

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



Thursday, May 21, 2026
9:00 a.m.
1021 O Street - Room 2200

Consultants: Eunice Roh and Joanne Roy

AGENDA

Overview of the May Revision and April Finance Letters (2026)

I. Presentations by:

Department of Finance

- Stephen Benson, Assistant Program Budget Manager
- Andrew March, Assistant Program Budget Manager

Legislative Analyst's Office

- Rachel Ehlers, Deputy Legislative Analyst

II. Public Comment

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

DISCUSSION

Governor’s May Revision. Among the various May Revision proposals, the Governor proposes to do the following:

NATURAL RESOURCES

VARIOUS DEPARTMENTS

Climate Bond (Proposition 4) 2026-27 Expenditure Plan Adjustments (MR). In January, the Governor’s Budget proposed \$2.1 billion in 2026-27 from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Proposition 4 or the Climate Bond), to continue funding critical projects and programs.

The May Revision requests an additional \$148.2 million in 2026-27 for investments to support the acquisition of a 161-acre property, Golden Gate Fields located in Berkeley overlooking the San Francisco Bay, for the development of a shoreline park and recreational area as well as wildlife refuges and wetlands.

The proposal appropriates funding from four bond sections (Water, Coastal, Outdoor Access, and Biodiversity & Nature-Based Solutions), resulting in the following updated, overall Proposition 4 expenditure plan proposed by the Administration:

Climate Bond Expenditure Plan
(\$ in Millions)

Investment Category	Bond Allocation	2024-25 Appropriated	2025-26 Appropriated	2026-27 Proposed	Out-Years
Safe Drinking Water, Drought, Flood & Water Resilience	\$3,800	\$0	\$1,199	\$815	\$1,786
Wildfire & Forest Resilience	\$1,500	\$181	\$417	\$314	\$588
Coastal Resilience	\$1,200	\$0	\$279	\$183	\$738
Extreme Heat Mitigation	\$450	\$0	\$110	\$241	\$99
Biodiversity & Nature-Based Solutions	\$1,200	\$0	\$390	\$224	\$586
Climate Smart Agriculture	\$300	\$0	\$154	\$89	\$57
Outdoor Access	\$700	\$0	\$466	\$60	\$174
Clean Air & Energy	\$850	\$0	\$275	\$326	\$249
Total	\$10,000	\$181	\$3,290	\$2,251	\$4,278

Source: Department of Finance

Specifically, the following additional funding is requested:

(1) Golden Gate Fields Acquisition. This proposal and requests up to \$125 million from the Climate Bond for the acquisition. Specifically, this proposal requests \$55 million for SCC from Section 92010(a), \$20 million for SCC from Section 92010(b), \$25 million for WCB from Section 93010, and \$25 million for CNRA from Section 94020.

This proposal includes budget bill language authorizing the Department of Finance to shift funding from this project to SCC’s and WCB’s respective existing competitive grant programs to the extent additional philanthropic or other non-state funding sources are identified to offset the state’s contributions.

The following budget bill language is proposed to be included on the SCC and WCB appropriations for this purpose, with similar language included on CNRA's appropriation:

The funding appropriated in this item shall be available for the acquisition of Golden Gate Fields and shall be available for encumbrance or expenditure until June 30, 2029. The Department of Finance may adjust this amount to the extent philanthropic funding or other non-state funding sources can be identified to offset this amount by December 31, 2026, and may reallocate, transfer, or shift any funding not utilized for the acquisition to the department's competitive grant program.

Background. In February 2026, the Trust for Public Land (TPL) entered into an option agreement to purchase the 161-acre Golden Gate Fields property with the intent to transfer the property to the East Bay Regional Park District. This acquisition proposes to repurpose a former horse racing track into a shoreline park and recreational area, which will restore nature and expand open space and Bayshore access. The total cost of the acquisition is expected to be \$175 million. Currently, TPL anticipates \$50 million will be available from local and philanthropic funding sources.

LAO Comments and Recommendations. *Consider Whether Proposed Project and Amounts Align with Legislative Priorities.* Proposes \$125 million one-time from four Proposition 4 categories to help acquire and turn Golden Gate Fields, a former horse racing track in the Bay Area, into a regional park. (This includes \$55 million from SCC's coastal resilience projects and programs allocation, \$25 million from CNRA's allocation for reducing climate impacts on disadvantaged communities and expanding outdoor recreation, \$25 million from WCB's fish and wildlife resources and habitats allocation, and \$20 million from SCC's San Francisco Bay programs allocation.) The remaining \$50 million for the acquisition will come from the East Bay Regional Park District (EBRPD) and Trust for Public Land, a nonprofit organization. The proposal also includes budget bill language that would allow DOF to reduce the state allocation if additional non-state funding sources can be identified for the purchase.

LAO finds that the funding sources identified by the administration are allowable and consistent with the requirements of the bond, and this project touches upon state goals for coastal resilience and public access. Moreover, EBRPD will assume ongoing ownership and operations costs for the long term, not the state. However, this would be a significant outlay of Proposition 4 dollars, precluding their use for other projects through the competitive grant process. As such, the Legislature might want to consider if the amount and distribution of funding in this proposal aligns with its highest priorities for the climate bond. If not, the Legislature could modify the funding amounts and/or proposed bond categories for this acquisition.

(2) Wetlands and Wildlife Refuges. \$23.2 million to CNRA for projects that improve conditions on wildlife refuges and wetland habitat areas. Section 91032(f) of the Climate Bond provides up to \$25 million to CNRA for projects that improve conditions on wildlife refuges and wetland habitat areas. Improving wetlands in the Central Valley and Klamath Basin supports migratory birds on the Pacific Flyway, advances climate adaptation and resilience, and upgrades recreational areas. Consistent with Proposition 4, projects could include water conveyance improvements to enhance delivery of water to wetlands during dry years, floodwater capture to increase water supply availability for habitat areas, pump capacity improvements, and other planning and infrastructure that will support these critical wetlands and refuges. CNRA received funding in 2025-26 to begin developing this program and has received feedback from stakeholders regarding shovel ready projects that could utilize this funding quickly to improve conditions on wildlife refuges. This proposal requests all \$23.2 million in available project funding in 2026-27 to maximize the amount available for competitive grant awards.

0690 OFFICE OF EMERGENCY SERVICES
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3760 STATE COASTAL CONSERVANCY
3810 SANTA MONICA MOUNTAINS CONSERVANCY

Proposition 4: Amendment to and Addition of Various Budget Bill Items, Support, and Local Assistance, Various Climate Bond (Proposition 4) Departments (AFL). An AFL requests the following:

- **Office of Emergency Services:** Increase Item 0690-008-6093 be increased by \$1.03 million one-time and Item 0690-108-6093 be decreased by \$1.03 million one-time to provide technical assistance funding for the Wildfire Mitigation Grant Program.
- **CalFire:** Add Item 3540-491 to reappropriate Item 3540-107-6093 and Item 3540-108-6093 from the 2025 Budget Act, extending the encumbrance periods to June 30, 2027. The extension is intended to provide adequate time for CalFire to finalize contractual agreements with the Wildfire Conservancy and the California Fire Foundation, respectively.
- **State Coastal Conservancy:** Amend 3760-001-6093 to correct Schedule (1) to reflect the correct program name of “2790-Coastal Conservancy Programs.”
- **Santa Monica Mountains Conservancy:** Add Item 3810-490 to reappropriate the unencumbered administrative support dollars in Item 3810-004-6093 and Item 3810-005-6093 from the 2025 Budget Act, until June 30, 2028, to support administration and management of corresponding Proposition 4 local assistance appropriations made in the 2025 Budget Act. This adjustment is intended to align the encumbrance period of administrative support dollars with the encumbrance period of the associated local assistance items.
- **State Department of Education:** Add Item 6100-499 to revert Item 6100-001-6093 and Item 6100-101-6093, Budget Act of 2025. It is also requested that Item 6100-001-6093 be added in the amount of \$1.05 million onetime and Item 6100-101-6093 be added in the amount of \$13.84 million one-time to provide additional time for the Department of Education to coordinate with the Department of Food and Agriculture on implementation of Proposition 4 funding for grants to post-secondary education institutions to develop research farms to improve climate resiliency. This adjustment is also intended to align the encumbrance period of administrative support dollars with the encumbrance period of the associated local assistance item.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3125 CALIFORNIA TAHOE CONSERVANCY
3480 DEPARTMENT OF CONSERVATION (DOC)
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)
3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)
3640 WILDLIFE CONSERVATION BOARD (WCB)
3790 DEPARTMENT OF PARKS AND RECREATION (Parks)
3810 SANTA MONICA MOUNTAINS CONSERVANCY (SMMC)
3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION
3830 SAN JOAQUIN RIVER CONSERVANCY

- 3845 SAN DIEGO RIVER CONSERVANCY**
- 3855 SIERRA NEVADA CONSERVANCY**
- 3860 DEPARTMENT OF WATER RESOURCES**
- 3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY**

Natural Resources Agency Bond and Technical Proposals (MR). The May Revision proposes various bond and technical adjustments such as reappropriations and extensions of liquidation.

- 0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)**
- 3480 DEPARTMENT OF CONSERVATION (DOC)**
- 3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)**
- 3720 CALIFORNIA COASTAL COMMISSION (Commission)**
- 3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)**

Joint Wildfire and Vegetation Management Streamlining (MR). The May Revision request \$719,000 Timber Regulation and Forest Restoration Fund (TRFRF) and \$1.8 million in reimbursement authority in 2026-27 and \$710,000 TRFRF and \$1.6 million in reimbursement authority in 2027-28 to SWRCB, DOC, CDFW, and the California Coastal Commission (Commission) to support the expedited review and implementation of vegetation management throughout California's forested ecosystems to reduce fire risk and build the state's resilience to wildfires. This proposal includes four positions at the Commission, two positions at DOC, and three positions at CDFW to support these activities on a temporary basis, consistent with the funding request. Additionally, CNRA requests \$250,000 TRFRF in 2026-27 and ongoing for Information Technology (IT) support to address application intake and vegetation treatment tracking needs.

LAO Comments and Recommendation. *Approve, But Report Back on Outcomes and Lessons Learned.* Proposes \$2.8 million total funds (\$1.8 million reimbursements, \$1 million Timber Regulation and Forest Restoration Fund) to manage increased workload associated with the review and implementation of vegetation management projects. In March 2025, the Governor declared a state of emergency (SOE) to address catastrophic wildfire risks created by current forest conditions, suspending a number of laws, regulations, and requirements to expedite vegetation management projects in the state. The departments in this proposal are responsible for some reviews associated with the projects but, due to the volume of new projects, they have had to divert staff from covering their existing workloads.

LAO recommends the Legislature approve this proposal to allow the departments to continue their review and implementation of these projects and help address pressing wildfire risk reduction efforts. However, we also recommend the Legislature require CNRA (and relevant departments) to report back on the outcomes of and lessons learned from the SOE-expedited vegetation management process to inform future efforts.

- 0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)**
- 3860 DEPARTMENT OF WATER RESOURCES (DWR)**

Salton Sea Habitat Restoration (MR). The May Revision proposes to revert \$16.8 million Proposition 68, Section 80111(a), and provide a new appropriation of \$16.2 million capital outlay to DWR and \$600,000 to CNRA for an agreement with the Salton Sea Authority (SSA) for the North Lake Pilot Demonstration Project. This project is intended to become a component of the adjacent North Lake Wetlands Project and is intended to protect public health by suppressing dust from exposed lakebed and

restore habitat for fish and birds. The Administration states that this project is also needed to comply with the state's restoration requirements under SWRCB Stipulated Order 2017-0134.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

California Ocean Protection Trust Fund Authority Increase (MR). The May Revision requests a one-time augmentation of approximately \$25 million for the Ocean Protection Council from the California Ocean Protection Trust Fund in 2026-27 to account for the increase in mitigation funds received by the state for the Once-Through Cooling Interim Mitigation Program.

Environmental Enhancement & Mitigation Program Fund Augmentation (MR). The May Revision requests \$8.84 million Environmental Enhancement and Mitigation Fund one-time in 2026-27, as well as associated provisional language, to provide additional support for Phase 2 of the Wallis Annenberg Wildlife Crossing project for estimated project completion by the end of the 2026 calendar year.

Museum of Tolerance (MR). The May Revision requests that Item 0540-101-0001 be increased by \$12 million one-time with provisional language authorizing an extended encumbrance period until June 30, 2028, to support the Museum of Tolerance, which provides education and messaging of tolerance and empowerment of the Jewish community.

LAO Comments and Recommendation. Reject. Proposes \$12 million one-time General Fund for infrastructure improvements, integration of artificial intelligence into museum exhibits, and a "mobile" Museum of Tolerance. (The May Revision also includes \$1 million Proposition 98 General Fund to expand access to the mobile museum to more school districts and students.) In the context of constrained General Fund resources, LAO recommends that the Legislature reject this proposal, as it does not meet the high bar of addressing an immediate state need.

3125 CALIFORNIA TAHOE CONSERVANCY

Lake Tahoe Boulevard: Americans with Disabilities Act (ADA) Sidewalk Improvements (MR). The May Revision proposes to appropriate \$500,000 from California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund (Proposition 68) to reconstruct and improve a heavily used sidewalk located on Conservancy property. The sidewalk is severely deteriorated, poses a public safety concern, and directly abuts a newly constructed California Department of Transportation crosswalk on Lake Tahoe Boulevard/U.S. Highway 50, a major thoroughfare in South Lake Tahoe. The project is intended to upgrade the sidewalk to meet current ADA and state standards.

Lakefront ADA Improvements (MR). The May Revision requests \$1.04 million one-time from the Lake Tahoe Science and Lake Improvement Account in 2026-27 to fund special repairs and ADA accessibility improvements at two Conservancy-owned public beach facilities on the north shore of Lake Tahoe. The two projects will address accessibility barriers, including uneven walkways and boardwalks, a shortage of accessible picnic areas and lake access points, and noncompliant restroom fixtures and site amenities. The request is consistent with the purpose of the Account, as the two projects will enhance public access to Lake Tahoe by removing accessibility barriers and upgrading essential facilities.

Upper Truckee Marsh South Project (MR). The May Revision requests a supplemental appropriation of \$500,000 in reimbursements to the Environmental License Plate Fund (ELPF) for the study phase of the Upper Truckee Marsh South Project. This funding would supplement existing Proposition 68

authority for the project and would authorize the Conservancy to use recently awarded grant to study restoration and recreation opportunities and complete environmental review for the project. The grant is federally funded, but will be passing through a local jurisdiction to the Conservancy.

Lake Tahoe Blvd Demolition and Site Stabilization (MR). The May Revision requests that Item 3125-496 be added to revert Schedule 3 of Item 3125-301-6088, Budget Act of 2025. This supplemental appropriation was included in the budget to ensure that the Conservancy could fund its construction contract. However, bids came in under the initial estimates, and the Conservancy no longer requires the entire appropriation.

Proposition 1 Technical Adjustment (MR). The May Revision requests that Item 3125-001-0286 be increased by \$4,000 ongoing and Item 3125-001-6083 be decreased by \$4,000 ongoing to reflect a net-zero shift of Control Section 3.60, employee compensation, staff benefits and Other Post-Employment Benefits adjustments from Proposition 1 to the Lake Tahoe Conservancy Account.

CNRA Bond and Technical Proposals: Extensions of Liquidation (AFL). An AFL requests that Item 3125-492 be added to extend the period of liquidation for Item 3125-001-0140 (ELPF), Budget Act of 2023, to June 30, 2027, to provide additional time for the completion of a contract to access legal library services. It is further requested that the period to liquidate encumbrances be extended for Item 3125-101-1018 (Lake Tahoe Science and Lake Improvement Account), Budget Act of 2021, to June 30, 2027, to allow additional time for completion of an active grant-funded project.

3340 CALIFORNIA CONSERVATION CORPS

Auberry, New Residential Center: Demolition (AFL). An AFL requests that Item 3340-495 be added to effectuate the reversion of an appropriation from the Collins-Dugan CCC Reimbursement Account. This reversion is requested following the cancellation of the Auberry, New Residential Center project. The project was cancelled because of significant cost escalations and because CCC has determined that continuing this project no longer aligned with its mission.

CNRA Bond and Technical Proposals: Proposition 68 Reversion (AFL). An AFL requests that Item 3340-495 be added to effectuate the reversion of the Nonresidential Center, Los Angeles: Acquire Existing Facility project. The acquisition of the center has been completed, and this reversion is being requested to allow savings to be used for other proposals.

Agricultural Emergency Response (AFL). An AFL requests that Item 3340-001-0318 (Collins-Dugan California Conservation Corps Reimbursement Account) be increased by \$600,000 annually in 2026-27 and 2027-28 to fund crews sponsored by the California Department of Food and Agriculture for emergency pest eradication activities.

CNRA Bond and Technical Proposals: Proposition 68 New Local Assistance Appropriation (AFL). An AFL requests that Item 3340-101-6088 be added in the amount of \$229,000 one-time in 2026-27 to provide certified local conservation corps grants. Affordability of this request is dependent on the corresponding reversion requested in the Department of Finance's capital outlay AFL.

3480 DEPARTMENT OF CONSERVATION (DOC)

Division of Mine Reclamation SMARA-4 (MR). The May Revision requests \$869,000 one-time from the Surface Mining and Reclamation Account for fiscal year 2026-27 to continue its work on configuring, maintaining, and operating SMARA-4, a new Software as a Service (SaaS) case management system. DOC is completing the Project Approval Lifecycle (PAL) process, and it is likely to conclude in June 2026.

Technical Adjustment: Reduction in Oil, Gas, and Geothermal Administrative (OGGA) Fund Allocation for Plugging and Abandoning Wells (MR). The May Revision requests that Item 3480-001-3046 be decreased by \$7.5 million one-time pursuant to Public Resources Code Section 3258. As specified in statute, in the absence of a matching non-OGGA fund appropriation for the purpose of plugging and abandoning wells, DOC should not have this additional expenditure authority.

CNRA Bond and Technical Proposals: Proposition 68 New Appropriations (AFL). An AFL requests that Item 3480-001-6088 be added in the amount of \$89,000 one-time in 2026-27 and \$161,000 in 2027-28 and ongoing for administration and management of new and ongoing agricultural land conservation easements and land improvement projects. It is also requested that Item 3480-101-6088 be added in the amount of \$1.52 million one-time for grants to acquire agricultural land conservation easements and conduct land improvement projects on conserved lands, with the funding available for encumbrance or expenditure until June 30, 2029.

CNRA Bond and Technical Proposals: Proposition 50 Watershed Program Implementation and Delivery (AFL). An AFL requests that Item 3480-101-6031 be added in the amount of \$2.14 million one-time to fund new Multibenefit Land Repurposing Program grants, with the funding available for encumbrance or expenditure until June 30, 2029.

CNRA Bond and Technical Proposals: Proposition 50 Reappropriation (AFL). An AFL requests that Item 3480-492 be amended to reappropriate Item 3480-001-6031, Budget Act of 2025 until June 30, 2030, to support the completion of water resilience projects through the Multibenefit Land Repurposing Program.

CNRA Bond and Technical Proposals: Proposition 50 Reversions (AFL). An AFL requests that Item 3480-495 be added to revert the specified amounts in the following items. These reversions are intended to clean up prior Proposition 50 appropriations and partially support the new appropriation as noted above.

- Up to \$86,000 in Item 3480-101-6031, Budget Act of 2019
- Up to \$702,000 in Item 3480-001-6031, Budget Act of 2023
- Up to \$769,000 in Item 3480-001-6031, Budget Act of 2024

3480 DEPARTMENT OF CONSERVATION (DOC)**3900 CALIFORNIA AIR RESOURCES BOARD (CARB)****3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)**

Gravity-Based Energy Storage Well Pilot Program (SB 567) (MR). The May Revision requests an increase in appropriations from OGGA of \$1.8 million in 2026-27 and \$1.8 million in 2027-28 to implement the Gravity-Based Energy Storage Well Pilot Program pursuant to SB 567 (Limón), Chapter

419, Statutes of 2025. Among other things, SB 567 established the program and authorized the State Oil and Gas Supervisor to authorize the conversion of 250 oil and gas wells for use as gravity-based energy storage wells, as defined, in order to evaluate their use to safely generate energy.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)

Fresno Air Attack Base: Infrastructure Improvements (MR). The May Revision requests a supplemental appropriation of \$3.55 million General Fund for the construction phase of the Fresno Air Attack Base Infrastructure Improvement project, located in Fresno County. This is a continuing project. The request for a supplemental appropriation is due to increased project costs, primarily driven by the addition of a stormwater pollution prevention plan; escalation of material and labor costs; delays driven by supply chain and logistics issues; and added labor costs for additional construction management time, inspection time, and materials testing. Additionally, builder's risk insurance has increased drastically in high fire hazard areas.

Potrero Fire Station: Replace Facility (MR). The May Revision requests \$30.29 million Public Buildings Construction Fund for the construction phase of the Potrero Fire Station: Replace Facility project, located in San Diego County. This is a continuing project. Total estimated project cost is \$33.38 million. Estimated project costs have increased to address larger than anticipated site work requirements addressing environmental and poor soil conditions (high seismic zone, poor soil stability and poor percolation) to meet Essential Services Building Code requirements.

Ramona Air Attack Base: Infrastructure Improvements (MR). The May Revision requests a supplemental appropriation of \$1.2 million General Fund for the construction phase of the Ramona Air Attack Base: Infrastructure Improvements project, located in San Diego County. This is a continuing project. Total estimated project costs are \$7 million. The 2019 Budget included funding for CalFire to acquire and operate seven C-130 aircraft. This project is necessary for the use and maintenance of those aircraft. The request for a supplemental appropriation is due to increased project costs, primarily driven by the escalation of material and labor costs, supply chain and logistics issues, increased construction management time, additional inspection time, and materials testing. Additionally, builder's risk insurance has increased drastically in high fire hazard areas, exceeding the initial estimate included in the budget for the project.

Rohnerville Air Attack Base: Replace Fuel System (MR). The May Revision requests a supplemental appropriation of \$475,000 General Fund for the redesign of the working drawings phase of the Rohnerville Air Attack Base: Replace Fuel System project, located in Humboldt County. This is a continuing project. The total estimated costs of the project are \$4.94 million. This request for a supplemental appropriation is intended for an update the project design to comply with current code requirements, finalize plans, and prepare for bidding.

Santa Clara Helitack Base: Relocate Facility (MR). The May Revision requests \$1 million General Fund for the site selection portion of the acquisition phase of the Santa Clara Helitack Base: Relocate Facility project, located in Santa Clara County. This is a continuing project which was previously known as the Alma Helitack Base: Relocate Facility project. The name of the project has changed to reflect a change in the intended location of the project. A separate proposal will be submitted in a future budget for the remainder of the acquisition phase once a site is identified. Total estimated project costs are \$155.85 million.

Statewide: Replace Communications Facilities, Phase V (MR). The May Revision requests a supplemental appropriation of \$28.92 million General Fund for the construction phase of the Statewide: Replace Communications Facilities – Phase V project, located in various counties. This is a continuing project. CalFire requests supplemental appropriation due to significant cost increases resulting from regulatory review delays, labor shortages, and market inflation. Both hard and soft costs increased due to increased steel prices, increased labor and equipment costs, extended procurement, builder’s risk insurance increase, and extended review and backcheck timelines. Additional costs include increased construction management for concurrent tower projects, required Parks monitoring, increased Division of State Architecture and State Fire Marshal fees due to more involvement in tower projects than previous projects.

Various Capital Outlay Reappropriations and Reversions (MR). The May Revision proposes that Item 3540-490 be added to reappropriate various phases of continuing projects as needed to complete critical projects supporting CalFire’s mission. It is also requested that Item 3540-495 be added to effectuate reversion of appropriations not needed in 2026-27 as determined by current project schedules.

LAO Comments and Recommendation. *Approve.* Proposes a total of \$65.4 million (\$35.1 million General Fund, \$30.3 million Public Buildings Construction Fund) to improve the infrastructure and housing on air attack and helitack bases and replace various outdated communications facilities. LAO recommends approval, as they address the health and safety of CalFire personnel as well as support the state’s wildfire response capacity. (This is consistent with LAO’s recommended approach to other CalFire capital outlay project funding proposed in the Governor's Budget.)

CNRA Bond and Technical Proposals: Urban and Community Forestry Grant Program Federal Trust Fund Authority Updates (AFL). An AFL requests that Item 3540-002-0890 (Federal Trust Fund) be decreased by \$74,000 one-time in 2026-27 and Item 3540-101-0890 be eliminated in 2026-27. AB 107 (Gabriel), Chapter 5, Statutes of 2025, amended the 2025 Budget Act to accelerate the authorized expenditure of this funding into 2025-26. These requests reflect the corresponding offsetting adjustments in 2026-27. The net effect of the AB 107 amendments and these requests maintain the entire \$43.2 million of overall Federal Trust Fund expenditure authority for the Urban and Community Forestry Grant Program and allows for earlier expenditure of the funding.

CNRA Bond and Technical Proposals: Forest Products Lab Collection Agreement Reappropriation (AFL). An AFL requests that Item 3540-491 be added to reappropriate up to \$42,000 in Item 3540-001-3237 (Cost of Implementation Account, Air Pollution Control Fund), Budget Act of 2023, with funding available for encumbrance or expenditure until June 30, 2027. This reappropriation is necessary to extend the contract with the University of Tennessee for a forest products lab collection agreement with the US Forest Service Forest Products Lab.

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)
3640 WILDLIFE CONSERVATION BOARD (WCB)

Wildlife Conservation Board Accounting Positions Transfer (MR). The May Revision requests the transfer of seven permanent accounting positions from CDFW to WCB. WCB currently contracts with CDFW for accounting services, with WCB covering the full cost of all seven permanent positions plus overhead contracting costs via Interagency Agreement. Moving the positions directly under WCB authority will yield savings of overhead costs and eliminate contract administration. WCB will utilize existing funds to continue covering the cost of the positions.

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)
3640 WILDLIFE CONSERVATION BOARD (WCB)
3860 DEPARTMENT OF WATER RESOURCES (DWR)
3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

Proposition 1 (2014) Redistribution of Statewide Costs (MR). The May Revision proposes redistribution of \$76.7 million that was set aside for statewide bond costs for Proposition 1 (2014) (Prop 1). Funding is proposed for redistribution to departments identified in Prop 1 to support additional projects consistent with Prop 1 provisions.

Background. Through previous budgets, and consistent with previous General Obligation Bonds, the Administration and the Legislature agreed to set aside two percent of Proposition 1 (Prop 1, \$7.5 billion water bond from 2014) or approximately \$149.3 million to cover costs for administering and issuing bonds, referred to as statewide bond costs. With nearly all of the Prop 1 project funds committed, only \$72.6 million of statewide bond costs funds are scheduled to be used. This leaves \$76.7 million in Prop 1 funding that can be redistributed to programs and departments named in Prop 1 up to a maximum amount equal to the program's full allocation in the bond act. Funding will be used by the programs identified below for additional projects and support of projects consistent with the provisions of Prop 1.

This proposal will return funding to the following sections of Proposition 1 consistent with amounts previously set aside for statewide bond costs:

Chapter	Sub Section	Department Program	Allocation
Ch. 8	79750(b)	California Water Commission: Water storage projects that improve the operation of the state water system	\$17,750,000
Ch. 9	79765	State Water Resources Control Board: Water recycling and advanced treatment technology projects	\$12,500,000
Ch. 6**	79736	Department of Water Resources: Fulfill the obligations of the State of California	\$9,500,000
Ch. 11	79781 (a-d)	Department of Water Resources and Central Valley Flood Protection Board: Reduce the risk of levee failure and flood in the Delta	\$5,900,000
Ch. 6	79737(a)	California Department of Fish and Wildlife: Watershed restoration projects statewide	\$5,700,000
Ch. 6	79738(a)	California Department of Fish and Wildlife: Water quality, ecosystem restoration and fish protection facilities	\$1,750,000
Ch. 10	79771 (a)	State Water Resources Control Board: Projects to prevent or clean up the contamination of groundwater that serves or has served as a source of drinking water	\$5,200,000
Ch. 5	79723	State Water Resources Control Board: Wastewater treatment projects	\$5,200,000
Ch. 5	79724(a)(1)	State Water Resources Control Board: Public water system infrastructure improvements	\$5,200,000
Ch. 6	79733	Wildlife Conservation Board: Enhanced stream flow	\$4,000,000

Ch. 7	79747(a)	State Water Resources Control Board: Multibenefit stormwater management projects	\$4,000,000
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Prop 1 funding is proposed to be allocated to specified programs that help meet legal obligations, advance priorities in the Governor’s existing water supply and salmon strategies, address groundwater contamination, and support water recycling projects, including:

- \$12.5 million to the State Water Resources Control Board (SWRCB) to fund the planning, design and construction of water recycling and advance treatment project
- \$5.9 million to DWR is proposed to advance high priority multi-benefit flood management projects.
- \$5.7 million to CDFW and \$4 million to the Wildlife Conservation Board to advance near-term, high-priority actions in the Salmon Strategy in coordination with the State Salmon Strategy Implementation Team.
- \$1.75 million to CDFW to fund grants for water quality, ecosystem restoration, and fish protection facilities that benefit the Delta.
- \$5.2 million to SWRCB to fund grants for municipalities serving small, disadvantaged communities for the planning, design, and construction of wastewater infrastructure.
- \$5.2 million to SWRCB to fund grants to public water systems serving small, disadvantaged communities for the planning, design, and construction of drinking water infrastructure.
- \$5.2 million to SWRCB to fund grants for the prevention or clean-up of contaminated groundwater sources that serve as a drinking water source, including septic-to-sewer projects.
- \$4 million to the State Water Board to fund grants to municipalities for multi-benefit stormwater projects.

The California Water Commission’s Prop 1 Water Storage Investment Program is continuously appropriated. \$17.75 million is proposed to be allocated to purchase more public benefits and/or cover inflation of water storage projects, including Sites Reservoir. Sites Authority is seeking full financial commitments in the spring of 2026, including an updated conditional state award and a final award by the end of 2026.

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)

Automated License Data System Contract (MR). The May Revision requests \$1.6 million Fish and Game Preservation Fund (FGPF) Non-Dedicated in 2026-27, \$1.8 million in 2027-28, \$1.9 million in 2028-29, \$2.1 million in 2029-30, and \$2.3 million in 2030-31 and ongoing for the increased cost of the agreement between CDFW's Data and Technology Division and Aspira. Aspira provides maintenance, development, and support to keep the Automated License Data System operational.

Coexisting with Wildlife (MR). The May Revision requests \$1.02 million one-time Fish and Game Preservation Fund to allow CDFW to use existing ELPF to fund temporary resources to support the Coexisting with Wildlife Initiative that will allow for proactive mitigation of human-wildlife conflict and foster safe coexistence with native wildlife in California.

Fish and Game Preservation Fund (FGPF) Dedicated Realignment and Technical Adjustment (MR). The May Revision requests various adjustments to FGPF dedicated accounts. The adjustments to the specified FGPF dedicated accounts are designed to keep the accounts structurally balanced with a prudent fund reserve. CDFW also requests a net zero technical adjustment to Administration/Distributed Administration authority to correct previously received administrative positions where CDFW did not appropriately request nor receive the commensurate Administration/Distributed Administration authority.

Office of Spill Prevention and Response (OSPR) Fleet Replacement (MR). The May Revision requests a one-time increase of \$3.28 million from the Oil Spill Prevention and Administration Fund in 2026-27 to replace fleet assets used for oil spill response and support. OSPR has identified an immediate need for additional resources to close an operational gap to ensure adequate and reliable fleet resources necessary for response activities.

OSPR Regulatory Staffing (MR). The May Revision requests two permanent positions, \$488,000 in 2026-27 and \$472,000 in 2027-28 and ongoing from the Oil Spill Prevention and Administration Fund to address the workload associated with evaluating the adequacy of the Certificate of Financial Responsibility requirements and conducting Reasonable Worst-Case Spill calculations on a regular basis. These positions are intended to modernize CDFW systems to improve transparency and engagement with the public, information and documentation collection, and update internal processes and workflows for increased efficiencies.

Ongoing Funding for Statewide Administrative Support Positions (MR). The May Revision requests \$3.5 million Special Funds (including \$2 million FGPF- Non-Dedicated) in 2026-27 and ongoing to fund various existing positions. This request is intended to provide ongoing funding for the 20 positions CDFW received in the 2022 Budget for statewide administrative support in the Drought Resilience and Response Package and funded by various one-time General Fund investments.

CNRA Bond and Technical Proposals: Reimbursement Fund Authority Increase (AFL). An AFL requests that Item 3600-001-0001 (General Fund) be amended by increasing reimbursements by \$16.88 million in 2026-27, \$16.5 million in 2027-28, \$13.7 million in 2028-29, and \$6 million in 2029-30 and ongoing. This request is intended to support various local, state, private, and tribal reimbursement agreements aligned with the Biodiversity Conservation Program and include efforts such as Golden Mussel mitigation, permitting, and other activities.

CNRA Bond and Technical Proposals: Proposition 50 Appropriation (AFL). An AFL requests that Item 3600-001-6031 be added in the amount of \$2 million one-time to support ecosystem restoration program implementation.

CNRA Bond and Technical Proposals: Proposition 84 Appropriation (AFL). An AFL requests that Item 3600-001-6051 be added in the amount of \$724,000 one-time to support the Bay-Delta and Coastal Fishery Restoration programs.

3760 STATE COASTAL CONSERVANCY (SCC)

SCC Fund Appropriation and Reimbursement Authority (MR). The May Revision requests \$7 million one-time in 2026-27 from the State Coastal Conservancy Fund and \$7 million in reimbursement authority one-time. This funding is intended to provide additional resources for coastal resource enhancement and public access projects. Reimbursement authority is intended to allow SCC to encumber a grant from the National Fish and Wildlife Foundation for the South Bay Salt Pond Restoration Project. Funds are requested to be available for encumbrance or expenditure through June 30, 2028, given the multi-year nature of projects.

State Coastal Conservancy Fund Appropriation and Reimbursements (MR). The May Revision requests that Item 3760-101-0565 be added in the amount of \$7 million one-time in 2026-27 to support coastal resource enhancement and public access projects with provisional language authorizing an extended encumbrance period until June 30, 2029. It is also requested that reimbursements be added in the amount of \$7 million one-time to allow SCC to encumber an existing award from the National Fish and Wildlife Foundation for the South Bay Salt Pond Restoration Project and pass through funding to subgrantees.

CNRA Bond and Technical Proposals: Proposition 50 New Support Appropriation (AFL). An AFL requests that Item 3760-001-6031 be increased by \$1.33 million one-time to support the administration and management of existing projects funded by Proposition 50.

CNRA Bond and Technical Proposals: Proposition 68 New Support Appropriation (AFL). An AFL requests that Item 3760-001-6088 be increased by \$2 million in 2026-27, \$1 million in 2027-28, \$501,000 in 2028-29, and \$41,000 in 2029-30 to support the administration and management of existing projects funded by Proposition 68.

CNRA Bond and Technical Proposals: Proposition 84 and Proposition 68 Local Assistance Reappropriations (AFL). An AFL requests that Item 3760-490 be amended to extend the encumbrance period of Item 3760-101-6051 (Proposition 84), Budget Act of 2020, and Item 3760-101-6088 (Proposition 68), Budget Act of 2023, until June 30, 2029, to continue to support the Santa Ana River Conservancy program and Lower Overnight Coastal Accommodations program, respectively.

3790 DEPARTMENT OF PARKS AND RECREATION (Parks)

Fort Ord Dunes Campground Operations (MR). The May Revision requests \$3.59 million General Fund and 7.5 positions in 2026-27, \$1.96 million and 7.5 positions in 2027-28, and \$1.05 million and 14 positions in 2028-29 and ongoing to support operations of the new Fort Ord Dunes State Park campground; as well as \$1.31 million State Parks and Recreation Fund in 2027-28 and \$2.22 million in 2028-29 and ongoing for the same purpose. The new campground, which is expected to be completed in

Spring 2027, is intended to offer 108 new campsites and provide beach access and aquatic recreation opportunities.

LAO Comments and Recommendation. *Consider Alternatives to Reduce General Fund Costs.* Proposes \$3.6 million General Fund and 14 positions in 2026-27 (and a similar amount of total funds, split between the General Fund and the SPRF in 2027-28 and ongoing) to staff a new campground at Fort Ord Dunes State Park. In light of the budget condition, the Legislature may want to consider whether the opening of a new campground is appropriate at this time or if it would prefer to postpone. While postponing would reduce cost pressures, a key trade-off is that a delayed opening would mean fewer residents have access to outdoor recreation, at least in the short term, and the state would continue to incur some fixed costs to maintain the campground. The Legislature also could consider directing Parks to increase fees at this park to generate more SPRF revenue, reducing how much General Fund would be needed to cover new campground costs. Higher fees, however, might limit the number of visitors to the campground. This request—taken together with other requests to acquire, expand, and/or transition operations for state parks—raises important questions about how the state will fund maintenance and operations at state parks over the long term, particularly given the significant deferred maintenance backlog and other challenges at existing parks.

Attorney General Office Legal Services (MR). The May Revision requests \$2 million General Fund ongoing beginning in 2026-27 for the cost of representation from the Attorney General's Office (AGO) in various lawsuits filed against Parks. The Administration notes that these services are critical as the AGO provides expertise in complex legal fields and is skilled when it comes to negotiating settlements in court that are cost-effective to Parks. Additional resources are necessary to cover the cost of service provided by the AGO.

Oceano Dunes State Vehicle Recreation Area (SVRA): Le Sage Bridge Replacement (MR). The May Revision requests a supplemental appropriation of \$225,000 Off-Highway Vehicle Trust Fund for the working drawings phase of the Oceano Dunes State Vehicular Recreation Area (SVRA): Le Sage Bridge Replacement project in San Luis Obispo County. This project is intended to rehabilitate the Le Sage Bridge to provide critical structural improvements and enhanced design features for combined vehicle and pedestrian use. This supplemental design funding is intended to enable Parks to achieve approximately \$675,000 in net project savings by avoiding more costly construction associated with the initial design approach.

Pismo Beach State Beach (SB): Entrance Kiosk Replacement (MR). The May Revision requests \$400,000 in 2026-27 from the Off-Highway Vehicle Trust Fund for the construction phase of the Pismo SB: Entrance Kiosk Replacement project. Parks received bids for the construction contract, which exceeded the original project budget by more than 20 percent. This supplemental appropriation is intended to allow Parks to successfully rebid and award the project contract in 2026-27. Additionally, this funding includes increases for escalation using standard escalation procedures.

Rio de Los Angeles State Park (SP): Public Use Facilities at Bowtie (MR). The May Revision requests \$7.8 million in reimbursements to the State Parks and Recreation Fund (SPRF) for the construction phase of the Rio de Los Angeles SP: Public Use Facilities at Bowtie project. The project includes infrastructure, site improvements, and day-use amenities. Upon completion, the project is intended to provide public access, passive recreation opportunities, and habitat restoration.

This reimbursement authority is intended to allow Parks to utilize \$5 million in federal grant funds through the Outdoor Recreation Legacy Program, \$3 million in grant funds provided by the Los Angeles County's Regional Park and Open Space District, Measure A Competitive Grant Program, and \$2.8

million grant funds provided by the Santa Monica Mountains Conservancy, which matches available state funding provided by the Waterways Connection Initiative program. Parks will require these grants to fund construction, which is scheduled to begin in the 2026-27.

State Park Police Officer Cadet Recruitment (MR). The May Revision requests one-time funding of \$3 million SPPF in 2026-27 and one-time funding of \$7.5 million SPRF in 2026-27, to increase State Park Peace Officer (SPPO) Cadet Academy throughput. Currently, approximately 23 percent of SPPO positions are vacant, with rank and-file vacancies exceeding 26 percent. Without the capacity to hire and train additional cadets, vacancies are projected to climb above 25 percent.

Various Capital Outlay Reappropriations and Reversion (MR). The May Revision requests reappropriation and extension of liquidation of existing capital outlay appropriations and to allow completion of current projects without delay, as well as reversion of savings from completed projects.

Will Rogers and Dockweiler SBs Operations Transition (MR). The May Revision requests \$19.21 million General Fund in 2026-27, \$3.5 million General Fund in 2027-28, \$3.82 million General Fund in 2028-29, and \$3.83 million in 2029-30 and ongoing for the operation of Will Rogers and Dockweiler SBs. Additionally, Parks requests \$5.17 million SPRF in 2026-27 and \$8.62 million SPRF in 2027-28 and ongoing as well as 31 positions phased in over three years for the same purpose. Will Rogers SB and Dockweiler SB are currently operated by Los Angeles County Parks and Recreation (LA County) through a Joint Powers Agreement (JPA) with the City of Los Angeles Department of Parks and Recreation (LA City). Parks will be responsible for operating both Will Rogers SB and Dockweiler SB beginning in 2026-27 as LA County has notified all parties of its intent to terminate the JPA on September 17, 2026.

LAO Comments and Recommendation. *Approve.* Proposes \$24.4 million total funds in 2026-27 (\$19.2 million General Fund, \$5.2 million State Parks and Recreation Fund [SPRF]) and \$12.1 million in 2027-28 and ongoing (\$3.5 million General Fund, \$8.6 million SPRF) to transition the operations of Dockweiler and Will Rogers State Beaches from Los Angeles County to Parks. Last year, Los Angeles County notified Parks of its intent to terminate its Joint Powers Authority agreement in September 2026, primarily to address a budget deficit. This leaves Parks statutorily obligated to manage the operations of these two state beaches. Given this responsibility and lack of other options, LAO recommends approving the proposal. However, the requested funding is based on cost estimates for baseline operations at similar state beach facilities and some data from LA County's previous operations, so it may need to be revised in future years based on actual data. Moreover, this request—taken together with other requests to acquire, expand, and/or transition operations for state parks—raises important questions about how the state will fund maintenance and operations at state parks over the long term, particularly given the significant deferred maintenance backlog (to which this transition adds tens of millions of dollars) and other challenges at existing parks.

California Indian Heritage Center Support Organization (BCP and Trailer Bill Language (TBL)) (MR). The May Revision proposes that Section 526 be added to the Public Resources Code to establish a support organization for the California Indian Heritage Center (CIHC) that reflects the CIHC's tribal partnership context and cultural mission. The requested changes are intended to provide a governance and partnership framework that will allow California Native tribes to shape elements of CIHC operations, including interpretation, exhibit development, cultural stewardship, care of collections and patrimony, and management of the site's natural and ceremonial spaces.

Winter Recreation Fund Program Support (AFL). An AFL requests that Item 3790-001-0449 (Winter Recreation Fund) be increased by \$101,000 in 2026-27 and ongoing to maintain the existing

service level of Parks's winter recreation program, SNO-PARK Program. Funding is intended to support increased operating costs of the SNO-PARK Program and can be sustained by the Program revenues generated through SNO-PARK permit fees.

CNRA Bond and Technical Proposals: Proposition 50 New Support Appropriation (AFL). An AFL requests that Item 3790-001-6031 be increased by \$1.44 million one-time to support statewide bond costs associated with the close out of Proposition 50. Provisional language authorizing an extended encumbrance period until June 30, 2030, is requested for this item to align with the close out plan for Proposition 50.

CNRA Bond and Technical Proposals: Proposition 68 New Support Appropriation (AFL). An AFL requests that Item 3790-002-6088 be added in the amount of \$10.68 million one-time to support accelerated implementation of the Redwoods Rising Project in Humboldt and Del Norte Counties, among other projects. Provisional language is requested authorizing an extended encumbrance period until June 30, 2031.

CNRA Bond and Technical Proposals: Proposition 68 New Local Assistance Appropriation (AFL). An AFL requests that Item 3790-101-6088 be added in the amount of \$12.38 million one-time to support additional projects in the next round of the Statewide Park Program, with provisional language authorizing an extended encumbrance period until June 30, 2029.

CNRA Bond and Technical Proposals: Proposition 12 Reversion (AFL). An AFL requests that Item 3790-496 be added to revert the unencumbered balance of Item 3790-002-0005, Budget Act of 2021, to align with the close out plan for Proposition 12.

3790 DEPARTMENT OF PARKS AND RECREATION

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

Border Field State Park Cross-Border Pollution Management (MR). The May Revision requests one-time funding from the California Tire Recycling Fund via reimbursement authority to support the hauling of additional sediment and debris from the Tijuana Estuary and Border Field State Park. CalRecycle, which administers the California Tire Recycling Management Fund, will provide up to \$2 million in one-time funding to Parks. Parks intends to utilize these funds to support immediate needs while pursuing additional sources of grant funding to expand sediment and debris management efforts and support restoration of critical habitat through the beneficial reuse of sediment from the Tijuana River Valley. Consistent with statutory requirements for interagency coordination, Parks intends to coordinate with CalRecycle to implement these activities through an interagency agreement.

The Tijuana Estuary within Border Field State Park is critically threatened by sedimentation and debris, which can smother salt marsh habitat and damage critical infrastructure, including park roads, trails, and wastewater management systems.

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

CNRA Bond and Technical Proposals: Federal Fund and Reimbursement Authority (AFL). An AFL requests that Item 3825-001-0140 (ELPF) be amended to increase reimbursements by \$470,000 ongoing, Item 3825-101-0140 (ELPF) be added with reimbursements of \$15.2 million in 2026-27 and

\$5 million ongoing, and Item 3825-101-0890 (Federal Trust Fund) be added in the amount of \$1 million ongoing, to provide authority to meet operational needs for interagency agreements, grants, and other funding awarded to RMC for purposes specified in various agreements from state, federal, and other sources.

3850 COACHELLA VALLEY MOUNTAINS CONSERVANCY

CNRA Bond and Technical Proposals: Proposition 84 New Support Appropriation (AFL). An AFL requests that Item 3850-001-6051 be added in the amount of \$27,000 one-time to provide for CVMC's administration, monitoring, and implementation of acquisition projects funded by Proposition 84.

CNRA Bond and Technical Proposals: Proposition 68 New Support Appropriation (AFL). An AFL requests that Item 3850-001-6088 be increased but \$132,000 in 2026-27, \$176,000 in 2027-28, \$100,000 in 2028-29, and \$110,000 in 2029-30 to provide for CVMC's administration, monitoring, and implementation of active grants funded by Proposition 68.

CNRA Bond and Technical Proposals: Proposition 1 New Local Assistance Appropriation (AFL). An AFL requests that Item 3850-101-6083 be added in the amount of \$1.6 million one-time to provide funding for CVMC grant programs or acquisition projects, with provisional language authorizing funds for local assistance or capital outlay with an extended encumbrance period until June 30, 2029.

CNRA Bond and Technical Proposals: Proposition 84 New Capital Outlay Appropriations (AFL). An AFL requests that Item 3850-301-6051 be added in the amount of \$5.55 million one-time to provide funding for CVMC acquisition projects or grant programs, with provisional language authorizing funds for capital outlay or local assistance with an extended encumbrance period until June 30, 2029.

3840 DELTA PROTECTION COMMISSION

Sacramento-San Joaquin Delta National Heritage Area (MR). The May Revision proposes that Item 3840-001-0890 be increased by \$320,000 and one position ongoing to implement the Delta National Heritage Area management plan. The U.S. National Park Service will provide additional funding for this program, and the Commission intends to engage in public education, historic preservation, tourism and recreation development, visitor amenities, and economic development activities.

3855 SIERRA NEVADA CONSERVANCY (SNC)

Accounting Resources (MR). The May Revision proposes that Item 3855-001-0140 be increased by \$214,000 and two permanent full-time positions ongoing to right-size accounting resources for SNC. These resources will enhance operational efficiency of the Conservancy as well as produce estimated average annual savings of \$111,000 ELPF from 2027-28 through 2030-31 and \$150,000 annually thereafter.

Increase Federal Reimbursement Authority (MR). The May Revision requests that Item 3855-001-0890 be increased by \$1.1 million one-time to match the projected cost of work associated with the Sierra Nevada Conservancy's three federal grant agreements in 2026-27.

CNRA Bond and Technical Proposals: Proposition 68 New Local Assistance Appropriations (AFL). An AFL requests that Item 3855-101-6088 be added in the amount of \$375,000 one-time to fund wildfire and forest resilience grants through SNC’s Watershed Improvement Program. It is also requested that Item 3855-102-6088 be added in the amount of \$450,000 one-time to fund grants through SNC’s Watershed Improvement Program that align with its overall statutory purposes, including supporting sustainable recreation and tourism planning and infrastructure, and improve outdoor access for historically excluded communities.

3860 DEPARTMENT OF WATER RESOURCES (DWR)

Delta Levees Program Mitigation (MR). The May Revision proposes to modify a Governor’s Budget request in response to newly available mitigation credits for purchase. DWR’s Division of Multibenefit Initiatives (DMI) requests \$7.9 million General Fund to support the compensatory mitigation needs of the Delta Levees Program.

Healthy Rivers and Landscapes (HRL) Program Implementation (MR). The May Revision requests \$25 million one-time General Fund to support necessary monitoring, habitat restoration projects, water purchases, and administration towards implementation of the Healthy Rivers and Landscapes Program (commonly known as Voluntary Agreements) for the first year of implementation to comply with an updated Bay-Delta Water Quality Control Plan. This funding is in addition to the \$560 million that the state has already appropriated for the Healthy Rivers and Landscapes Program.

The \$25 million is intended to be used as follows:

- \$10 million for habitat restoration acreage for the Feather River flood and Southern Sutter Bypass. These projects are intended to create shallow water floodplain for fish migration.
- \$10 million to support the Instream Flow Purchase Program for the state’s obligations for water purchases.
- \$3.75 million for science and monitoring by supporting efforts to launch the initial required science and monitoring network as part of the state’s commitments to the program.

DWR expects this additional funding and staffing resources to be sufficient to effectively deliver and administer the DWR requirements pursuant to the HRL Program.

LAO Comments and Recommendation. *Reject.* Proposes \$25 million General Fund to support implementing the first year of the HRL Program—an alternative non-regulatory compliance pathway proposed for the Bay-Delta Plan—however, the State Water Resources Control Board has not yet formally adopted the revised plan. In the context of constrained General Fund resources, LAO recommends that the Legislature reject this proposal, as it does not meet the high bar of addressing an immediate state need. Moreover, this request raises serious questions about what the state’s HRL commitments encompass and about how much funding it will be expected to provide—beyond the more than \$1 billion it has already provided—over the HRL program’s eight-year term. The Legislature would benefit from clarity on these issues before appropriating additional funding to support the program.

The Healthy Rivers and Landscapes (HRL) Program’s [Final Draft Funding Plan](#) indicates that the [2022 Memorandum of Understanding](#) among HRL parties “identified \$2.9 billion as the amount necessary to implement the [HRL] program over the course of the initial 8-year term” and that “to date, the parties have already secured \$2.4 billion.” Parties include the state government (providing about 50 percent of

the funding), federal government (about 25 percent), water agencies (about 20 percent), and the Central Valley Project (about 5 percent).

In terms of state support, the funding plan indicates that nearly \$1.5 billion (\$1.1 billion for habitat and flows and \$370 million for environmental water) has already been secured for the HRL program. At the same time, the Governor's current May Revision [Healthy Rivers and Landscapes Program Implementation](#) proposal notes that the state has directly appropriated \$560 million for the HRL program, and that an additional \$569 million has gone to support multibenefit projects, such as flood risk reduction projects, that also help count toward HRL targets.

These slightly differing messages about state support reflect the complex accounting associated with the HRL program. The way in which funding and habitat acreage are defined and counted—including the degree to which funding and acreage associated with multibenefit projects are counted as contributing to the program—can paint different pictures about the state's fiscal support. Without additional clarity from the administration, it is difficult for the Legislature to have a clear picture of (a) what the state has already provided and (b) what more the state will be expected to provide in the future. We recommend the Legislature seek additional clarity from the administration on these issues before appropriating an additional \$25 million to the program.

Northern Regional Office Facility Relocation (MR). The May Revision requests \$8.6 million General Fund over five years and ongoing \$1.7 million annually to secure a leased facility for the Northern Region Office facilities located in Red Bluff, California. This request includes \$2.2 million in 2026-27, \$1.5 million in 2027-28, \$1.6 million in 2028-29, \$1.6 million in 2029-30, \$1.7 million in 2030-31 and \$1.7 million ongoing for future fiscal year. Significant facility concerns necessitate an office relocation.

Salton Sea Habitat Restoration (MR). The May Revision, for DWR's Salton Sea Restoration Office (SSRO) requests the reversion of \$16.8 million Proposition 68, Section 80111(a), and a new appropriation of \$16.2 million capital outlay to DWR and \$600,000 to CNRA for an agreement with the Salton Sea Authority (SSA) for the North Lake Pilot Demonstration Project. This project is intended to become a component of the adjacent North Lake Wetlands Project and protect public health by suppressing dust from exposed lakebed and restore habitat for fish and birds. The Administration states that this project is also needed to comply with the state's restoration requirements under SWRCB Stipulated Order 2017-0134.

Proposition 50 South Delta Gates (MR). The May Revision requests \$31.46 million from Proposition 50 (Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002) and \$4.37 million from Proposition 13 (Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act) to fund the state's share of costs for implementing the South Delta Gates (SDG), formerly South Delta Permanent Operable Gates, project. This request is intended to be partially funded through the reversion of \$11.3 million Proposition 50. DWR also requests \$110 million Federal Trust Fund Authority. The Administration states that the SDG project is a critical project under the CALFED Bay-Delta program aimed at improving water supply reliability and addressing long-standing issues in South Delta through a permanent solution. The project includes constructing and installing three permanent structures with operable gates across three South Delta channels. DWR requests provisional language to provide extended encumbrance to June 30, 2030.

Proposition 1 (2014) Redistribution of Statewide Costs (MR). The May Revision proposes that Item 3860-301-6083 be added in the amount of \$5.9 million in 2026-27 for projects to reduce the risk of levee failure and flood in the Delta.

CNRA Bond and Technical Proposals: Proposition 50 Flood-Managed Aquifer Recharge (Flood-MAR) Technical Assistance (AFL). An AFL requests that Item 3860-001-6031 be increased by \$1.45 million one-time to support the implementation of Flood-MAR pilot projects.

CNRA Bond and Technical Proposals: Proposition 68 Floodplain Management, Protection, and Risk Awareness – Technical Assistance. (AFL). An AFL requests that Item 3860-495 be amended to revert a total of \$5.65 million, as follows: \$1.96 million from the 2019 Budget Act, \$2.02 million from the 2020 Budget Act, and \$1.68 million from the 2021 Budget Act; and increase 3860-001-6088 be increased by \$5.65 million one-time to support technical assistance for the Floodplain Management, Protection, and Risk Awareness Program.

CNRA Bond and Technical Proposals: Proposition 68 Floodplain Management, Protection, and Risk Awareness – Planning and Monitoring (AFL). An AFL requests that Item 3860-495 be amended to revert \$44,000 from the 2019 Budget Act and Item 3860-001-6088 be increased by \$44,000 one-time to support the Oroville Wildlife Area Robinson’s Riffle Restoration Project under the Floodplain Management, Protection, and Risk Awareness Program.

CNRA Bond and Technical Proposals: Delta Grants and Flood Emergency Preparedness, Response, and Recovery Program (AFL). An AFL requests that Item 3860-495 be amended to revert \$800,000 from the 2022 Budget Act, and Item 3860-101-6083 (Proposition 1) be increased by \$800,000 one-time to support the Delta Grants and Flood Emergency Preparedness, Response, and Recovery Program.

3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY

CNRA Bond and Technical Proposals: Proposition 1 Appropriation (AFL). An AFL requests that Item 3875-001-6083 be increased in the amount of \$75,000 in 2026-27 and \$30,000 in 2027-28 to provide continued staff support for the administration of the grant program.

CNRA Bond and Technical Proposals: Proposition 68 Appropriation (AFL). An AFL requests that Item 3875-101-6088 be increased by \$180,000 one-time and the encumbrance period be extended from June 30, 2028, to June 30, 2029, to fund projects that address recreation and tourism, historic and cultural preservation, and environmental education.

ENVIRONMENTAL PROTECTION

3900 CALIFORNIA AIR RESOURCES BOARD (CARB)

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CalRecycle)

CalEPA Bond and Technical Adjustments (MR). The May Revision proposes various bond and technical adjustments such as reappropriations and extensions of liquidation.

0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY (CalEPA)

Agency Information Technology Operations (MR). The May Revision requests \$941,000 in new funding authority (\$870,000 ongoing and \$125,000 one-time funding) from various funds and two permanent positions to drive the agency's technology innovation strategy, governance, and practical adoption in alignment with California Department of Technology's Envision 2026 statewide IT strategic plan and to improve the administration of public meetings in accordance with the Bagley-Keene Open Meeting Act.

General Fund Solution: Ongoing Fund Shift for State Operations (MR). The May Revision proposes that Item 0555-001-0001 be eliminated and the various items noted below be increased by a total of \$3.12 million and 22.1 positions in 2026-27, \$3.18 million in 2027-28 and ongoing to shift resources for state operations activities from the General Fund to various special funds.

- Item 0555-001-0028 be increased by \$1,108,000 and 22.1 positions in 2026-27, \$1,171,000 in 2027-28 and ongoing
- Item 0555-001-0044 be increased by \$419,000 ongoing
- Item 0555-001-0106 be increased by \$314,000 ongoing
- Item 0555-001-0115 be increased by \$419,000 ongoing
- Item 0555-001-0133 be increased by \$127,000 ongoing
- Item 0555-001-0193 be increased by \$314,000 ongoing
- Item 0555-001-0439 be increased by \$419,000 ongoing

3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)

California Environmental Protection Agency (CalEPA) Consolidated Administration (AFL). An AFL requests that Item 3930-001-0106 (DPR Fund) be increased by \$64,000 ongoing to align with the department's portion of proposed consolidation of administrative activities under the CalEPA Office of the Secretary. The Governor's Budget proposes \$2.6 million ongoing resources split proportionately between the various Boards, Departments, and Offices within the agency. This request corrects a technical error.

3940 STATE WATER RESOURCES CONTROL BOARD

Contra Costa and Kings Counties Local Primacy Agency Delegation Agreement Termination (MR). The May Revision requests \$952,000 ongoing Safe Drinking Water Account and four permanent positions to regulate small water systems (SWS) in Contra Costa County and Kings County. Both counties have notified SWRCB that they are terminating their local primacy agency delegation agreements and returning the SWS regulatory programs to the state during the 2026 calendar year. The SWS programs are intended to be absorbed by SWRCB's Division of Drinking Water.

Fresno Office Relocation (MR). The May Revision requests \$8.9 million in 2026-27, \$503,000 in 2027-28, \$553,000 in 2028-29, \$606,000 in 2029-30, and \$661,000 in 2030-31 and ongoing from the General Fund and various special funds to relocate and consolidate the Central Valley Regional Water Quality Control Board's (Regional Board) Fresno office and SWRCB's Division of Drinking Water's Fresno district office. The Regional Board's Fresno office has experienced ongoing safety issues and facility deficiencies, and a new location is required. Through consolidating the Regional Board's and Division of Drinking Water's Fresno offices, SWRCB will ensure a safe work environment for staff and maximize operational efficiencies for the region.

Proposition 1 (2014) Redistribution of Statewide Costs (MR). The May Revision proposes that Item 3940-101-6083 be added in 2026-27 to provide \$12.5 million for water recycling and advance treatment, \$5.2 million for wastewater infrastructure, \$5.2 million for drinking water infrastructure, \$5.2 million for groundwater cleanup, and \$4 million for multi-benefit stormwater projects — a total of \$32.1 million. Bond funds that were previously allocated to cover costs for administering and issuing bonds are no longer needed for that purpose; and can be redistributed back to programs and departments in Proposition 1.

Extension of Liquidation for Water Rights Data Modernization (MR). The May Revision proposes that Item 3940-490 be added in 2026-27 to extend the period of liquidation from June 30, 2026, to June 30, 2028, for \$43.75 million California Emergency Relief Fund appropriated in the 2021 Budget for water rights data modernization.

CalEPA Consolidated Administration (AFL). An AFL requests the following items be decreased to align with SWRCB's portion of the proposed consolidation of administrative activities under CalEPA:

- Decrease Item 3940-001-0001 (General Fund) by \$48,000 in 2026-27 and \$10,000 in 2027-28 and ongoing.
- Decrease Item 3940-001-0193 (Waste Discharge Permit Fund) by \$320,000 in 2026-27, and \$68,000 in 2027-28 and ongoing.
- Decrease Item 3940-001-0306 (Safe Drinking Water Account) by \$84,000 in 2026-27, and \$18,000 in 2027-28 and ongoing.
- Decrease Item 3940-001-0439 (Underground Storage Tank Cleanup Fund) by \$357,000 in 2026-27, and \$76,000 in 2027-28 and ongoing.
- Decrease Item 3940-001-3058 (Water Rights Fund) by \$65,000 in 2026-27, and \$14,000 in 2027-28 and ongoing.

This request modifies the budget change proposal in the Governor's Budget to correct a technical error.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL

Exide: 2014 Enforcement Order Program Continued Oversight (MR). The May Revision requests four permanent positions and \$1.1 million Lead-Acid Battery Cleanup Fund in 2026-27 and ongoing to continue supporting activities to oversee and implement the ongoing corrective action or Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) cleanup work associated with the February 2002 Corrective Action Consent Order, subsequent Interim Measures Orders and Imminent and Substantial Endangerment (IS&E) Determination Order against Exide Technologies, LLC (Exide). DTSC has transitioned from Resource Conservation and Recovery Act (RCRA) to (CERCLA) cleanup following the completion of the facility closure in April 2025.

Realignment of Metal Shredder Facilities Resources (MR). The May Revision requests an ongoing reduction of \$1.9 million and 4.9 positions to align DTSC's resources for oversight of metal shredding facilities to operational needs, consistent with AB 2851 (Bonta), Chapter 743, Statutes of 2024. This includes a net-zero ongoing technical shift of \$2.2 million and 5.0 positions from the Hazardous Waste Control Account to the newly established Metal Shredder Facilities Account (MSFA). AB 2851 mandated DTSC to require metal shredding facilities to monitor hazardous waste constituents, report on the results of that monitoring, and implement facility-wide fence-line hazardous waste constituent monitoring requirements.

Realignment of Hazardous Waste Facilities Resources (MR). The May Revision proposes that Item 3960-001-0014 be decreased by \$7.83 million ongoing, and Item 3960-001-1033 be added in the amount of \$7.83 million ongoing to shift existing resources from the Hazardous Waste Control Account (HWCA) into the Hazardous Waste Facilities Account.

General Fund Solution: Ongoing Fund Shift for State Operations (MR). The May Revision proposes that Item 3960-001-0001 be decreased by \$4.3 million ongoing, and Item 3960-001-0557 be increased by \$4.3 million ongoing to shift resources for emergency response activities from the General Fund to the Toxic Substance Control Account (TSCA).

CalEPA Consolidated Administration (AFL). An AFL requests that Item 3960-001-0014 (HWCA) be increased by \$113,000 ongoing and Item 3960-001-0557 (TSCA) be increased by \$113,000 ongoing to align with DTSC's portion of the proposed consolidation of administrative activities under the CalEPA Office of the Secretary. This request modifies the budget change proposal in the Governor's Budget to correct a technical error.

CalEPA Bond and Technical Adjustments (AFL). An AFL requests that Item 3960-001-0890 (Federal Trust Fund) be decreased by \$86,000 and Item 3960-101-0890 be increased by \$86,000 to align support and local assistance amounts with projected federal awards.

CalEPA Bond and Technical Adjustments (AFL). An AFL requests that Item 3960-490 be amended to extend the encumbrance period from June 30, 2026, to June 30, 2028, for up to \$104,000 TSCA from the 2021 Budget Act, to remediate properties contaminated with lead in the communities surrounding the former Exide Technologies facility.

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CalRecycle)

Beverage Container Recycling Program (Bottle Bill). The May Revision includes two proposals related to the Bottle Bill:

- **Beverage Container Quality Infrastructure Grant Program (MR).** The May Revision requests \$100 million one-time from the Beverage Container Recycling Fund (BCRF) to support grants for the Beverage Container Quality Infrastructure Grant Program to improve California processors' capacity to sort California Redemption Value (CRV) materials and produce cleaner, higher-quality material streams.
- **Plastic Market Development Payment Extension (BCP & TBL) (MR).** The May Revision requests statutory language to extend the Plastic Market Development Payment Program until July 1, 2029, increase the maximum payment rate per ton to \$200, and appropriate \$60 million BCRF over three years: \$30 million in 2026-27, \$20 million in 2027-28, and \$10 million in 2028-29. In addition, CalRecycle requests \$5 million BCRF annually in 2026-27 through 2028-29 for a plastic reclaimers and manufacturers grant program to support investments in recycling infrastructure.
- **Rural Recycling Incentive Payments (MR).** The May Revision requests \$282,000 and two positions ongoing and \$50 million one-time in 2026-27 from BCRF for allocations to support up to 40 rural local governments over five years to establish California Redemption Value (CRV) redemption locations.

LAO Comments and Recommendations. Consider Modifications, As Applicable, To Ensure Spending Aligns with Legislative Priorities. The proposal includes a total of \$225 million across three years in various one-time augmentations to support existing and new infrastructure and incentive payment programs supported by BCRF. While the proposals all seem reasonable, LAO recommends the Legislature weigh these activities against its highest priorities for BCRF resources, such as considering an alternative mix of programs, ensuring that activities are implemented in a manner consistent with legislative priorities, and/or preserving BCRF reserves to help address future General Fund budget shortfalls through loans.

BKK Landfill Gas Collection System (MR). The May Revision requests one-time expenditure authority for \$3.33 million Integrated Waste Management Account (IWMA) to fund the replacement of the landfill gas monitoring system at the BKK Sanitary Landfill to protect public health and safety and the environment.

Establish Environmental Scientist Positions in the Waste Tire Enforcement Section (MR). The May Revision requests \$2.39 million and six positions in 2026-27, and \$893,000 in 2027-28 and ongoing, from the California Tire Recycling Management Fund to support waste tire compliance and statutory enforcement responsibilities.

Tijuana River Litter Cleanup (MR). The May Revision requests \$2.15 million in 2026-27 and \$154,000 in 2027-28 in one-time funding from the California Tire Recycling Management Fund to be available for CalEPA to support the waste tire cleanup efforts along the California-Mexico border region.

Various Technical Adjustments (MR). The May Revision requests the following:

- ***Statewide Disposal Facility-Based Material Characterization Study.*** Decrease Item 3970-001-0133 by \$700,000 and increase Item 3970-001-3408 by \$700,000, as a technical correction to the Governor’s Budget proposal, Statewide Disposal Facility-Based Material Characterization Study.
- ***Large Volume Transfer Processor Facility Based Material Characterization Study.*** Decrease Item 3970-001-0133 by \$300,000 and increase Item 3970-001-3408 by \$300,000, as a technical correction to the Governor’s Budget proposal, Large Volume Transfer Processor Facility Based Material Characterization Study.
- ***Landfill Support, Response, and Enforcement.*** Decrease Item 3970-001-0387 by \$1 million and increase Item 3970-101-0387 by \$1 million, as a technical correction to the Governor’s Budget proposal, Landfill Support, Response, and Enforcement.

California Beverage Container Recycling Fund Reversions (MR). The May Revision requests that Item 3970-495 be added to revert specified amounts from Item 3970-101-0133 of the 2022 Budget Act, as follows:

- Up to \$30 million in Item 3970-101-0133, Budget Act of 2022 for the Beverage Container Loan Program.
- Up to \$865,000 in Item 3970-101-0133, Budget Act of 2022 for the Workforce Development Program.
- Up to \$1,228,000 in item 3970-101-0133, Budget Act of 2022 for the Beverage Container Quality Infrastructure Grant Program.
- Up to \$18 million in Item 3970-101-0133 for the Reusable Beverage Containers Infrastructure Grant Program.

CalEPA Consolidated Administration (AFL). An AFL requests that various items be decreased to align with CalRecycle’s portion of the proposed consolidation of administrative activities under CalEPA, as follows:

- Item 3970-001-0001 (General Fund) to be decreased by \$143,000 ongoing.
- Item 3970-001-0133 (California Beverage Container Recycling Fund (BCRF)) to be decreased by \$496,000 ongoing.
- Item 3970-001-0226 (California Tire Recycling Management Fund) be decreased by \$96,000 ongoing.
- Item 3970-001-0387 (Integrated Waste Management Account) be decreased by \$104,000 ongoing.
- Item 3970-001-3065 (Electronic Waste Recovery and Recycling Account) to be decreased by \$124,000 ongoing.

This request modifies the budget change proposal in the Governor's Budget to correct a technical error.

CalEPA Bond and Technical Adjustments (AFL). An AFL requests that Item 3970-490 be added to extend the encumbrance period from June 30, 2027, to June 30, 2029, for up to \$5 million BCRF from the 2022 Budget Act, and up to \$3.6 million BCRF from the 2024 Budget Act, for recycling program start-up costs associated with mobile recycling, reverse-vending machines, and bag drop programs, as well as associated costs.

3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT (OEHHA)

Protecting Californians from Acrolein and Ethylene Oxide (EtO): Cancer Causing Air Toxics (MR). The May Revision requests \$300,000 Air Pollution Control Fund (APCF) for one-time contracting to help address the high cancer risk from the air toxics acrolein and ethylene oxide. This proposal seeks to carry out foundation science and research needed to support actions to reduce the high risk from EtO and acrolein. OEHHA funding would support the scientific analysis to inform the Scientific Review Panel to finalize IURs for EtO and acrolein as quickly as possible so that risk reduction efforts can begin.

Please see below for related May Revision proposal for CARB.

CalEPA Consolidated Administration (AFL). An AFL requests adjustments to various items to align with OEHHA's portion of the proposed consolidation of administrative activities under CalEPA, as follows:

- Increase Item 3980-001-0001 (General Fund) by \$13,000 ongoing.
- Increase Item 3980-001-0044 (Motor Vehicle Account) by \$8,000 ongoing.
- Increase Item 3980-001-0106 (DPR Fund) by 4,000 ongoing.

This request modifies the budget change proposal for consolidated administration in the Governor's Budget to correct a technical error.

ENERGY, AIR QUALITY & UTILITIES

VARIOUS

Greenhouse Gas Reduction Fund Expenditure Plan. The May Revision estimates \$3.4 billion in auction proceeds in 2025-26 and \$3.4 billion in 2026-27. As such, the expenditure plan is as follows:

2025-26 Cap-and-Invest Expenditure Plan				
<i>(Dollars in Millions)</i>				
Comparison		2026 GB	2026 MR	Difference
Beginning Fund Balance		\$57	\$57	\$0
Revenues	Prior Year Savings ^{1/}	\$0	\$76	\$76
	Estimated Auction Proceeds	\$3,770	\$3,437	(\$333)
	Estimated Interest Earnings	\$650	\$600	(\$50)
	Estimated Total Resources Available	\$4,420	\$4,113	(\$307)
Statutory Obligations	State Responsibility Area Fee Backfill	\$88	\$92	\$4
	Manufacturing Tax Credit	\$155	\$142	(\$13)
	Healthy and Resilient Forests (SB 901)	\$200	\$200	\$0
Net Revenues for Continuous Appropriations		\$3,327	\$3,003	(\$324)
Continuous Appropriations	High-Speed Rail Project (25%)	\$832	\$751	(\$81)
	Affordable Housing & Sustainable Communities Program (20%)	\$665	\$601	(\$65)
	Transit and Intercity Rail Capital Program (10%)	\$333	\$300	(\$32)
	Low Carbon Transit Operations Program (5%)	\$166	\$150	(\$16)
	Safe & Affordable Drinking Water Program (5%)	\$130	\$130	\$0
	Total Continuous Appropriations	\$2,126	\$1,932	(\$194)
Discretionary Appropriations	CAL FIRE General Fund Backfill	\$1,000	\$1,000	\$0
	Transit and Intercity Rail Capital Program	\$368	\$368	\$0
	AB 617 - Community Air Protection	\$100	\$100	\$0
	ZEV Heavy-Duty Infrastructure	\$40	\$40	\$0
	Clean Cars 4 All	\$25	\$25	\$0
	Livestock Methane Reduction	\$7	\$7	\$0
	MVA Transfer ^{2/}	\$0	\$0	\$0
	State Operations	\$118	\$115	(\$3)
Total 2025 Discretionary Appropriations		\$1,658	\$1,655	(\$3)
Ending Fund Balance ^{3/}		\$250	\$149	(\$101)

^{1/} Reflects prior year savings as a result of past year reconciliation.

^{2/} The 2026-27 Governor's Budget proposed to withdraw the \$81 million transfer to the Motor Vehicle Account, as approved at 2025-26 Budget Enactment, and redirect this amount to fund Zero-Emission Vehicle Incentives in 2026-27.

^{3/} The ending fund balance includes \$81 million from the redirected MVA transfer.

2026-27 Cap-and-Invest Expenditure Plan				
(Dollars in Millions)				
Comparison		2026 GB	2026 MR	Difference
Beginning Fund Balance		\$250	\$149	(\$101)
Revenues	Estimated Auction Proceeds ^{1/}	\$3,770	\$3,394	(\$376)
	Estimated Total Resources Available	\$4,020	\$3,543	(\$477)
Tier 1 Appropriations	Manufacturing Tax Credit	\$159	\$148	(\$11)
	State Operations	\$120	\$115	(\$5)
	State Responsibility Area Fee Backfill	\$88	\$92	\$4
	Legislative Counsel Climate Bureau	\$3	\$3	\$0
Net Revenues Available for Tier 2 and Tier 3		\$3,400	\$3,036	(\$364)
Tier 2 Appropriations	High Speed Rail Authority	\$1,000	\$1,000	\$0
	\$1 billion reserved for discretionary appropriations:			\$0
	- CAL FIRE General Fund Backfill ^{2/}	\$750	\$750	\$0
	- SB 840 Commitments	\$250	\$250	\$0
	- Remaining Available Tier 2 Discretionary Funding	\$0	\$0	\$0
Net Revenues Available for Tier 3		\$1,400	\$1,036	(\$364)
Tier 3 Continuous Appropriations	Affordable Housing (Up to \$560M) ^{3/}	\$396	\$293	(\$103)
	Transit and Intercity Rail Capital Program (Up to \$400M)	\$283	\$209	(\$74)
	Community Air Protection (Up to \$250M)	\$177	\$131	(\$46)
	Sustainable Communities and Agricultural Land Conservation (Up to \$240M) ^{3/}	\$170	\$126	(\$44)
	Low Carbon Transit Operations Program (Up to \$200M)	\$141	\$105	(\$37)
	Healthy and Resilient Forests (Up to \$200M)	\$141	\$105	(\$37)
	Safe & Affordable Drinking Water Program (Up to \$130M)	\$92	\$68	(\$24)
	Total (Up to \$1.98 billion)	\$1,400	\$1,036	(\$364)
Additional Revenues	Estimated Interest Earnings	\$500	\$500	\$0
Remaining Revenues for Discretionary Appropriations		\$500	\$500	\$0
Additional Discretionary Funding	Additional Discretionary - Remaining CAL FIRE General Fund Backfill	\$500	\$500	\$0
	Zero-emission Vehicle Incentive Funding ^{4/}	\$115	\$115	\$0
	Total	\$615	\$615	\$0
Ending Fund Balance		\$135	\$34	(\$101)

^{1/} Auction proceeds estimates are based on recent auction results. This price scenario is presented as an example only and should not be considered as a market price forecast.

^{2/} Remaining \$500 million for the CAL FIRE General Fund backfill in 2026-27 is funded with additional discretionary funding. The Budget maintains the 2025 Budget Act agreement to support the CAL FIRE General Fund backfill with \$500 million in 2027-28, and \$500 million in 2028-29.

^{3/} Reflects proposed changes to the Affordable Housing and Sustainable Communities program.

^{4/} An additional \$85 million for Zero-Emission Vehicle Incentive funding will come from the Air Pollution Control Fund for a total of \$200 million in 2026-27.

^{5/} Auction revenue estimates do not reflect recent proposed regulatory changes by CARB. Any regulatory changes will be incorporated into estimates after regulations are adopted.

It is important to note that these estimates do not reflect the proposed amendments currently under consideration at the California Air Resources Board, as these are not yet adopted.

LAO Comments and Recommendations. Prepare for Possible Revenue Scenarios, Direct GGRF to Highest Legislative Priorities. The May Revision's GGRF expenditure plan largely is unchanged from January, mainly reflecting relatively minor downward adjustments to anticipated Tier 3 allocations based on recent auction results. Notably, it does not reflect anticipated action on CARB's proposed changes to the cap-and-invest regulations, which the administration estimates could result in a total of roughly \$2 billion annually for GGRF over the next few years. (This would represent a drop of about 50 percent compared to recent revenue levels and would not be sufficient to provide any funding for Tier 3 programs under the SB 840 framework.) Because this regulatory change, if adopted, would take effect halfway through 2026-27, it would reduce GGRF revenues in the budget year, with even more significant drops in future fiscal years. While much uncertainty remains about both ultimate regulatory action and auction results, LAO recommends the Legislature start tackling the challenge now of how it would want to prioritize available GGRF under different revenue scenarios. For example, the Legislature could develop a spending plan based on revenues of \$2 billion, then identify an adaptable prioritization plan for how it would spend additional revenues up to \$2 billion more, should they materialize. This process will involve determining whether the SB 840 framework still prioritizes highest-priority programs, or whether some revisions would be merited.

Require Additional Information, Consider Reprioritizing Funds. The May Revision proposes to reappropriate many General Fund and GGRF appropriations that would otherwise revert. For example, for CARB, it proposes to reappropriate up to \$22 million General Fund from 2021 for the Zero-Emission Drayage Truck and Infrastructure Pilot Project and up to \$73 million GGRF from 2021 for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, along with various other reappropriation requests. Given the condition of the General Fund—and flexibility of GGRF to help support the General Fund—we recommend that the Legislature require the administration to provide information on the amount and justification of each of these proposed reappropriations, as well as what amount of funds have already been committed to specific projects. Upon receiving this information, unless reappropriations continue to support the Legislature's highest priorities or reversions would be unduly disruptive, the Legislature could consider rejecting them and instead directing the funds to address the precarious budget condition.

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

Energy Modernization and Affordability (SB 254). The May Revision makes several changes to the Governor's Budget proposal to implement SB 254 at GO-Biz and the California Infrastructure and Economic Development Bank (IBank). Specifically, the May Revision adjusts the administrative funding needs from \$7.8 million in 2026-27 and \$4.5 million annually through 2030-31 to \$10.3 million in 2026-27, \$4.1 million in 2027-28, \$4.2 million in 2028-29, \$3.5 million in 2029-2030, and \$3.5 million in 2030-31 and ongoing. GO-Biz and IBank reports the need for higher upfront costs for legal counsel, a municipal advisor, consultants, and operating expenses. In addition, the May Revision includes ten permanent positions, instead of ten limited-term positions included in Governor's Budget. According to the administration, permanent positions are needed given that the accelerator projects will be monitored to completion and loan servicing continues throughout the duration of each loan term of about 10 to 20 years.

3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY

Information Technology Support Resources. The May Revision includes \$2.6 million (\$2.1 million from the Public Utilities Commission Utilities Reimbursement Account and \$500,000 from the Safe Energy Infrastructure and Excavation Fund) in 2026-27 and ongoing to address information technology

(IT) baseline gap resources. This request for nine permanent positions and \$500,000 funding for IT contracts is essential to resolve critical workload capacity and mission support gaps that are currently being covered by limited-term positions, retired annuitants, and limited term funded contracted services that will expire in 2026-27 due to limited term funding.

Vegetation Management Inspections. The May Revision includes four positions funded from existing-related contracting funding in 2026-27 and ongoing to increase the department's utility vegetation management inspection rate of wildfire mitigation plans completed by the investor-owned utilities. This request will transition \$711,000 of existing contracting funding to personnel services funding for the requested four positions. In prior years, the department has augmented its internal vegetation management inspection workload using contracted vegetation management resources. However, due to (1) the limited number of qualified contractors available to perform this highly specialized work, and (2) multiple contractor financial conflicts of interest with the utilities the department regulates, the department has not been able to retain highly specialized and qualified vegetation management contractors over the past four years. This proposal will allow the department to transition its existing vegetation management contract funding to personnel services funding to secure its own internal vegetation management experts to conduct this specialized work and avoid the ongoing contractor conflict of interest issues.

3360 CALIFORNIA ENERGY COMMISSION (CEC)

Accounting and Human Resources Support. The May Revision includes \$1.1 million from the Energy Resources Programs Account ongoing for seven positions and operating expenses for CEC's human resources and accounting needs. Specifically, the department requests six accounting positions, in response to recent audit findings and department growth. Both the California State Auditor and Department of Finance found CEC's accounting office had insufficient staff, resulting in inaccurate and untimely financial reporting. In addition, the department requests one human resources position commiserate with recent department and staff growth in recent years.

Electric Program Investment Charge (EPIC) Program Administrative Support. The May Revision includes a net-zero shift of \$2 million from local assistance to state operations in the EPIC program to support the administration of the program. In 2011, the California Public Utilities Commission (CPUC) established the EPIC program, using investor-owned utilities' ratepayer funds, for clean energy research and development that provides ratepayer benefits. CEC is the administrator of the program. According to the department, the CEC conducted a workload analysis and found the program to be under-resourced, leading to incomplete critical tasks and excessive staff overtime. As such, the CPUC approved an increase of the administrative cap from 10 to 15 percent of the program budget. This budget request would allow CEC to use more of the existing appropriation for the EPIC program for administrative uses, up to that 15 percent, compared to the current level of 13.7 percent.

Natural Resources Agency Bond and Technical Proposals. The May Revision includes the following adjustments in the CEC budget.

- Extend the liquidation period for EPIC funds from the 2018 and 2019 Budget Acts until June 30, 2030, to reestablish a four-year liquidation period to close out research projects.
- Reappropriate General Fund for the Distributed Electricity Backup Assets program from 2021 Budget Act to support staffing costs to adequately close out the projects.

- Extend the encumbrance period until June 30, 2028 and the liquidation period until June 30, 2032 for various federal fund items from the 2016 and 2018 Budget Acts to allow CEC to receive and process federal American Reinvestment and Recovery Act loan repayments.
- Reappropriate the balances of the following appropriations:
 - 2021 Budget Act General Fund appropriation for state administration and staffing costs for the Clean Energy Program and the Emergency Planning Program and local assistance project funding for the Distributed Energy Backup Assets program.
 - 2022 Budget Act General Fund appropriation for state administration and staffing costs for the Energy Modeling Support program.
 - 2023 Budget Act General Fund appropriation for state administration and staffing costs for the Building Energy Benchmarking and Federal Tax Credit Technical Assistance programs.
 - Various Budget Act local assistance appropriations for the EPIC program to reestablish a four-year liquidation period to close out research projects.
 - 2017 Budget Act Greenhouse Gas Reduction Fund (GGRF) appropriation for the Food Production Incentive Program (FPIP) to make new awards due to remaining unspent funds from previous projects that were completed under budget.
 - 2018 Budget Act GGRF state operations and local assistance appropriations for FPIP staffing costs and new FPIP awards due to project cancellations.
 - 2022 Budget Act GGRF state operations appropriations for Equitable Building Decarbonization (EBD), California Schools Healthy Air, Plumbing, and Efficiency Program, and the Industrial Decarbonization and Improvement of Grid Operations (INDIGO). Extended availability is necessary to continue to manage active projects and agreements, and close out the programs.
 - 2022 Budget Act GGRF local assistance appropriations for INDIGO and EBD to make new awards due to project cancellations.
 - 2023 Budget Act GGRF appropriations for state administration and staffing costs for EBD, as well as FPIP and Long Duration Energy Storage local assistance dollars to make new awards due to project cancellations.

In addition, the April Finance letter includes the following adjustments:

- Reappropriate Item 3360-001-0001, Budget Act of 2022, to correct a drafting error.
- Extend the encumbrance period from June 30, 2026, to June 30, 2028, and the liquidation period from June 30, 2028, to June 30, 2032, for Item 3360-101-0890, Budget Act of 2016, and Item 3360-101-0890, Budget Act of 2018 to receive and process federal American Reinvestment and Recovery Act loan repayments.

California Energy Commission Salary Range Trailer Bill. The May Revision includes a trailer bill proposal that would require the vice chair of the CEC to receive an annual salary that is at the midpoint between the annual salary of the other commission members and that of the chairperson.

3900 CALIFORNIA AIR RESOURCES BOARD (CARB)

General Fund Solution: Ongoing State Operations Fund Shift. The May Revision includes a fund shift of \$2.2 million in 2026-27 and \$2.3 million in 2027-28 and ongoing from the General Fund to the Air Quality Improvement Fund for the implementation of AB 794 (Carillo, Chapter 748, Statutes of 2021), which requires CARB to implement labor standards for short-haul and drayage trucking fleets participating in applicable incentive programs.

Litigation Costs. The May Revision includes \$5 million one-time in 2026-27 and 2027-28 from the Air Pollution Control Fund to support increased litigation workload and costs to respond to and defend the state's environmental laws and regulations from actions taken by the federal administration. Existing law requires CARB to be represented by the AGO in judicial and administrative proceedings unless the AGO expressly authorizes alternative representation. The AGO bills departments sufficient to recover its costs for providing those legal services; therefore, as CARB's litigation workload increases, its billable AGO costs increase correspondingly and can no longer be absorbed within existing resources. CARB now has more than fifty pending litigation matters (excluding consolidated cases).

Protecting Californians from Acrolein and Ethylene Oxide: Cancer-Causing Air Toxics. The May Revision includes \$2.2 million from the Air Pollution Control Fund one-time in 2026-27 to complete the study and analysis of cancer-causing air toxics to inform a statewide risk mitigation strategy. This funding would be used to develop better understanding of emission sources, exposure, and air quality for both EtO and acrolein so that CARB and local air districts can assess the most expedient ways to reduce risk from these pollutants. This funding would also support the development of up-to-date information about emissions, exposure and air quality from non-diesel air toxics, and support better risk communication.

Gravity-Based Energy Storage Well Pilot Program (SB 567). The May Revision includes \$477,000 in 2026-27 and \$477,000 in 2027-28 from the Oil, Gas, and Geothermal Administrative (OGGA) Fund to support implementation of SB 567 (Limón, Chapter 419, Statutes of 2025). Specifically, this request would support limited-term positions to work with the Department of Conservation's Geologic Energy Management Division (CalGEM) to establish criteria for continuous leak monitoring and reporting; develop a process flow to review pilot program wells; and develop recommendations in the pilot program report required by January 2033.

In-Use Locomotive Regulation Implementation and Enforcement Fund Shift. The May Revision includes a shift of \$2.9 million from the Certification and Compliance Fund to the Air Pollution Control Fund for the implementation of the In-Use Locomotive Regulation in 2026-27 and ongoing. Since CARB was unable to acquire federal authorization from US EPA to enforce these regulations it cannot assess the associated regulatory fees. Due to this and other structural imbalance issues, the Certification and Compliance Fund can no longer support the unfunded aspects of this regulatory workload.

Southern California Headquarters Building Management Operations and Maintenance Contract Fund Shift. The May Revision includes a shift of \$4.3 million from the Certification and Compliance Fund to various other special funds, such as the Air Pollution Control Fund, Vehicle Inspection and Repair Fund, Cost of Implementation Account, and Truck Emission Check Fund, for the Southern California Headquarters Building Management Operations and Maintenance Contract in 2026-27 and

ongoing. The Certification and Compliance Fund can no longer support its portion of the total contract cost (which is spread across multiple special funds) that was originally allocated in 2024-25 and ongoing.

Volkswagen Environmental Mitigation Trust. The May Revision includes a one-time increase of \$14.4 million in reimbursement authority from the Air Pollution Control Fund in 2026-27 to continue to provide oversight of programs and projects funded out of the Volkswagen Environmental Mitigation Trust through 2033-34. CARB also requests extended encumbrance availability for the reimbursement authority until June 30, 2034. The Volkswagen Consent Decree requires 100 percent of the original funds to be disbursed from the Trust by the end of 2027. To meet that requirement, the funds allocated for administrative expenditures must also be disbursed to CARB by that date. The Trust requires CARB to administer projects that deploy zero-emission heavy-duty vehicles and equipment to mitigate excess nitrogen oxide (NOx) emissions because of Volkswagen’s illegal use of emission control devices. CARB is required to monitor projects for three-years after deployment. While the Trust requires all funds to be disbursed by 2027 and is estimated to dissolve in 2029, CARB anticipates project monitoring and reporting to continue through 2033-34. With sufficient funding advanced from the Trust to the APCF, CARB will be able to support additional workload with existing staff over the final years of program implementation.

California Environmental Protection Agency Bond and Technical Adjustments. The May Revision includes the following adjustments in the CARB budget:

- Extend the liquidation dates to June 30, 2028 for the following appropriations:
 - Up to \$21,716,000 General Fund in the 2021 Budget Act for the Zero-Emission Drayage Truck and Infrastructure Pilot Project due to project partner withdrawals and bankruptcies.
 - Up to \$550,000 Motor Vehicle Account, State Transportation Fund in the 2019 Budget Act for Emission Testing and Test Method Development for Commercial Harbor Craft and Ocean-Going Vessels to ensure UC Riverside has sufficient time to complete their research study.
 - Up to \$104,000 Motor Vehicle Account, State Transportation Fund in the 2023 Budget Act for contracts related to the Commercial Harbor Craft regulation to allow for more time to receive feasibility applications.
 - Up to \$72,340,000 Greenhouse Gas Reduction Fund in the 2021 Budget Act for the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project to allow more time to redistribute vouchers that were previously cancelled from a manufacturer bankruptcy.
- Reappropriate the balances of the following appropriations to be available for encumbrance or expenditure until June 30, 2028:
 - Up to \$1,000,000 General Fund in the 2023 Budget Act for administrative costs related to the F-Gas Reduction Incentive Program (FRIP) so CARB can continue to utilize these dollars for related salaries and benefits through its liquidation period.
 - Up to \$9,907,000 General Fund in the 2021 Budget Act for administrative costs related to various programs in Item 3900-101-0001 so CARB can continue to utilize these dollars for related salaries and benefits through its liquidation period.

- Up to \$11,518,000 Air Pollution Control Fund in the 2021 Budget Act for administrative costs related to the Carl Moyer Air Quality Standards Attainment Program.
- Up to \$4,950,000 Greenhouse Gas Reduction Fund in the 2021 Budget Act for administrative costs related to various programs in Item 3900-102-3228 so CARB can continue to utilize these dollars for related salaries and benefits through its liquidation period.
- Up to \$19,448,000 Greenhouse Gas Reduction Fund in the 2021 Budget Act for the Advanced Technology Demonstration and Pilot Projects, due to a grantee withdrawal and so that CARB may move forward in awarding a new project selected from the most recent solicitation.
- Up to \$9,969,000 Greenhouse Gas Reduction Fund in the 2022 Budget Act for the Advanced Technology Demonstration and Pilot Projects, due to a grantee withdrawal and so that CARB may move forward in awarding a new project selected from the most recent solicitation.
- Up to \$15,714,000 Greenhouse Gas Reduction Fund in the 2024 Budget Act for the Advanced Technology Demonstration and Pilot Projects, due to a grantee withdrawal and so that CARB may move forward in awarding a new project selected from the most recent solicitation.

In addition, the April Finance letter includes the following adjustments:

- Increase Item 3900-001-0115 by \$894,000 ongoing. The Governor's Budget proposes \$2,595,000 ongoing resources split proportionately between the various Boards, Departments, and Offices that comprise CalEPA for consolidated administration. This request modifies the request in the Governor's Budget to correct a technical error.
- Increase Item 3900-101-0115 by \$733,000 one-time to utilize returned and undisbursed Carl Moyer Program funds from the 2019, 2020, 2021, and 2022 Budget Acts. This one-time increase is necessary to disburse previously awarded incentive funds to support surplus emission reductions statewide.
- Add provisional language to Item 3900-101-3228 and Item 3900-102-0115 to provide an extended encumbrance period until June 30, 2029, and to authorize up to 5 percent of funding appropriated for the Zero-Emission Vehicle Incentive Program to be used for state administrative costs. This request modifies the request in the Governor's Budget.
- Amend Item 3900-492 to extend the encumbrance period from June 30, 2022 to June 30, 2028 for up to \$10,795,000 from Item 3900-101-6054, Budget Act of 2018, and from June 30, 2026 to June 30, 2028 for up to \$8,746,000 from Item 3900-101-6054, Budget Act of 2019, both related to the Proposition 1B program. This extension is necessary for the Air Resources Board to meet project timelines and contractual obligations.

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Renewable Portfolio Standards Database. The May Revision includes \$469,000 in 2026-27 and ongoing from Public Utilities Commission Utilities Reimbursement Account for annual maintenance and operations costs for the Renewables Portfolio Standard (RPS) Database and RPS Data Public Website, which are newly developed platforms used to intake and analyze RPS data from California RPS retail sellers and allow the public to access non-confidential RPS data. This request includes costs for technical consultants, cloud services, licenses, and software.

Ongoing Broadband for All Support and Reappropriation. The May Revision includes \$870,000 from the Public Utilities Commission Reimbursement Account in 2026-27 and ongoing for two positions and contract costs to carry out timely and compliant California Energy Quality Act (CEQA) reviews of Broadband Last Mile infrastructure projects. Specifically, this request would convert two existing limited-term positions to permanent positions to support CEQA evaluations and construction monitoring for broadband infrastructure projects. These positions are needed to complete CEQA determination for 12 projects, manage the construction and mitigation monitoring for 12 statutorily exempted projects, and oversee CEQA for one non-exempted project.

The May Revision also includes reappropriation of \$68 million General Fund from the 2021 Budget Act to continue funding Broadband Last Mile infrastructure grants and to extend the liquidation period of federal Capital Projects funds from December 31, 2026, to April 30, 2027, consistent U.S. Treasury guidance. This reappropriation will allow the Public Utilities Commission to administer and manage all grants awarded through the Broadband Last-Mile Infrastructure Grant program. The extension will allow the Public Utilities Commission to continue to encumber projects awarded with federal Capital Project Fund dollars until December 31, 2026, and provide additional time to process invoices through U.S. Treasury's 120-day closeout period of April 30, 2027.

Expedited Undergrounding Program. The May Revision includes \$1.9 million from the Public Utilities Commission Utilities Reimbursement Account in 2026-27 and ongoing for eight positions and operating expenses to implement, administer, and oversee the expedited review of 10-year undergrounding plan program requirements developed per SB 884 (McGuire, Chapter 819, Statutes of 2022). Previously, the 2023 Budget included \$1.4 million ongoing for six permanent positions as well as limited-term funding for consulting services to implement SB 884. However, since then, the CPUC has identified additional workload to align with the Office of Energy Infrastructure Safety's SB 884 guidelines (which finalized after the 2023 Budget) and to address the substantial volume of project-specific data analysis, newly established balancing accounts, and the continuous monitoring and audit requirements necessary to oversee the undergrounding costs to be passed on to ratepayers.

Public Advocates Office: Ratepayer and Technological Innovation Protection Act. The May Revision includes \$218,000 from the Public Utilities Commission Public Advocates Office Account for one position to support for increased workload related to data centers and other large-load customers' impacts to the electrical grid and ratepayer costs, consistent with SB 57 (Padilla, Chapter 647, Statutes of 2025). The Public Advocates Office requests one new Utility Engineer position in this proposal. This position will give the Public Advocates Office the bandwidth and expertise to appropriately focus on the increasing amount of data center analysis and research, transmission research and analyses, and review of transmission infrastructure applications.

Public Advocates Office: Expedited Undergrounding Program. The May Revision includes \$437,000 from the Public Utilities Commission Public Advocates Account in 2026-27 and ongoing for

two positions to meet increased workload resulting from changes in risk assessment and General Rate Cases as well as updates to the Electric Undergrounding Program (EUP). Specifically, the Public Advocates Office requests one position to assess utility risk proposals in General Rate Cases, primarily focusing on the EUP, and another position to build and analyze a database of the expanded utility risk mitigation data that the CPUC is requiring utilities to report, as part of the EUP.

Public Advocates Office: Voluntary Energy Markets (AB 825). The May Revision includes \$1.2 million from the Public Utilities Commission Public Advocates Account in 2026-27 and ongoing to support ratepayer benefit analysis workload once the Regional Organization is established, consistent with the requirements of AB 825 (Petrie-Norris, Chapter 116, Statutes of 2025). Specifically, AB 825 requires the independent regional organization to include funding for a consumer advocate organization. The Public Advocates Office requests five positions to help establish this new organization, as well as participate in stakeholder processes, tariff review, coordinate with other states' consumer advocates, and review market data.

California Lifeline Program. The May Revision does not update the Governor's Budget estimate for the Universal Lifeline Telephone Service Program, which is currently estimated to be at \$613,813,000 in 2025-26 and \$698,872,000 in 2026-27 from the Universal Lifeline Telephone Service Trust Administrative Committee Fund. This program provides low-income California households with basic, high-quality wireless and wireline services at affordable rates. The 2026-27 estimates reflect an increase in both local assistance and state operations—\$664,930,000 for local assistance to reimburse claims from participating service providers that offer discounted phone service to program participants and \$33,942,000 for state operations to administer the program. According to CPUC, local assistance is expected to increase due to a projected increase in enrollment based on actual subscribership data trends as well as the inclusion of the new Home Broadband Pilot, which expands service access to additional eligible households. In addition, state operations costs are expected to be higher as well due to higher third-party administrator contract costs, due to an expanded subscriber base, and a new inter-agency agreement with the Department of Health Care Services to facilitate initial enrollment and annual renewals.

Staff Recommendation: Hold open all items in this agenda.