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VOTE-ONLY

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

Issue 1: Wildfire and Forest Resilience Task Force (SB 456)

Governor's Proposal. The Governor's budget requests \$2.483 million in General Fund for 2022-23 and \$1.477 million ongoing, and four positions (two at CNRA and two at CalFire) to support the operations of the Task Force and to fulfill the goals of SB 456 (Laird), Chapter 387, Statutes of 2021, which codifies the Governor's Wildfire and Forest Resilience Action Plan in statute.

These positions will 1) manage and facilitate the work of more than a dozen work groups and related committees, quarterly regional forums, an interagency team, a Science Advisory Panel; 2) track the 99 deliverables in the Action Plan; 3) coordinate the work of more than 50 federal, state, local, and tribal agencies involved in the Task Force; and 4) develop and implement a comprehensive communications strategy, including development of the annual reports required by SB 456.

Staff Recommendation. Approve as budgeted.

3480 DEPARTMENT OF CONSERVATION (DOC)**Issue 2: California Geologic Energy Management Division (CalGEM): Mission Transformation and Oversight**

Governor's Proposal. The Governor's budget requests 51 permanent positions phased in over three years (17 in 2022-23, 34 in 2023-24, and 51 in 2024-25) and an appropriation increase of \$5.056 million in 2022-23, \$7.561 million in 2023-24, \$10.842 million in 2024-25 and \$10.617 million ongoing from the Oil, Gas and Geothermal Administrative Fund to strengthen enforcement of existing laws and regulations, limit the state's financial liability, improve public transparency, and implement chaptered legislation.

Staff Recommendation. Approve requested funding and positions for 2022-23; reject requested outyear funding and positions.

Issue 3: Oil Well Abandonment and Remediation

Governor's Proposal. The Governor's budget requests \$100 million General Fund in 2022-23 and \$100 million General Fund in 2023-24 to plug and abandon orphaned oil and gas wells and decommission attendant facilities that could pose a danger to life, health, water quality, wildlife, or natural resources. This funding will help mitigate the State's potential liability, and further the Geologic Energy Management Division's focus on public health, safety, and environmental protection.

Staff Comments. According to DOC, there is about \$30 million in matching grants. However, funding guidance has not been released yet, so it is unclear how much the state needs to provide (e.g., is it a 1:1 match or does the state need to provide 20 percent, etc.). It is unclear when the funding guidance will be released.

Staff Recommendation. Approve \$30 million General Fund in 2022-23 for purposes of matching federal grant dollars and require a 30-day Joint Legislative Budget Committee notification for when those funds will be expended. Spending authority is to be contingent on receipt of corresponding federal funds.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)**Issue 4: Agricultural Lands: Livestock Producers: Managerial Employees: Livestock Pass Program: Disaster (BCP) (TBL)**

Governor's Proposal. The Governor's budget requests \$493,000 General Fund in 2022-23, \$181,000 General Fund in 2023-24, and one position for two years to implement the training curriculum for livestock producers eligible for the livestock pass program to comply with the requirements of AB 1103 (M. Dahle), Chapter 609, Statutes of 2021.

Staff Comment. According to CalFire:

Based on legislative inquiries about how AB 1103 implementation was scoped, State Fire Training (SFT) has received technical input regarding how the State Fire Marshal (OSFM) intended to implement the new law. Based on this input, OSFM now proposes that the course delivery method and implementation date be modified to better suit the students' needs. CAL FIRE's Office of Legislation has confirmed the Cattleman's Association members would not be opposed to moving to a seat-based curriculum.

SFT had always proposed to deliver the AB 1103 course virtually in an online format using a learning management system (LMS). However, based on recent discussions with the Cattlemen's Association, SFT is now proposing to deliver a seat-based course with an instructor. Students in the course will need to attend an in-person course to receive a course diploma. Per the Cattlemen's Association, students would be better prepared if they take the course in-person rather than online, as in-person instruction will ensure that the students are adequately and appropriately trained and prepared to enter an area under an emergency evacuation order. Additionally, seat-based courses can be customized to meet local needs, such as county-specific requirements.

Seat-based course delivery is also consistent with SFT's existing course delivery method. Modifying the course delivery method to in-person instruction would eliminate the need for a new online course delivery system, thus mitigating any potential risks that could arise implementing a new delivery system and allowing for more timely implementation, as SFT will no longer be required to develop the LMS for online course delivery. Students will need to be proactive in order to take a live course in the Spring. Students who do not complete the course in the Spring may not be eligible to receive a course diploma if they wait until they are impacted by a wildfire. In such cases, students would have to find an instructor to deliver the course on short notice.

The Health and Safety Code currently has an effective date of January 1, 2023 for the OSFM to develop the curriculum. The BCP proposed a statutory change July 1, 2024 to allow adequate time for online curriculum and LMS development. However, with the newly proposed change to seat-based instruction, SFT is requesting a statutory change to make the curriculum available by July 1, 2023 to allow sufficient time for the curriculum to be developed by the cadre who will meet in July and August 2022. The proposed course plan developed by the cadre will then be taken to the Statewide Training and Education Advisory Committee (STEAC) in October 2022 and the State Board of Fire Services (SBFS) in November 2022 for a first reading, followed by approvals by STEAC in January 2023 and SBFS in February 2023. In the event the upcoming STEAC or SBFS meetings in October and November are cancelled due to fires, the final approval could potentially be delayed until April 2023 for STEAC and May 2023 for SBFS. With these things in mind, SFT is

requesting a revised statutory change to the curriculum being developed by July 1, 2023.

With this revised scope, SFT only needs \$60,000 in 2022-23 for the curriculum development cadre. The Administration would not object if the Legislature took action to approve the BCP, but only for \$60,000 General Fund in 2022-23, for the curriculum development cadre and modified Trailer Bill Language (TBL) with a July 1, 2023 effective date.

Section 13105.6 of the Health and Safety Code, is amended to read:

On or before ~~January~~ **July** 1, 2023, the State Fire Marshal, with the involvement of the Statewide Training and Education Advisory Committee, shall develop a curriculum for livestock producers eligible for the livestock pass program described in Section 2350 of the Food and Agricultural Code. The curriculum shall, at a minimum, provide education regarding basic fire behavior, communications during a disaster emergency, and incident command structure. The curriculum shall provide for the initial certification as well as the continuing education or recertification of livestock producers eligible for the livestock pass program. It is the intent of the Legislature that any certification training utilizing the curriculum developed pursuant to this section be no more than four hours in duration, ensuring that commercial livestock producers may avail themselves of the curriculum.

Staff Recommendation. Approve \$60,000 General Fund in 2022-23 for the curriculum development cadre and modified TBL to change the effective date from January 1, 2023 to July 1, 2023.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)**Issue 5: Dedicated Fish and Game Preservation Fund Realignment (BCP) (TBL) (SFL)**

Governor's Proposal. An SFL requests trailer bill language (TBL) that would extend the sunset date of the Steelhead Report and Restoration Card to January 1, 2028. In addition, DFW requests various adjustments to the Fish and Game Preservation Fund's (FGPF) dedicated accounts resulting in an increase of \$2.45 million in 2022-23, \$86,000 in 2023-24, and \$56,000 in 2024-25 and ongoing. These adjustments align the accounts' expenditure authority with revenues and help DFW maintain stability, structural balance, and workload for the fund.

The FGPF is comprised of 29 sub-accounts dedicated to specific revenue sources, such as tag sales, application fees, donations, and violation fines. Because revenues vary year by year, DFW must realign the authority of these accounts annually to maintain stability, structural balance, and workload. This proposal allows DFW to spend down reserves to address fee payer expectations for authorized programs and to maintain prudent reserves. The realignment is intended to allow programs with revenue that is outpacing its authority to utilize additional authority to help achieve DFW's mission; and reduce the authority in accounts where the authority exceeds the revenue.

Staff Recommendation. Approve the BCP; and in lieu of the proposed sunset extension date of January 1, 2028 in the TBL, approve a shorter extension for the sunset date to January 1, 2025.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)**Issue 6: Natural Resources Bonds and Technical Proposals: Proposition 68**

Governor’s Proposal. The Governor’s budget requests to revert \$15.805 million of the amount appropriated to support critical deferred maintenance projects in 2020-21 from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund (Proposition 68).

Staff Recommendation. Approve as budgeted.

Issue 7: State Parks Future Capital Investment

Governor’s Proposal. The Governor’s budget requests a \$50 million General Fund transfer to the Natural Resources and Parks Preservation Fund (NRPPF) for future capital outlay projects — potentially for acquisition, preliminary plans, working drawings, or construction to be appropriated in future budget change proposals. The capital outlay projects to be selected are intended to improve visitor experiences, build state park resources and recreational opportunities, foster better connections with under-resourced communities, and address barriers to park access.

Staff Recommendation. Approve as budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 8: Peace Officer and Law Enforcement Legislative Requirements — SB 2, SB 16, AB 26, AB 48, and AB 481

Governor’s Proposal. The Governor’s budget requests \$13.849 million General Fund in 2022-23, \$8.789 million ongoing, 28 positions, and 14 vehicles to comply with peace officer and law enforcement requirements associated with SB 2 (Bradford), Chapter 409, Statutes of 2021, SB 16 (Skinner), Chapter 402, Statutes of 2021, AB 26 (Holden), Chapter 403, Statutes of 2021, AB 48 (Lorena Gonzalez), Chapter 404, Statutes of 2021, and AB 481 (Chiu), Chapter 406, Statutes of 2021. The breakdown for each department’s request is as follows:

- CalFire requests \$7.547 million in 2022-23, \$3.565 million ongoing, seven positions, and four vehicles to comply with SB 2, AB 481, and AB 48.
- Parks requests \$3.849 million in 2022-23, \$3.215 million ongoing, 13 positions, and seven vehicles to comply with SB 2 and SB 16.
- DFW requests \$2.035 million in 2022-23, \$1.591 million ongoing, six positions, and three vehicles to comply with SB 2, SB 16, and AB 26

Staff Comment. This BCP includes several departments, including California Office of Emergency Services (Cal OES). The Cal OES portion of this proposal will be addressed in Subcommittee 5.

Staff Recommendation. Approve components of BCP that pertain to CalFire, DFW, and Parks.

**3900 CALIFORNIA AIR RESOURCE BOARD (CARB)
3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT
(OEHHA)****Issue 9: Racial Equity Proposals**

Governor's Proposal. The Governor's budget requests the following:

BCP: CARB: Operationalizing Racial Equity within CARB Programs, Plans, and Practices. \$1.847 million Air Pollution Control Fund (APCF), four permanent positions in 2022-23, and \$1.843 million APCF ongoing to advance racial equity efforts, with an initial focus on research, incentive programs, regulations, air quality planning, and climate change.

BCP: OEHHA: Advancing Racial Equity and Environmental Justice in OEHHA's Scientific Activities. requests \$565,000 General Fund and two positions (including \$90,000 in contracts) in 2022-23 and ongoing to create a new racial equity and environmental justice (REEJ) program. The program would formulate strategies and policies for advancing racial equity and environmental justice in OEHHA's scientific activities, including in the methods to assess the cumulative health risks that communities face from exposures to numerous pollutants from multiple sources.

Staff Comment. CalEPA and CARB have multiple programs and organizations within the agency to address racial equity issues. It is questionable whether creating additional, stand alone offices and programs is the most effective way of integrating racial equity into the work of CalEPA organizations. Perhaps the Administration can come back next year with a more holistic approach that weaves racial equity issues into existing programs, actions, and organizations.

Staff Recommendation. Reject.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)**Issue 10: Implementation of Mercury Thermostat Collection Act of 2021 (AB 707) (BCP & TBL)**

Governor's Proposal. The Governor's budget requests two permanent positions and \$281,000 from the Mercury Thermostat Collection Program Fund in 2022-23 and \$279,000 in 2023-24 and annually thereafter through 2029-30 to fully implement the Mercury Thermostat Collection Act of 2021 (MTCA2021) pursuant to AB 707 (Quirk), Chapter 703, Statutes of 2021.

Trailer bill language is proposed to extend specified timelines from March to September annually to align with the budget process, allows DTSC to be reimbursed for implementation costs occurring before July 1, 2022, aligns funding amounts with those authorized by the Legislature through the budget process subject to the funding \$400,000 cap, and extends the sunset of the statute to allow the program to wind down before repealing the code section.

Background. AB 707 requires manufacturers to pay up to \$400,000 annually into the Mercury Thermostat Collection Program Fund until 2028. Payments from manufacturers cannot exceed DTSC's actual and reasonable regulatory costs to administer, implement, and enforce MTCA2021. The resources will fund the initial rollout of MTCA2021, as well as ongoing implementation and enforcement activities. AB 707 will repeal MTCA2021 on January 1, 2030.

Staff Recommendation. Approve as budgeted.

Issue 11: DTSC Governance and Fiscal Reform Proposals

Governor's Proposal. For purposes of implementing DTSC governance and fiscal reform that was approved last year, the Governor's budget proposes the following:

BCP: Administrative Support for Core Programs. 37.6 permanent positions and \$5.6 million ((\$1.9 million Hazardous Waste Control Account (HWCA) and \$3.7 million Toxic Substances Control Account (TSCA)) in 2022-23 and \$5.6 million (\$1.8 million HWCA, \$3.7 million TSCA) annually thereafter to support the core program expansions. More specifically, this request justifies the support services needed to implement the core program expansions in the following 2022-23 BCPs to implement the 2021 Governance and Fiscal Reform.

BCP: Cleanup in Vulnerable Communities Initiative. 73.5 permanent positions and \$12.9 million TSCA in 2022-23 and 79.5 permanent positions and \$13.9 million TSCA in 2023-24 and annually thereafter to implement the Cleanup in Vulnerable Communities Initiative.

BCP: Criminal Enforcement Increase in Vulnerable Communities. 14 permanent positions and \$2.3 million HWCA in 2022-23 and annually thereafter. The 14 positions will provide support for mission critical work performed by the Office of Criminal Investigations (OCI). These resources will support DTSC's mission-critical work addressing the most serious environmental violations by increasing criminal enforcement in the most disproportionately impacted vulnerable communities.

BCP: Enhancing Environmental Protection in Vulnerable Communities through Compliance. 16 permanent positions and \$2.9 million HWCA in 2022-23 and annually thereafter to improve the quality

of hazardous waste generator inspections in disadvantaged communities and to educate regulated businesses and Certified Unified Program Agencies (CUPAs) on compliance with hazardous waste control laws as required by Health and Safety Code Section 25142.5. The resources are to help follow through on DTSC's commitment to communities, regulated entities, and the US EPA that DTSC provide delegated local agencies the technical support necessary to effectively implement the hazardous waste generator program. The hazardous waste generator program is integral to effective inspection and enforcement, compliance with regulations and statutes, and protection of all communities, especially the most disadvantaged communities.

BCP: Hazardous Waste Classification. Eight permanent positions and \$1.5 million HWCA in 2022-23 and ongoing to evaluate the existing California hazardous waste criteria, recommend modifications to those criteria, assist in the adoption of any approved recommendations, and provide waste classification determination and recycling exclusion interpretations and technical support.

BCP: Hazardous Waste Management Plan. Seven permanent positions and \$1.2 million HWCA in 2022-23 and ongoing to fully implement the Hazardous Waste Management Plan. SB 158 (Committee on Budget and Fiscal Review), Chapter 73, Statutes of 2021, requires DTSC to prepare a report by March 1, 2023, and every three years thereafter, that includes an analysis of available data related to hazardous waste that includes specified components. SB 158 also requires DTSC to establish and maintain a state Hazardous Waste Management Plan based on reports to be approved by the Board of Environmental Safety every three years. This plan requires an analysis of hazardous waste generation and site assessments of hazardous waste facilities.

BCP: Increase Frequency of Transporter Inspections. Eight permanent positions and \$1.3 million HWCA in 2022-23 and annually thereafter. This request provides inspection and enforcement resources for the hazardous waste transportation industry to verify compliance with Hazardous Waste Control Laws (HWCLs). These resources are essential to support the Governor's vision of a California for All, where disadvantaged communities are protected from the impacts of multiple sources of pollution. These resources are also crucial to ensuring transporters of hazardous waste comply with HWCLs, from the point of generation to disposal. Finally, transporter inspections are crucial for accomplishing DTSC's mission to protect California's people, communities, and environment from toxic substances.

BCP: Legal Resources Augmentation for Support of Core Programs. 24 permanent positions and \$6.8 million (\$2.1 million HWCA, \$4.7 million TSCA) in 2022-23 and \$7.3 million (\$2.6 million HWCA, \$4.7 million TSCA) annually thereafter to properly resource the management, operations, and litigation functions of DTSC's Office of Legal Counsel to allow focus on enforcing hazardous waste control laws, holding polluters accountable for contamination, and compelling manufacturers to make safer consumer products.

BCP: Modernizing Information Technology (IT) Infrastructure. 24 permanent positions and \$6.1 million (various special funds) in 2022-23 and annually thereafter to (1) address the gaps between workload and current Office of Environmental Information Management information technology (IT) staffing levels and technology costs (2) support the core program expansions that are part of the implementation of the 2021 Governance and Fiscal Reform. These resources will provide support for DTSC's mission critical work to address high risk legacy systems, adequately manage data, and take necessary steps to modernize DTSC's technology infrastructure. Specifically, this request includes \$1.8 million annually for the increased cost of modernizing DTSC's infrastructure, business solutions, and IT services, including professional services for strategic planning, IT specialized training, and departmental IT literacy training. Funding for this request was included in the new fee structure enacted in SB 158.

BCP: Office of Environmental Equity. Nine permanent positions and \$1.3 million (\$281,000 HWCA and \$1 million TSCA) in 2022-23, and \$1.3 million (\$279,000 HWCA, \$1.0 million TSCA) annually thereafter to provide the resources necessary for the Office of Environmental Equity to support core program expansions included in other BCPs.

BCP: Review of Lead Agency California Environmental Quality Act (CEQA) Documents. Two permanent positions and \$306,000 HWCA in 2022-23 and \$304,000 in 2023-24 and annually thereafter to meet its legal obligations under CEQA, which requires that DTSC, as a Responsible Agency, review and provide comments on CEQA documents.

BCP: Safer Consumer Products Program Full Implementation. 37 permanent positions and \$7.2 million TSCA in 2022-23 and ongoing to provide the resources needed to fully implement the Safer Consumer Products Program. This request also includes \$246,000 for contracts. This proposal would increase DTSC's capacity to identify product- chemical combinations for regulation under the regulatory framework, perform rulemaking tasks, review Alternatives Analyses, and provide technical support to regulated manufacturers for Alternatives Analysis development.

Staff Recommendation. Approve as budgeted.

**3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY
(CALRECYCLE)****Issue 12: Compostable and Biodegradable Product Labeling Implementation (AB 1201)**

Governor's Proposal. The Governor's proposal requests one permanent, full-time Environmental Scientist position, and \$132,000 from the Integrated Waste Management Account (IWMA) to implement AB 1201.

Staff Recommendation. Approve as budgeted.

DISCUSSION

0650 STRATEGIC GROWTH COUNCIL (SGC)
0650 GOVERNOR’S OFFICE OF PLANNING AND RESEARCH (OPR)
3540 CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
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7120 WORKFORCE DEVELOPMENT BOARD
7350 DEPARTMENT OF INDUSTRIAL RELATIONS
8570 DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

Issue 13: Addressing Extreme Heat

Governor’s Proposal. The Administration requests the allocation of the \$300 million General Fund Extreme Heat set-aside in 2022-23 and 2023-24 to advance implementation of the Extreme Heat Action Plan and deliver on the Governor’s climate and opportunity agenda, consistent with Chapter 258, Statutes of 2021 (Senate Bill 155). This proposal builds on extreme heat adaptation and resiliency programs funded through the 2021-22 Climate Budget and numerous proposals in the Governor’s Budget proposal, all of which advance the areas of near-term focus outlined in the Administration’s Extreme Heat Action Plan. Specific allocations include:

- \$220 million over two years to support cooling of communities;
- \$43 million to protect vulnerable populations and ecosystems from extreme heat impacts;
- \$20 million to increase understanding of the risks posed by extreme heat and what resources are available to keep them safe through a public awareness campaign; and,
- \$17 million to invest in the alignment of the state’s response to extreme heat and High Road workforce development, and building California’s climate smart workforce through training partnerships, and apprenticeships in jobs and careers that address extreme heat.

The chart below outlines this proposal:

Extreme Heat Set-Aside
(Dollars in millions)

Plan or Framework Category	Department	Program	2022-23	2023-24	Total
Cool Communities	Strategic Growth Council	Resilience Centers	\$85	\$85	\$170
	CAL FIRE	Green Schoolyards (Urban Forestry)	\$25	\$25	\$50
Protect Vulnerable Populations and Ecosystems	Department of Industrial Relations		\$12.25	\$12.25	\$24.5
	Department of Social Services	Enhanced Protections for Vulnerable Populations	\$2.75	\$5.75	\$8.5
	Department of Public Health		\$3	\$0	\$3
	Department of Pesticide Regulation	Integrated Pest Management Technical Assistance	\$1.1	\$1.6	\$2.7
			\$1.1	\$1.6	\$2.7
	Department of Food and Agriculture	Animal Mortality Management Program	\$0.6	\$0.6	\$1.2
Origin Inspection Program		\$0.25	\$0.25	\$0.5	
Increase Public Awareness	Office of Planning and Research	Community-Based Public Awareness Campaign	\$6	\$14	\$20
Build a Climate Smart Workforce	Workforce Development Board	Extreme Heat High Road Training, Partnerships, and Apprenticeships Programs	\$13	\$4	\$17
Total			\$150	\$150	\$300

Source: Department of Finance

Background. *Temperature Increases and Periods of Extreme Heat.* According to the LAO, a moderate global emissions climate model projects increases in annual average maximum temperatures in California throughout the 21st century compared to historical baseline averages—ranging from an average of roughly 4 degrees Fahrenheit between 2035 to 2064 to roughly 6 degrees Fahrenheit throughout the last 30 years of the century. Inland areas will experience greater increases in average maximum temperatures than coastal regions. We are already beginning to see these changes. With the exception of 2019, the years from 2014 through 2020 experienced the six highest average annual temperatures ever recorded in the state. Moreover, average summer temperatures in California were the hottest on record in 2021, breaking the previous June-through-August record set in 2017.

In addition to higher average temperatures, California also will experience more frequent, intense, and prolonged heatwaves. While this will be true statewide, the changes will be more substantial in certain regions. For example, between 1961 and 1990, Los Angeles and Sacramento Counties each experienced an average of four days of extreme heat per year (defined as days when the maximum temperature

exceeded each county's respective 98th percentile historical temperature for a given date). Climate models project that by mid-century, Los Angeles County will experience an average of nine days of extreme heat per year, growing to 12 days per year by the final decades of the century. In contrast, Sacramento County is projected to experience 20 days per year of extreme heat by mid-century and 28 days annually by the end of the century. These trends will be even more severe in some inland counties. For example, in Fresno County, the historical trends of five days of extreme heat per year are projected to increase to 29 days annually between 2035 and 2064 and 43 days annually between 2070 and 2099. These prolonged periods of heat will have negative impacts on human health—such as by raising the risks of heat stroke and dehydration—as well impair agricultural production and natural habitats.

Extreme Heat Among Most Significant Factors Impacting Mortality in California. According to the LAO, temperature-related mortality (including from extreme heat) is projected to be among the most deadly and costly impacts of climate change in certain locations around the globe. Higher temperatures and extreme heat can lead to heat stroke and increase the risk of or exacerbate cardiovascular disease, respiratory disease, kidney failure, and preterm births. Under a moderate climate change scenario—which assumes that international practices result in the rate of worldwide GHG emissions slowly declining in the coming decades, somewhat constraining the magnitude of global temperature increases—higher temperatures are projected to cause 9 deaths per 100,000 people in California annually. By comparison, this is roughly equivalent to the 2019 annual mortality rate from automobile accidents in California.

Even though extreme heat will be more frequent and severe in hotter regions of the state, one national study estimates that temperature-related mortality is actually projected to be higher in cooler regions because they are less prepared for the heat (for example, fewer buildings have air conditioning). Significant differences in the projected number of heat-related deaths also exist within a particular region or city. For instance, urban areas with a large percentage of impervious surfaces and relatively little shade—also known as urban heat islands—tend to be hotter than surrounding areas. As discussed in more detail below, adverse health effects of hotter temperatures will be particularly significant in some locations and for certain populations.

Increasing Temperatures and Severe Weather Events Threaten State's Fish and Wildlife, Ecosystems, and Native Plants. According to the LAO, a 2018 state report estimated that under current GHG emissions levels, between 45 percent to 56 percent of the natural vegetation in California will be climatically stressed by 2100. Some of these impacts already are evident. For example, an estimated 172 million trees have died in California's forests since 2010 due to multiple years of low moisture and drought conditions, high temperatures, and resulting bark beetle infestations. These dead trees provided fuel for and likely exacerbated the severe wildfires that have occurred over the past decade, which subsequently negatively impacted those forest habitats and the wildlife they contained.

Warmer temperatures and less water runoff during dry years also impair conditions for fish, aquatic wildlife, and migratory birds that depend on the state's rivers, streams, and wetlands. For example, lower and warmer water levels in the Sacramento River in the summers of 2014 and 2015 resulted in the death of 95 percent of the river's juvenile winter-run Chinook salmon in those years—practically eliminating two out of three existing cohorts of this endangered species. Similarly poor conditions replicated catastrophic outcomes for this species in the summer of 2021, when state officials estimated just 2 percent of migrating juveniles survived. Significant declines—or potential permanent extinctions—of the state's native fish species represent not just a loss of public trust natural resources, but also impair the state's fishing industry and economy, as well as dispossess some of California's Native American communities of essential elements of their tribal culture.

Extreme Heat Action Plan. In January 2022, CNRA and the Governor’s Office of Planning and Research released a draft Extreme Heat Action Plan, which outlines a set of state actions to adapt and build resilience to extreme heat. The draft action plan identifies existing and recommended state actions to address extreme heat, and identifies eight areas of near-term focus:

- Implementing a statewide public health monitoring system to identify heat illness events early, monitor trends, and track illnesses and deaths.
- Cooling schools in heat-vulnerable communities and support for climate-smart planning.
- Accelerating heat readiness and protection of low-income households and expanding tree canopy in communities most impacted by extreme heat.
- Protecting vulnerable populations through increased heat risk-reduction strategies and codes, standards, and regulations.
- Building a climate-smart workforce through training partnerships and apprenticeships in jobs and careers that address extreme heat.
- Increasing public awareness to reduce risks posed by extreme heat.
- Supporting local and regional extreme heat action.
- Protecting natural systems, including fish and wildlife, from the impacts of extreme heat.

Actions in the plan are organized into four tracks — (1) Build Public Awareness and Notification, (2) Strengthen Community Services and Responses, (3) Increase Resilience of Our Built Environment, and (4) Utilize Nature-Based Solutions.

LAO Comments. Governor’s Extreme Heat Package Funds a Variety of Activities... To address the impacts of extreme heat, the Administration proposes a total of \$300 million General Fund in 2022-23 and 2023-24 for various types of activities across multiple state departments, ranging from direct interventions to provide heat relief—such as resilience centers, greening of schoolyards, and support of heat mitigation strategies at residential and child care facilities—to education and outreach activities for vulnerable populations and workplaces. In addition, the package includes proposals to help mitigate the impacts of extreme heat in pest and livestock management, as well as to support workforce development in industries that help address extreme heat issues.

...However, It Is Unclear Whether Package Is Driven by a Cohesive Strategy. While some of these individual activities may have merit, it is unclear whether (1) these proposals address the most important concerns associated with extreme heat and (2) this combination of proposals is the most strategic way to address such priorities. This package is intended to align with the Administration’s recently finalized Extreme Heat Action Plan, which does include several goals, but how effectively the proposed package of activities would meet those goals is unclear. In large part, this is because the Administration has not provided a clear strategy and measurable goals—making it difficult to determine whether the proposed package is the best approach to address the most pressing concerns related to extreme heat.

Legislature Could Consider Increasing Funding for Certain Key Categories of Activities. Though the package funds a wide range of activities, it is limited in some important areas, such as direct heat reduction interventions and research. The Legislature could consider placing a greater emphasis on these activities.

Direct Heat Reduction Interventions. The package includes three components that directly aim to reduce heat in some environments: (1) \$170 million for the Strategic Growth Council to fund community resilience centers that could include new construction and building upgrades for libraries, places of worship, and other community-serving locations to act as cooling centers in extreme heat events; (2) \$50

million for CalFire to green school campuses and transportation corridors; and (3) \$8.5 million for the California Department of Social Services to support heat mitigation strategies at residential and child care facilities. However, the package does not include other types of building-level interventions, such as air conditioning installations and energy efficiency retrofits in common settings such as private residences and schools, or community infrastructure modifications, such as sheltered bus stops and parks. These types of interventions could provide direct relief from extreme heat, especially for vulnerable populations who may not be able to modify their surroundings without state assistance.

Research. The package includes some funding for research, such as \$1.2 million for the California Department of Food and Agriculture to fund pilot projects to assess how to handle unexpected animal mortality due to extreme heat. However, additional funding for research might be warranted, because much uncertainty remains about which policy interventions are the most effective ways to reduce the negative impacts of extreme heat. Further research—including pilot programs and evaluations—could help provide more information, such as which activities are the most cost-effective ways to address extreme heat and which programs are best suited at serving the most vulnerable populations. Given that extreme heat is an ongoing issue, the Legislature could use such information to determine which programs to continue or expand funding for in future budgets.

Some Activities Might Be More Suited for One-Time Funding. Some types of activities are more appropriate for one-time funding than others, such as infrastructure projects, pilot programs, as well as research and evaluation, because the benefits of these activities remain after funding ends. For example, through the Greening Schoolyards proposal, students, teachers, and community members could continue benefitting from schoolyards and transportation corridors with more trees and shade well beyond the funding period. In contrast, using one-time funds for limited-term staffing and services might be less effective because they would only provide benefits during the funding period. For instance, the proposed enforcement activities under the Division of Occupational Safety and Health likely would need to be conducted on an ongoing basis in order to be most effective.

Majority of Package Is Excludable From the State Appropriations Limit (SAL). Funding for both the Resilience Centers and the Greening Schoolyards proposals (totaling \$220 million) are considered excludable from the SAL, because the administration defines these activities as qualified capital outlay. However, the remainder of the package—\$80 million—would be subject to the limit. Given the SAL will continue to constrain the state’s budget options this year, the Legislature could consider shifting more funding to SAL-excluded activities.

Governor’s Budget Also Includes Some Other Extreme Heat-Related Proposals. In addition to this \$300 million package, the Governor’s budget includes a few other proposals related to addressing extreme heat. For example, the administration proposed \$10 million for the California Department of Public Health to collect and analyze real-time data of health impacts of climate change, including extreme heat. As another example, the Governor’s clean energy package includes \$622.4 million for a program to directly install energy efficient and electric appliances in low- and moderate-income households, which could include energy efficiency retrofits to potentially help mitigate impacts of extreme heat. LAO also notes that the Legislature approved a climate resilience package in the 2021-22 budget that included an additional \$500 million over three years for extreme heat activities, such as urban greening and forestry programs, community resilience centers, and energy efficiency retrofits. The Legislature will want to consider the funding provided for all relevant heat-related proposals to ensure its approach is strategic, comprehensive, and not duplicative.

Some Proposals Lack Key Details. For some components of the package, the LAO is still in the process of gathering information from the administration, such as important details on cost justification,

workload estimates, rationale, and implementation. For example, in the California Workforce Development Board's Extreme Heat High Road Training, Partnerships, and Apprenticeships Programs proposal, it is unclear which industries will be targeted, what the current and anticipated workforce demand is in such industries, and how these programs will be specifically structured to meet the needs in such industries. Before taking action on these proposals, the Legislature will want the Administration to provide sufficient information to justify the requested funding and ensure that the activities will be implemented in alignment with legislative priorities.

Package Lacks Accountability and Reporting Measures. The proposed package currently does not include a plan to report on the outcomes that are achieved with the funding. Not only would reporting keep the administration accountable to meet the intended goals in addressing extreme heat issues and make it possible for the Legislature to conduct its proper oversight functions, it also could help inform the Legislature on future policy and funding decisions regarding extreme heat strategies, including to assess which approaches have been most effective as well as which programs warrant continuation and additional funding.

Staff Recommendation. Hold open.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3125 CALIFORNIA TAHOE CONSERVANCY
3340 CALIFORNIA CONSERVATION CORPS (CCC)
3480 DEPARTMENT OF CONSERVATION (DOC)
3540 CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3640 WILDLIFE CONSERVATION BOARD (WCB)
3810 SANTA MONICA MOUNTAINS CONSERVANCY
3825 SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY
3835 BALDWIN HILLS CONSERVANCY
3845 SAN DIEGO RIVER CONSERVANCY
3850 COACHELLA VALLEY MOUNTAINS CONSERVANCY
3855 SIERRA NEVADA CONSERVANCY
3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY (DELTA CONSERVANCY)
3970 CALIFORNIA RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)
8570 DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

Issue 14: Nature-Based Solutions

Governor’s Proposal. The Administration requests the allocation of the \$768 million General Fund Nature-Based Solutions set aside in 2022-23 and 2023-24 to support implementation of the 30x30 Pathways and Natural and Working Lands Climate Smart Strategies, and execute on the Governor’s nature-based solution agenda as called for in Executive Order N-82-20 consistent with SB 155 (Committee on Budget and Fiscal Review), Chapter 258, Statutes of 2021. Specific allocations include:

- \$378 million to build on the 2021 Budget Act investments in programs that fund statewide nature-based solution implementation.
- \$228 million to support regional implementation of nature-based solutions.
- \$100 million to partner with California Native American tribes and invest in shared nature-based solution implementation priorities.
- \$52 million to expand educational and economic opportunities for California’s youth climate leaders through local and tribal conservation corps programs.
- \$10 million to support for additional strategic investments that deliver on specified goals across multiple departments.

Nature-Based Solutions Set-Aside
(\$ in millions)

Investment Category	Department	Program	2022-23	2023-24	Total
Nature-Based Solutions Programs	Wildlife Conservation Board	Forest Conservation Program	\$200	45	\$245
		Oak Woodlands Conservation Program			
		California Desert Conservation Program			
		Rangeland, Grazing Land and Grassland Protection Program			
		California Riparian Habitat Conservation Program			
	Natural and Working Lands Climate Adaptation and Resiliency Program				
	Department of Fish & Wildlife Delta Conservancy	Nature-Based Solutions Wetlands Restoration Program	\$54	\$0	\$54
			\$36	\$0	\$36
Department of Conservation	Multibenefit Land Repurposing Program	\$0	\$20	\$20	
Department of Food & Agriculture	Healthy Soils Program	\$0	\$10	\$10	
	CALFIRE	Wildland Grazing (Wildfire Prevention Grant Program)	\$5	\$5	\$10
Supporting Regional Action	State Conservancies*	Support for Nature-Based Solutions	\$60	\$60	\$120
	Department of Fish & Wildlife	Wildlife Corridors	\$50	\$0	\$50
		Natural Community Conservation Program Planning and Land Acquisition	\$36	\$0	\$36
	Department of Conservation	Climate Smart Land Management Program	\$14	\$6	\$20
	Wildlife Conservation Board	Resource Conservation Investments Strategies	\$2	\$3	\$5
Expanding Educational and Economic Opportunities for Youth Climate Leaders	Conservation Corps	Local and Tribal Nature-Based Solutions Corps	\$35	\$17	\$52
Partnering with California Native American Tribes	Natural Resources Agency	Tribal Nature-Based Solutions Program	\$100	\$0	\$100
Additional Strategic Investments	CalRecycle	Compost Permitting Pilot Program	\$0.5	\$7	\$7.5
	Natural Resources Agency	Nature-Based Solutions Partnerships and Improvements	\$0.25	\$1.75	\$2.0

Natural Resources Agency	CA Nature Support		\$0.25	\$0.25	\$0.5
		Total	\$593	\$175	\$768
Sierra Nevada Conservancy	\$11.1	\$11.1	\$22.2		
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	\$11.1	\$11.1	\$22.2		
San Diego River Conservancy	\$11.1	\$11.1	\$22.2		
Sacramento San Joaquin Delta Conservancy	\$5.25	\$5.25	\$10.5		
Tahoe Conservancy	\$5.25	\$5.25	\$10.5		
Coachella Valley Mountains Conservancy	\$2.5	\$2.5	\$5		
San Joaquin River Conservancy	\$1.3	\$1.3	\$2.6		
Baldwin Hills Conservancy	\$1.3	\$1.3	\$2.6		
	Total	\$60.00	\$60.00	\$120	

Source: Department of Finance

The following provides further detail about this proposal:

Building on the 2021 Budget Act investments in programs that support implementation of nature-based solutions, this request includes:

- \$245 million for WCB to support planning, acquisition, and restoration projects on natural and working lands that deliver on California’s climate change and biodiversity goals.
- \$90 million for DFW/Delta Conservancy to accelerate restoration and enhancement of California’s inland wetlands. 60 percent of these funds (\$54 million) will be administered by DFW. 40 percent of these funds (\$36 million) will be administered by the Delta Conservancy to create up to 32,000 acres of rice cultivation and managed wetlands on highly organic soils.
- \$20 million for DOC to support continued investments in regional partnerships to repurpose agricultural land to reduce reliance on groundwater while providing community health, economic wellbeing, water supply, habitat, renewable energy, and climate benefits. Following receipt of \$50 million in funding from the 2021-22 Budget Act, the program received 14 applications totaling \$111 million in requested funds.
- \$10 million for CDFA to incentivize the implementation of conservation management that improves soil health, sequesters carbon, and reduces greenhouse gas emissions.
- \$10 million for CalFire to provide additional funding for hazardous fuel reduction projects in and near fire threatened communities. Grazing is an important and proven activity type in the mitigation of hazardous fuel reduction and community wildfire preparedness. This additional funding would allow CalFire to expand grazing fuel reduction opportunities throughout California, and increase the total number of acres treated.

To support regional implementation of nature-based solutions, State Conservancies request \$120 million; DOC requests \$20 million; CDFW requests \$86 million; and WCB requests \$5 million one-time General Fund. Resource requests include:

- \$120 million for state conservancies to be allocated in a manner consistent with the funding provided in the 2021-22 Budget Act. State Conservancies are uniquely positioned to work with local partners to identify opportunity acquisitions and priority projects that advance implementation of the 30x30 Pathways and Natural and Working Lands Climate Smart Strategies.
- \$20 million for DOC to support land managers in implementing climate smart land management across every region in California through a consolidated capacity and technical assistance program, and pilot partnerships to support planning in in 1-3 regions with significant potential to contribute to California's climate goals through management of natural and working lands.
- \$86 million for DFW to be invested in the Natural Community Conservation Planning (NCCP) Program, to enhance NCCP and Habitat Conservation Planning (HCP) planning, implementation, land acquisition, monitoring, and adaptive management efforts. DFW funding will also support efforts to allow fish and wildlife the freedom to roam in California by accelerating fish and wildlife corridor projects. Up to \$10 million will be available for the Liberty Canyon Wallis Annenberg Wildlife Crossing Project.
- \$5 million for WCB to support public agencies to develop regional conservation planning documents that identify regional conservation priorities and actions that will help vulnerable species by protecting, restoring, creating, and reconnecting their habitats.

To partner with California Native American tribes and invest in shared nature-based solution implementation priorities, CNRA requests \$100 million one-time General Fund. The resource request includes funding to establish the Tribal Nature-Based Solutions Program to develop and fund tribal nature-based solution priorities. This program will be supported by a new Tribal Natural Resources Council, which will serve as the advisory board for CNRA tribal funding and policy decisions.

To expand educational and economic opportunities for California's youth climate leaders, the California Conservation Corps (CCC) requests \$52 million one-time General Fund. The CCC will develop and implement a long-term workforce development strategy where the California Conservation Corps will provide support and collaborate with all 14 Local Conservation Corps and four soon-to-be-developed Tribal Corps crews. The CCC's Nature-Based Solutions programs will provide quality on-the-job training experiences as Corpsmembers work on nature-based solutions projects that deliver on California's climate goals. Corpsmembers will also receive additional training that will include but not be limited to CalNaturalist and other environmental education classes provided by Community Colleges, UC Extension, and non-profit organizations. All Corpsmembers that participate and work on these nature-based solution projects and trainings will receive job and career development support and guidance.

To support additional strategic investments that deliver on specified goals across multiple departments, this request includes, \$7.5 million for CalRecycle to develop a compost permitting pilot program to support nature-based climate solutions and local community efforts to generate more organically derived compost; and \$2.5 million for CNRA in partnership with various agencies to advance several near-term priorities for state action to drive implementation of the Natural and Working Lands Climate Smart Strategy, such as support for efforts to expand the state's nature-based solutions portfolio; exploring opportunities to unlock greater investment in the natural and working lands sector; and funds to engage partners. The resource request includes funding for numerous strategic initiatives to advance the state's nature-based solutions agenda.

Background. *Nature-Based Climate Change Solutions.* Nature-based climate change solutions consist of actions to reduce or sequester GHG emissions in natural ecosystems. They can take place in a variety of environments, such as urban, exurban (a semirural region beyond the suburbs where not many houses are built and where rich people often live), rural, and wildlands.

Natural and Working Landscapes. Natural and working lands are the foundation of California’s nature-based climate change solution sector. Healthy land can sequester and store carbon emissions, limit future carbon emissions into the atmosphere, protect people and nature from the impacts of climate change, and build resilience to future climate risks. Unhealthy lands have the opposite effect — they release more GHGs than they store, increase climate risks to people and nature, and are more vulnerable to future climate change impacts.

30x30. In October 2020, the Governor signed the Nature-Based Solutions Executive Order (EO) N-82-20, emphasizing the role of natural and working lands in the fight against climate change and advancing biodiversity conservation. As part of the EO, the state commits to the goal of conserving 30 percent of lands and coastal waters by 2030. In December 2021, the draft 30x30 strategy was released and does the following:

- Describes the key objectives and core commitments that are a part of California’s 30x30 conservation framework.
- Defines conservation for the purpose of the 30x30 initiative and establishes a current baseline of conserved areas.
- Outlines strategic actions necessary to achieve the 30x30 target.
- Introduces CA Nature, a suite of publicly available applications to identify conservation opportunities and track progress.

2021 Budget Act. The 2021 Budget Act included \$768 million over two fiscal years (2022-23 and 2023-24) to support programs and activities that advance multi-benefit and nature-based solutions. The Administration is proposing these funds support implementation of the 30x30 Pathways and Natural and Working Lands Climate Smart Strategies. Based on public input to inform the drafts, the Administration identified five areas of focus in the Governor’s proposed 2022-23 budget that:

- Scale support for forest, desert, and oak woodland conservation; wetland and riparian restoration; and rangeland, grazing land and grassland protection through projects that expand equitable access to nature, protect biodiversity, and deliver climate benefits on the state’s natural and working lands.
- Catalyze regional action through expanded technical assistance and capacity building.
- Increase workforce development and training opportunities through the California Conservation Corps, local conservation corps, tribal conservation corps, and expanded environmental literacy.
- Partner with California Native American tribes to implement shared nature-based solutions. o Support additional strategic investments to drive implementation of the Natural and

- Working Lands Climate Smart Strategy and Pathways to 30x30 document.

The programs and activities proposed for funding in this request are intended to align these funding stream.

LAO Comments. *Funding Amounts Consistent With Agreement From Last Year.* The 2021-22 budget package included language expressing the Legislature’s intent to provide \$593 million in 2022-23 and \$175 million in 2023-24 to support programs and activities that advance multi-benefit and nature-based solutions to protect, enhance, or restore natural or modified ecosystems. The language also specified that no less than \$60 million shall be available in each of the two years to support state conservancies. (The language did not specify a source of funding for this package.) The proposed package provides General Fund support at levels consistent with this legislative agreement.

Package Focused on Meeting Administration’s Goals. The proposed package is intended to help the state achieve the administration’s goals and plans, such as the goal to conserve 30 percent of the state’s land and coastal waters by 2030 (“30x30”), the Natural and Working Lands Climate Smart Strategies (NWLCS), and the Governor’s Executive Order N-82-20. However, these goals and priorities were established by the Governor and administration, so the Legislature will want to ensure that they are also consistent with its goals and priorities. To the extent that the Legislature has different goals or priorities, it could make sense to fund a different mix of allocations or programs.

Many Programs Lack Measurable Goals. The Administration has not identified measurable goals—such as the number of acres that will be conserved and/or restored—for many of the programs proposed for funding in the package. Without this type of information, it is difficult for the Legislature to (1) anticipate the specific outcomes it should expect from providing this funding, (2) determine whether the package includes the most cost-effective mix of programs to achieve the Administration’s and/or Legislature’s intended goals, (3) anticipate how close the package will get the state to meeting the intended goals, and (4) hold the Administration accountable for achieving measurable results as part of its oversight role. The Legislature could consider prioritizing programs for funding that have a plan for achieving measurable goals that are consistent with legislative priorities, particularly those programs that appear to do so in a relatively cost-effective way.

Some Programs More Appropriate for One-Time Funding Than Others. Some types of activities that are proposed for funding—such as habitat acquisitions or pilot projects—lend themselves to one-time funding. However, other types of programs—such as wildland grazing—likely would need to be conducted on an ongoing basis in order to be most effective. The Legislature could consider, for example, focusing this funding on programs that are more appropriate for one-time funding.

Most, but Not All, of Package Exempt From State Appropriations Limit (SAL). Close to three-quarters of the funding in the proposed package—\$561 million—is slated for programs that the Administration is defining as qualified capital outlay and therefore not subject to the SAL. However, the remainder of the package—\$207 million—would be subject to the limit. The Legislature could consider directing a greater share of funding to SAL-excludable purposes.

Other Potential Funding Sources Could Be Available to Support Package. The Administration proposes to fund the package from the General Fund. However, other sources could be available to support components of the package. For example, some programs proposed for funding—such as CalFire’s Wildfire Prevention program, DFW’s Wetland Restoration Grant program, and CDFA’s Healthy Soils program—have previously received funding from the Greenhouse Gas Reduction Fund (GGRF). Depending on the Legislature’s priorities, it could consider funding some components of the

package from GGRF or other sources rather than from the General Fund.

Potential Overlap in Programs Funded in This and Other Proposals. In some cases, funding in this package supports the same or similar programs to the funding in other packages or proposals contained in the Governor’s budget. For example, the package includes funding for CalFire’s Wildfire Prevention program, which is also proposed for funding as part of the wildfire resilience package. The Legislature will want to consider the funding provided across all the of the proposals and packages to get a full funding picture.

Lack of Detail on Implementation Plan for Some Components. In some cases, funding is proposed for new programs with little guidance or detail available on how they will be implemented. For example, CNRA’s Tribal Nature-Based Solutions program could be used for a broad range of activities with the allocation to be determined in consultation with a newly established Tribal Natural Resources Council. Additionally, WCB funding is proposed to support six different programs, but the administration would defer to the board to decide how much funding will be provided to each one. Also, the funding for state conservancies could be used for various activities with only broad proposed statutory guidance directing the conservancies to prioritize projects that support 30x30 or the NWLCSS. To the extent that the Legislature has specific goals or priorities for these programs, it would be important to memorialize that guidance in budget bill or trailer bill language. This would help ensure that legislative goals are achieved with the proposed funding.

Package Lacks Accountability and Reporting Measures. The Administration has not identified a plan to provide consolidated reporting to the Legislature on the outcomes that are achieved with this funding. Future reporting on outcomes will be important for holding the Administration accountable for delivering measurable results, learning what is effective to improve future implementation, and informing possible future spending decisions. Accordingly, regardless of the specifics of the final package that is adopted, the LAO recommends that the Legislature adopt reporting language to require the administration to provide key information on the outcomes it achieves. This will allow the Legislature to compare the outcomes that are ultimately accomplished to the intended goals and priorities discussed above. The LAO notes that this reporting will be particularly important for new or pilot programs, such as DOC’s Climate Smart Land Management program.

Staff Recommendation. Hold open.

3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)

Issue 15: Pesticide Use Enforcement Program (BCP & TBL)

Governor’s Proposal. The Governor’s budget requests \$882,000 DPR Fund and three permanent positions in 2022-23, 2023-24, and 2024-25 and \$582,000 DPR Fund in 2025-26 and ongoing to investigate and develop pesticide residue and use enforcement cases. This request includes \$300,000 annually for three years for DPR to hire the Attorney General’s Office (AGO) to represent DPR in civil and criminal pesticide use enforcement actions.

According to the LAO, as part of the budget for 2022-23, the Governor proposes to (1) provide DPR with administrative penalty authority to enforce pesticide use violations, (2) increase several existing pesticide use penalties, (3) enhance DPR’s pesticide residue enforcement and penalty authority, (4) increase several existing administrative penalties for pesticide sales and licensing violations, (5) provide funding for DPR positions to investigate and pursue pesticide use and residue enforcement cases, and (6) provide funding for DPR to retain the Attorney General’s Office to represent the department in civil and criminal pesticide use enforcement actions. Figure 1 provides an overview of the Governor’s proposed changes to pesticide use, residue, and licensing and sales penalties, which we describe in more detail below. The Governor also proposes statutory language that would authorize the Director of DPR to adjust all the new penalty levels for inflation in future years.

Authorizes DPR to Enforce Administrative Penalties for Serious Pesticide Use Violations. The Governor proposes budget trailer legislation to provide DPR with the authority to levy administrative penalties of up to \$20,000 for pesticide use violations. The proposal would change state law to allow DPR—instead of a CAC—to levy administrative penalties for multi-jurisdictional pesticide use violations that have serious human or environmental health impacts. This authority would apply specifically for “priority investigations” that involve multiple counties or a person who is the subject of an investigation in multiple counties. Priority investigations include pesticide incidents that cause serious impacts such as death or illness; contamination of drinking water, air, or land; animal and wildlife mortality; or property damage. DPR also would be able to levy administrative penalties if a CAC and the Director of DPR agree that enforcement by the department would be more appropriate, or if the Director finds that a CAC failed to discharge their duties. Because serious pesticide use violations are relatively rare, the department estimates that its use of this new authority likely would be somewhat infrequent. Specifically, DPR estimates it might levy one administrative penalty every two years.

Figure 1

Governor's Proposed Changes to State Pesticide Penalties

Penalty Type	Existing	Proposed ^a
Pesticide Use		
DPR administrative	None	Up to \$20,000
CAC administrative	Up to \$5,000	Up to \$15,000
Civil	\$1,000 to \$25,000	\$3,000 to \$75,000
Criminal	\$500 to \$50,000	\$5,000 to \$100,000
Residue		
DPR administrative	Up to \$5,000	Up to \$15,000 ^b
Licensing and Sales		
DPR administrative	Up to \$5,000	Up to \$15,000

^a The proposed statute would authorize the Director of DPR to adjust all penalty levels for inflation in future years.

^b Adds new penalties for (1) failing to provide produce sale and distribution information when requested by DPR and (2) distributing/moving quarantined produce.

DPR = Department of Pesticide Regulation and CAC = County Agricultural Commissioner.

Source: LAO

Increases Several Existing Pesticide Use Penalties. As shown in Figure 1, the Governor's proposed budget trailer legislation also would make several changes to existing pesticide use penalties. First, the proposed legislation would increase CAC administrative penalties to up to \$15,000 for each violation. (Class A violations could result in a fine of up to \$15,000, while lower-level violation penalties would be capped at \$3,000.) Second, the legislation would increase civil penalties to a minimum of \$3,000 and a maximum of \$75,000 for each violation, while criminal penalties would increase to a minimum of \$5,000 and a maximum of \$100,000 per violation. (The Governor does not propose any adjustments to minimum and maximum prison sentences for criminal penalties.)

Expands DPR Pesticide Residue Enforcement and Penalty Authority. The Governor's proposed budget trailer legislation also authorizes DPR to request sales and distribution records for produce grown, processed, shipped, and sold in the state. The legislation would allow DPR to levy new administrative penalties of up to \$15,000 for entities who do not provide this information within 48 hours after being requested. DPR indicates that this information would only be requested after the department identifies that a particular lot of produce carries illegal pesticide residues. Additionally, the proposed legislation would authorize DPR to levy new administrative penalties of up to \$15,000 for entities that distribute and/or move quarantined produce. Lastly, the Governor proposes to increase existing residue penalties—such as for selling produce that carries pesticide residue in excess of allowable tolerance levels—to up to \$15,000.

Increases Existing Pesticide Sales and Licensing Penalties. The Governor also proposes to increase several existing DPR administrative penalties for pesticide sales and licensing violations. These include violations such as selling pesticides not registered in the state and acting as a pesticide advisor without a license. Specifically, the Governor proposes to increase these current penalties from a maximum of \$5,000 to up to \$15,000.

Provides Funding for Positions to Investigate and Pursue Pesticide Use and Residue Enforcement Cases. The Governor’s budget includes \$582,000 from the DPR Fund (the department’s primary fund source, largely supported by a fee on pesticide sales and other regulatory fees) in 2022-23 and ongoing to support three new enforcement staff positions that would investigate and pursue pesticide use and residue enforcement cases. This workload would include levying DPR administrative penalties and coordinating referrals to the Attorney General’s Office and U.S. EPA. The positions also would be responsible for conducting oversight and supporting CACs, such as through trainings and providing guidance and support on local enforcement cases.

Provides Funding for DPR to Hire Attorney General’s Office for Civil and Criminal Enforcement Cases. The Governor’s budget proposes \$300,000 annually from the DPR Fund over the next three years for the department to hire the Attorney General’s Office to represent DPR in civil and criminal pesticide use enforcement actions. The department estimates that it will refer about one pesticide use enforcement case every two years. DPR indicates that hiring the Attorney General’s Office to pursue pesticide use violations would be a new activity, so the department is viewing this initiative as a pilot to determine the appropriate level of ongoing resources to request in the future.

Background. According to the LAO:

DPR Is Responsible for Regulating Pesticides. While pesticides can protect people and agricultural products from pests, their improper use can be hazardous. DPR is charged with protecting public health and the environment by regulating pesticide sales and use. The department is responsible for evaluating and registering pesticide products at the state level, assessing the health and environmental impacts of pesticides, and encouraging alternative pest management practices through grants and incentives. DPR is responsible for licensing individuals and businesses that sell, consult on, or apply pesticides. The department may levy administrative penalties of up to \$5,000 on those who violate sales and licensing laws and regulations. The department also oversees local enforcement of pesticide use laws and regulations by County Agricultural Commissioners (CACs) and tests pesticide residues of fresh produce—both of which we discuss in more detail below.

Most Pesticide Use Enforcement Is Conducted by CACs. Currently, most of the responsibility for enforcing the lawful use of pesticides lies with CACs. Specifically, state statute tasks CACs with being the primary enforcement agencies for pesticide use laws and regulations, such as illegal application, worker protections, and pesticide drift. (Drift is the movement of pesticide dust or droplets through the air at the time of application or soon after to any site other than the area intended.) DPR uses its statewide authority to oversee, evaluate, and improve local pesticide use enforcement by CACs.

CACs Have Statutory Authority to Levy Administrative Penalties for Pesticide Use Violations. CACs have the sole authority to administratively enforce pesticide use violations. (DPR previously was able to levy penalties for certain pesticide use violations, however, that statutory authority expired in 2006.) CACs may levy administrative penalties of up to \$5,000 for each violation. The administrative penalties levied by CACs are governed by DPR regulations that categorize violations according to level of severity. For instance, penalties for serious (Class A) violations—those that cause health, property, or environmental hazards—can reach \$5,000, whereas penalties for moderate (Class B) violations—those that violate laws or regulations—are capped at \$1,000.

Pesticide Use Violations Also Subject to State Civil and Criminal Penalties and Federal Penalties. Pesticide users who violate state laws can also face civil and criminal enforcement actions. Civil and criminal cases can be filed by a county district attorney at the request of a CAC or by the state Attorney General’s Office at the request of DPR. Civil and criminal proceedings are considered for repetitive,

negligent, or intentional violations that have created a hazard to human health or the environment. Civil penalties range from \$1,000 to \$25,000 for each violation, while criminal penalties range from \$500 to \$50,000 per violation, along with potential imprisonment. Additionally, the United States Environmental Protection Agency (U.S. EPA) may independently bring pesticide use enforcement cases upon referral. U.S. EPA can levy penalties of roughly \$9,000 for violations of federal pesticide use requirements, but for serious violations, penalties can be as high as \$50,000 along with potential imprisonment.

DPR Is Responsible for Pesticide Residue Monitoring. DPR administers a statewide monitoring program that samples and analyzes domestic and imported fresh produce for pesticide residues. DPR collects samples from various locations such as packing sites, wholesale and retail markets, and farmers markets. Residue monitoring is based on enforcing U.S. EPA tolerances—the maximum amount of a pesticide allowed to remain in or on a food. If illegal residues are found, DPR quarantines and removes the illegal produce from sale. The department can levy administrative penalties of up to \$5,000 for certain pesticide residue violations, such as for selling produce that carries pesticide residue in excess of the permissible tolerance levels.

LAO Comments. Providing DPR With Authority to Levy Pesticide Use Penalties Is Important Step in Enhancing Statewide Enforcement Efforts. Given its important role in protecting public health and the environment, the state should have multiple enforcement tools available to ensure statewide compliance of pesticide use laws and regulations. Misapplication of pesticides can result in acute impacts on human health (such as rashes, nausea, and dizziness), as well as negative impacts to the environment (such as air and water contamination and impacted ecosystems). Additionally, some research suggests that some pesticides could be related to chronic health impacts such as cancer and reproductive harm. While serious pesticide use violations do not occur with great frequency, enhancing the state's ability to deter and correct for serious incidents is worthwhile, given the hazards that can result. We therefore find that providing DPR with the authority to levy administrative penalties would further advance its ability to meet its mission, while at the same time preserving the state's current structure of having CACs serve as the primary local enforcement agencies. The Governor's proposed approach would allow the state to serve as a "backstop" to local enforcement when merited, such as for cases that represent severe violations that stretch across multiple jurisdictions and when a CAC and DPR agree that enforcement by the department would be more appropriate.

Increased State-Level Enforcement Authority Has Precedent. Providing DPR with additional pesticide use enforcement authority would not be a unique approach for the state. First, DPR had similar authority from 2000 to 2006 under Chapter 806 of 2000 (SB 1970, Costa), which authorized the department to levy administrative penalties of up to \$5,000 for serious pesticide use violations. (Based on our conversations with the department and stakeholders, it appears that this authority was allowed to sunset due to CAC administrative penalties being increased to up to \$5,000 under Chapter 457 of 2002 [AB 947, Jackson].) Second, other state environmental regulatory departments possess some level of overarching enforcement authority even when local agencies are tasked with being the primary enforcement entities. For instance, the Department of Toxic Substances Control may take enforcement actions against hazardous waste generators that violate state laws and regulations, even though state statute delegates most first-level enforcement responsibilities to local Certified Unified Program Agencies.

Increasing Pesticide Use Penalties and Adjusting for Inflation Is Reasonable... The goal of the state's pesticide use penalties should be to deter individuals and businesses from violating state laws and regulations. Successful deterrence is important because it protects public health and the environment by dissuading businesses and individuals from committing violations and persuading violators to take precautions against falling into noncompliance again. Overall, we find it reasonable to provide some

level of increase to existing pesticide use penalties given that many have not been increased in decades—roughly 20 years for CAC administrative penalties and 30 years for most civil and criminal penalties. This means that penalties have not kept pace with inflation and thus have lost some of their relative power to deter violations over time. Statewide data has not shown a significant increase in violations over the past several years—collectively, the CACs have averaged about 600 enforcement actions per year from 2012 through 2019, with the majority being more minor Class B and Class C violations. However, the department indicates that there have been situations where the same violators have been levied penalties on multiple occasions for pesticide drift and worker protection violations, which could indicate that current penalty levels do not fully compel compliance. Increasing maximum penalties could help reduce existing rates of violations and/or prevent future incidents. Additionally, authorizing the Director of DPR to adjust penalty levels for inflation has merit since it would allow penalties to maintain their relative deterrent effects over time.

...However, Difficult to Determine What Amount of Increase Is Most Appropriate. The level at which penalties would serve as an effective deterrent for pesticide violations but do not present an excessive burden for violators—particularly for more minor offenses—is not clear cut. If trued up for inflation, CAC administrative penalties and civil and criminal penalties would be roughly 1.5 and 2 times higher than their current levels, respectively. The Governor, however, proposes to increase penalties above the inflation adjustments—3 times their current levels in most cases. According to the department, this is to further deter the most egregious pesticide use violations. For example, this could include cases where improper application leads to pesticide drift causing skin and eye irritations in surrounding communities. We find this argument to be somewhat compelling, and the levels the Governor proposes seem reasonable. However, moderately lower or higher levels could also achieve the same goal without being ineffective or excessive. Additionally, we find that the Governor’s proposal to set the maximum DPR administrative penalty higher than the maximum CAC administrative penalty makes sense, given these would be applied to the most serious, multijurisdictional pesticide use violations.

Increasing DPR Pesticide Residue Enforcement and Penalty Authority Could Improve Produce Safety. The state has a vested interest in ensuring that fresh produce in the state maintains safe levels of pesticide residues and that contaminated produce is properly quarantined and removed from sale when identified. Data from DPR indicate multiple cases in recent years where regulated entities did not provide requested sale and distribution information for contaminated produce in a timely manner (roughly 45 cases annually over the past five years) and where regulated entities distributed and/or moved quarantined produce (roughly three cases annually over the past five years). Currently, the department does not have the authority to enforce these actions other than through resource-intensive court proceedings. Accordingly, we find it reasonable to provide DPR with the authority to (1) require entities to provide sale and distribution information, (2) levy administrative penalties for failing to produce such records, and (3) levy administrative penalties for distributing and/or moving quarantined produce. Additionally, we find it reasonable to increase existing residue penalties given that penalties have not been increased in roughly 30 years. These changes could better enable the state to prevent contaminated produce from reaching consumers.

The Governor’s approach of setting the new administrative penalties for residue violations at comparable levels to those that CACs levy for pesticide use makes sense. However, as with the proposed increases to pesticide use penalties, while we find the Governor’s proposed levels for new pesticide residue penalties to be reasonable, moderately lower or higher levels could also be adequate to the degree they still serve as an effective deterrent. Regardless of where the Legislature ultimately decides to set penalty levels, authorizing the Director of DPR to adjust penalty levels for inflation—as proposed by the Governor—has merit since it would allow penalties to maintain their relative influence in the coming years.

Increasing Existing Administrative Penalties for Pesticide Sales and Licensing Violations Would Provide Parity in Penalty Levels. We find it reasonable to provide some level of increase to the existing pesticide penalties for sales and licensing violations, given that they have not been increased in roughly 30 years. Additionally, it makes sense to maintain relative comparability across most of DPR's administrative penalties. Similar to earlier discussion, we find that (1) the Governor's proposed increases to sales and licensing violation penalties are reasonable but moderately lower or higher levels could also be adequate to the degree they still serve as effective deterrents, and (2) authorizing the Director of DPR to adjust penalty levels for inflation has merit.

Funding for Positions and Representation From Attorney General's Office Would Further Support Statewide Enforcement. We find that the proposed funding for DPR state operations would further support statewide enforcement of pesticide use and residue laws and regulations. In particular, funding for additional enforcement positions would provide the staff needed to support the workload associated with the proposed increase in enforcement and penalty authority. This includes investigating and pursuing cases to levy administrative penalties and coordinating referrals to the Attorney General's Office or U.S. EPA. The positions also would further support local enforcement actions by providing additional assistance to CACs.

Additionally, funding for DPR to hire the Attorney General's Office would provide the department with the resources needed to ensure that egregious violations are appropriately referred for civil and criminal enforcement. We find the Governor's proposal to provide this funding over a three-year period to be reasonable. This would allow the department to pilot these efforts and report back to the Legislature on outcomes during future budget hearings. This information could then be used to guide whether (and at what level) to continue funding these efforts.

LAO Recommendations. Approve DPR Authority to Enforce Administrative Penalties for Pesticide Use Violations. We recommend the Legislature approve the Governor's proposal to provide DPR with the authority to levy administrative penalties for serious pesticide use violations. Providing additional enforcement authority to DPR would further enhance the state's ability to ensure statewide compliance of pesticide use laws and regulations, while still maintaining CACs as the primary local enforcement agencies. The additional enforcement authority would allow the state to serve as a backstop to local enforcement when merited. Furthermore, it would reestablish similar authority that the department previously held and establish a somewhat comparable enforcement structure to some other state environmental regulatory departments.

Increase Pesticide Use Penalties at Levels That Will Help Deter Violations. We recommend the Legislature increase pesticide use penalties and authorize the Director of DPR to adjust penalty levels for inflation in future years. In deciding appropriate increases for the various penalties (including the new DPR administrative penalty), the Legislature will want to consider how increases would further deter individuals and businesses from violating state laws and regulations. This could include approving the Governor's proposed penalty levels—which increase penalties above an inflationary adjustment—or setting penalty levels somewhat higher or lower based on what the Legislature deems appropriate to achieve its goals.

Approve Expansion of DPR's Pesticide Residue Enforcement and Penalty Authority. We recommend the Legislature approve the Governor's proposal to provide DPR with the authority to (1) require entities to provide sale and distribution information, (2) levy administrative penalties for failing to produce such records, (3) levy administrative penalties for distributing and/or moving quarantined produce, and (4) increase existing residue penalties. These changes could better enable the state to prevent contaminated

produce from reaching consumers. We recommend the Legislature set the new administrative penalties for pesticide residue violations at levels that mirror whatever new thresholds it sets for CAC administrative pesticide use penalties and authorize the Director of DPR to adjust penalty levels for inflation.

Increase Existing Administrative Penalties for Pesticide Sales and Licensing Violations. We recommend the Legislature increase existing administrative penalties for pesticide sales and licensing violations and authorize the Director of DPR to adjust penalty levels for inflation in future years. Penalty levels have not been increased in roughly 30 years and thus have lost some of their relative power to deter violations. To maintain parity, we recommend the Legislature set the new maximum penalties at a comparable level to those it establishes for other DPR administrative penalties. This could include approving the Governor's proposed penalty levels or establishing somewhat higher or lower thresholds.

Approve Funding for Positions to Investigate and Pursue Pesticide Residue and Use Enforcement Cases. We recommend the Legislature approve the \$582,000 from the DPR Fund in 2022-23 and ongoing to support three new enforcement staff positions that would investigate and pursue pesticide residue and use enforcement cases. The additional positions would enable the department to conduct the workload associated with the proposed additional enforcement and penalty authority, as well as further support local enforcement efforts by CACs.

Approve Funding for DPR to Hire Attorney General's Office for Civil and Criminal Enforcement Cases. We recommend the Legislature approve the Governor's proposal to provide \$300,000 annually from the DPR Fund over the next three years to hire the Attorney General's Office to represent the department in civil and criminal pesticide use enforcement actions. The funding would allow the department to appropriately refer egregious violations for civil and criminal enforcement and gather data regarding what level of funding might be appropriate in future years. The Legislature may want to consider specifying which metrics the department should track and present to inform these future decisions.

Staff Recommendation. Hold open.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)**Issue 16: Santa Susana Field Lab Cleanup Team (SFL)**

Governor’s Proposal. An SFL requests 14 permanent positions, \$2.1 million Hazardous Waste Control Account, and \$1 million Federal Trust Fund in 2022-23 and annually thereafter to establish and support the Santa Susana Field Laboratory (SSFL) Cleanup Implementation Team. The cost of the positions will be funded through cost recovery from three responsible parties for SSFL (i.e. the US Department of Energy (DOE), the National Aeronautics and Space Administration (NASA), and the Boeing Company (Boeing)).

Background. The SSFL is a former rocket engine testing and nuclear power research facility located on approximately 2,900-acres in the hills of Ventura County, California above Simi Valley. The SSFL is surrounded a number of communities, most located less than two miles away, including the city of Simi Valley located on the north, the residential community of Bell Canyon located directly south; and San Fernando Valley communities, including Canoga Park, West Hills, and Chatsworth, in the city of Los Angeles, located to the east of the SSFL.

Several tributary streams to the Los Angeles River have headwater watersheds on the SSFL site, including Bell Creek (which provides the majority of the site drainage from the SSFL site), Dayton Creek, and Meier Creek. Open space (i.e., land that is generally undeveloped and accessible to the public) associated with the Upper Las Virgenes Canyon Open Space Area and Cheeseboro/Palo Comado Canyons is located to the west of the SSFL.

The parties responsible for contamination at the SSFL site include three parties, the DOE, NASA, and Boeing. Two primary operational activities were conducted at SSFL. From the early 1950s to 1998, DOE and its predecessor agency, the Atomic Energy Commission, sponsored nuclear and non-nuclear energy research and development projects at the Energy Technology Engineering Center. From 1950 to 2006, testing and development of rocket engines and rocket engine components were conducted by Boeing and its predecessor, North American Aviation and Rockwell International, along with the US Air Force and NASA. The majority of non-nuclear activities conducted at the SSFL included testing and development of rocket engines and rocket engine components. Additional activities conducted by Boeing and its predecessors included military anti-satellite lasers, munitions, and related technologies.

Staff Recommendation. Approve as requested.