like creating extreme heat action plans; providing mechanical or natural shade; increasing surface reflectance; providing passive or low-energy cooling strategies; and promoting evaporative cooling. EHCRP is administered by the Integrated Climate Adaption and Resiliency Program (ICARP) within GO-LCI.

Proposition 4 sets aside a total of \$50 million for EHCR. (Pub. Res. Code § 92510.) The 2025 Budget Act appropriated \$23 million of that total for 2025-26.

*Governor’s Proposal:* The Governor’s January 2026 Budget proposes a 2026-27 Climate Bond appropriation to EHCR of \$24 million.

Transformative Climate Communities Program (TCC):

*Description:* TCC is a competitively based grant program that funds development and infrastructure projects designed to achieve environmental, health, and/or economic improvements in those communities most impacted by pollution. TCC projects include things like, affordable and sustainable housing developments; transit stations and facilities; electric bicycle and car share programs; solar installation and energy efficiency; water-energy efficiency installations; urban greening and green infrastructure; bicycle and pedestrian facilities; recycling and waste management; health equity and well-being projects; brownfield redevelopment; community microgrids; and indoor air pollution reduction. Once a TCC grant has been awarded, an evaluation team monitors the resulting greenhouse gas emissions reductions and other possible benefits. TCC

is administered by the Strategic Growth Council within GO-LCI. SGC is currently in the process of promulgating final guidelines for TCC Round Six, with awards anticipated in the first half of 2027.

Proposition 4 dedicates a total of \$150 million for additional rounds of TCC. (Pub. Res. Code § 92520.) Of this, the 2025 Budget Act allocated just \$1 million for 2025-26.

*Governor's Proposal:* The Governor's January 2026 Budget proposes a 2026-27 Climate Bond appropriation to TCC of \$137 million.

#### Community Resilience Centers:

*Description:* The CRC program offers competitive grants to support the creation of strategically located community resilience centers at facilities such as senior centers, youth centers, parks, libraries, health clinics, hospitals, schools, town halls, food banks, homeless shelters, and childcare facilities. (Pub. Res. Code § 92550.) Winning projects are supposed to provide “integrated delivery of emergency response services” during disruptive events like a disaster, a state of emergency, or a power outage. These services include things like zero-emission backup power, drinking water, clean air, cooling, food storage, shelter, telecommunications and broadband services, economic assistance, accommodation of pets, and other health protection measures and emergency resources. The Strategic Growth Council within GO-LCI is tasked with administering the CRC grant program in coordination with the Office of Emergency Services.

Rounds 1 and 2 of the CRC program were supported with General Fund appropriations of \$100 million and \$75 million, respectively. Proposition 4 allocated a total of \$60 million for additional rounds of CRC grant awards. Of this, the 2025 Budget Act allocated just \$800,000 for 2025-26.

*Governor's Proposal:* The Governor's January 2026 Budget proposes a 2026-27 Climate Bond appropriation to CRC of \$55 million to support a Round 3 of CRC grants.

#### Summary Table

Program	Total Prop. 4 Set-Aside	2025-26 Allocation	Governor's Proposed 2026-27 Allocation
TCC	\$150 million	\$1 million	\$137 million
CRC	\$60 million	\$0.8 million	\$55 million
EHRC	\$50 million	\$23 million	\$24 million

**Key Questions:** In reviewing this budget request, the Subcommittee may wish to consider the following line of inquiry:

- What outcomes have been achieved through the TCC program?

- The proposed allocations leave only small remaining balances from the Proposition 4 funds dedicated to each program. That approach has the beneficial effect of moving bond resources quickly into the field. Is there any reason why the Legislature might consider reserving any portion of this funding for allocation in future years?
- The remaining balances for each program are relatively small (\$2 million, \$3 million, and \$11 million respectively). How does GO-LCI anticipate utilizing these remaining amounts?

**Legislative Analyst’s Commentary:** With respect to the Governor’s overall proposal for 2026-27 Proposition 4 allocations, the LAO found it to be “reasonable and consistent with bond requirements.” The LAO further observed that “the timing of the funding allocations generally seems to account for and align with what we know about department capacity and local demand.”

**Staff Comments:** Feedback from stakeholders who wrote to the Subcommittee about this proposal was generally favorable.

**Staff Recommendation.** Hold open.

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**Item 11: Extreme Heat Ranking Resources Request**

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**Issue.** The Governor’s January 2026 Budget seeks a General Fund appropriation of \$522,000 and one staff position annually beginning in 2026-27 for the Integrated Climate Adaptation and Resiliency Program (ICARP) at the Governor’s Office of Land Use and Climate Change (GO-LCI) to carry out the statutory requirements of AB 2238 (L. Rivas, Ch. 264, Stats. 2022).

**Background.** AB 2238 required several specified state government agencies and departments to collaborate on the development of a statewide extreme heat ranking system, called “CalHeatScore.”. As part of that overall effort, AB 2238 charged GO-LCI with executing a public communications plan for CalHeatScore, providing statewide guidance for local and tribal governments about how to prepare and plan for extreme heat events, and delivering actionable recommendations on local heat adaptation, preparedness, and resilience measures.

The 2023 Budget Act provided GO-LCI with temporary General Fund appropriations of \$944,000 in 2023-24 and \$564,000 in 2024-25 and 2025-26 to support this work. GO-LCI reports that it used these resources to “conduct community focus groups to support the creation of the communications plan required in statute, and to create communications and training materials to support state agencies in teaching local governments, organizations and tribes on how to use CalHeatScore and integrate the tool into their heat planning and response efforts.”

GO-LCI now seeks ongoing resources for continued public outreach around the CalHeatScore. The new funding would support staffing and resources for language access, culturally relevant communications, and a statewide outreach campaign. GO-LCI asserts that “[t]hese resources will enable the development and execution of a public communications plan for the extreme heat ranking system, provide statewide guidance for local and tribal governments in preparing and planning for extreme heat events, and deliver actionable recommendations on local heat adaptation, preparedness, and resilience measures.”

Without this funding, GO-LCI states that CalHeatScore “will fall short of its life-saving promise.” Specifically, GO-LCI warns of:

- Continued gaps in public awareness, especially in communities most vulnerable to extreme heat.
- Missed opportunities for Tribes and local governments to integrate CalHeatScore into emergency response plans.
- Widening health disparities as those with fewer resources remain uninformed and unprotected.
- Lives lost due to preventable heat-related illnesses.

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**Key Questions:** In delving deeper into this issue, the Subcommittee may wish to consider some of the following lines of inquiry:

- The Office of Community Partnerships and Strategic Communications at the Governor’s Office of Service and Community Engagement (GO-Serve) is already tasked and funded to provide statewide messaging about the dangers of extreme heat exposure. Is any of the work proposed here duplicative of what OCPSC is already doing? If not, how are the efforts distinct?
- How does GO-LCI measure the impact of CalHeatScore? What evidence is there that the CalHeatScore itself, distinct from other measures, prevents heat-induced harm? How do existing or planned CalHeatScore outreach systems alert vulnerable communities about the dangers of extreme heat in ways that media broadcasts do not?
- What programmatic impact would it have, if any, if the Legislature chose to renew short-term funding for this program while evaluation of its efficacy continues, rather than approving ongoing funding now?

**Staff Comments:** At the time that AB 2238 was under legislative consideration, the Senate Appropriations Committee estimated that the fiscal effect on GO-LCI (then known as the Governor’s Office of Planning and Research, or OPR), was “[u]nknown one-time costs, likely in the millions of dollars spread over several years [...] for additional communications workload, contracting costs to support language access, and funding for guidelines and heat adaptation measures, as well as resources to support the development and design of the bill’s envisioned communications plan.” This request generally conforms to that estimate.

**Staff Recommendation.** Hold open.

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## ITEMS FOR VOTE ONLY

### 0650 GOVERNOR'S OFFICE OF LAND USE & CLIMATE INNOVATION (GO-LCI)

#### Item 12: Resources for Implementation of Sustainable Transportation Legislation (SB 71)

**Issue.** The Governor's January 2026 Budget requests a General Fund appropriation of \$219,000 in 2026-27 and again in 2027-28 to support a temporary position for implementation of SB 71 (Wiener, Ch. 724, Stats. 2025).

**Background.** SB 71 expanded and extended existing California Environmental Quality Act (CEQA) exemptions for certain environmentally sustainable transit and transportation-related development projects.

GO-LCI is a central hub for how CEQA operates. Among the other CEQA-related functions it performs, GO-LCI provides official guidance and technical assistance on how various CEQA exemptions apply to different development projects. Since SB 71 makes changes to some of those exemptions, implementation of the bill will require GO-LCI to update its guidance accordingly. Additionally, GO-LCI explains that it will need to determine a methodology and updated process for complying with SB 71's requirement that adjust the financial investment thresholds referenced in CEQA to reflect changes in the consumer price index (CPI).

**Staff Comments:** The amount requested here for implementation of SB 71 is precisely the same as the estimated fiscal effect reported by the Senate Appropriations Committee during legislative deliberation on the bill.

**Staff Recommendation.** Approve as budgeted.

**Item 13: Reappropriations and Liquidation Deadline Extensions for Existing Funding**

**Issue.** The Governor’s January 2026 Budget requests to reappropriate approximately \$8.7 million in General Fund originally appropriated by the Budget Act of 2021, thus giving the Governor’s Office of Land Use and Climate Change (GO-LCI) through June 30, 2028, to carry out three core climate resilience programs:

- 1) the Fifth California Climate Change Assessment;
- 2) Climate Services, including the Vulnerable Communities Platform (VCP), and
- 3) the Regional Resilience Grant Program (RRGP).

In addition, GO-LCI seeks to extend the liquidation period for a 2021 Transformative Climate Communities (TCC) appropriation until June 30, 2030.

**Background.** According to GO-LCI, the requested reappropriations and extensions would enable the state “to fully realize prior General Fund investments and maintain consistent, statewide access to climate science, decision-support tools, and resilience funding.” With them, GO-LCI asserts, it will be unable to complete work already underway, fully utilize prior investments, or meet existing commitments to state, local, Tribal, and community partners. Specifically, GO-LCI states that:

- *Fifth California Climate Change Assessment:*

Extending the encumbrance and expenditure deadlines to June 30, 2028, enables GO-LCI to complete public rollout and dissemination of findings and to initiate early planning for the Sixth Assessment. This overlap reduces downtime, retains research partnerships, avoids duplicative startup costs, and supports statutory compliance under Chapter 136, Statutes of 2020 (SB 1320).

- *Climate Services and Vulnerable Communities Platform*

Extending the encumbrance and expenditure deadline to June 30, 2028, enables GO-LCI to support post-launch implementation of the VCP, which was publicly released in October 2025. Extended funding will allow staff retention for cohort-based trainings targeted to low-capacity users, technical assistance to local governments and community-based organizations, and integration of additional climate data requested by agency and local partners.

- *Regional Resilience Grant Program*

Extending the encumbrance and expenditure through June 30, 2028, to support staffing for grant oversight, monitoring, invoicing, and close-out. All RRGF funds are fully awarded and executed in agreements. Grant terms range from 18–30 months, followed by required reporting. Administrative staffing costs cannot be encumbered within grant contracts.

- *Transformative Climate Communities*

Extending the liquidation deadline to June 30, 2030, allows awardees to complete five-year grant terms and one-year evaluation and reporting requirements. All grant agreements are awarded and executed, and implementation work is underway.

**Staff Recommendation.** Approve as budgeted.