



SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
State Capitol – Room 5019
Sacramento, CA 95814

Senator Nancy Skinner, Chair

OVERVIEW OF THE MAY REVISION

May 14, 2021

Staff of the Senate Committee on Budget and Fiscal Review prepared the attached Overview of the May Revision. More detailed program information follows these highlights as described in the Table of Contents. Please note that this is not a comprehensive analysis of the May Revision. Staff is currently working on detailed analyses for legislative hearings beginning May 18, 2021.

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OVERVIEW OF THE GOVERNOR'S 2021-22 MAY REVISION

On May 14, 2021, the Governor released his May Revision for budget year 2021-22. The Governor now projects budget year General Fund expenditures of \$196.8 billion, available resources of \$203.4 billion (prior year balance, revenues and transfers), and \$3.4 billion in the Special Fund for Economic Uncertainties (SFEU), the state's general budget reserve. Across the prior year, current year, and budget year, the available General Fund resources have increased by \$41.6 billion as compared to the Governor's January budget proposal. This significant increase is driven by multiple rounds of federal stimulus, an accommodating monetary policy, and the reopening of the economy. In addition, stock markets have continued to show strength, and wage withholding has continued to outpace the wage growth forecast. The General Fund budget summaries for January and May are listed below:

**2020-21 and 2021-22
General Fund Summary
(Dollars in Millions)**

	January Budget		May Revision	
	2020-21	2021-22	2020-21	2021-22
Prior Year Balance	\$5,359	\$12,203	\$5,658	\$27,435
Revenues and Transfers	162,742	158,370	187,020	175,921
Total Resources	168,101	170,573	192,678	203,356
Non-Proposition 98 Exp.	98,956	103,681	98,166	130,421
Proposition 98 Exp.	56,942	60,834	67,077	66,374
Total Expenditures	155,898	164,515	165,243	196,795
Fund Balance	12,203	6,058	27,435	6,561
Encumbrances	3,175	3,175	3,175	3,175
Special Fund for Economic Uncertainties	9,028	2,883	24,260	3,386
Safety Net Reserve	450	450	450	450
Public School System Stabilization Account	747	2,988	1,984	4,601
Budget Stabilization Act.	\$12,536	\$15,574	\$12,494	\$15,939

Budget Structure. While the economic outlook and revenue have improved dramatically, the Administration points out that the same budget resiliency that helped the state through the pandemic will continue to be critical to protect programs in the future and to prepare the state for emergencies. Unlike the Governor's budget, the May Revision forecast does not have large structural deficits in the out-years. However, risks to the

Overview of the Governor's 2021-22 May Revision

economic forecast remain. These include new coronavirus variants, vaccine hesitancy, higher inflation if supply chains cannot support increased consumer demand, and a stock market decline. These risks, together with the one-time nature of federal funds constrain the state's ability to significantly expand ongoing commitments.

The State Appropriations Limit, or "Gann Limit," caps the amount of revenues from proceeds of taxes that can be appropriated by the state, which constrains state spending and requires revenues over the two-year limit to be allocated evenly between schools and taxpayer refunds. The Governor's Budget projected that the state could exceed the limit over the 2018-19 and 2019-20 two-year period by \$102 million. Based on final revenues, the limit for that two-year period was not exceeded. However, the May Revision projects that the limit for the 2020-21 and 2021-22 fiscal years will be exceeded by \$16.2 billion. This estimate will continue to be revised until May 2023. The May Revision allocates \$16.2 billion to comply with the limit, including tax refunds through a Golden State Stimulus and allocating half of the funds to K-14 schools in 2022-23. Given the uncertainty around the calculation of the limit in future years, the multi-year projections do not assume additional payments.

The Administration has described the updated budget proposal as the \$100 billion "California Comeback Plan," representing the biggest economic recovery package in California's history. As part of this proposal, the May Revision includes significant investments to continue to provide relief to families and small businesses, education – including transitional kindergarten, confronting homelessness and housing affordability, healthcare equity, and infrastructure. These investments and others are made with a combination of fund sources, primarily an approximately \$75 billion General Fund surplus and additional federal funds. The state will receive \$27 billion Coronavirus State Fiscal Recovery Funds from the American Rescue Plan Act of 2021. This brings the total amount of federal stimulus funds for state programs to over \$275 billion. Together, the May Revision utilizes the surplus and federal funds to make additional investments to support all sectors of the state. The following chart from the Department of Finance displays how the May Revision allocates the \$27 billion in Coronavirus State Fiscal Recovery Funds.

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Allocation of \$27 Billion Coronavirus State Fiscal Recovery Fund

(Dollars in Millions)

Coronavirus Fiscal Recovery Fund Allocations	Amount
Address Public Health Impacts	\$4,879.8
Children and Youth Behavioral Health Initiative	\$2,070.2
COVID-19 Direct Response Costs	\$1,529.6
Behavioral Health Continuum Infrastructure Program	\$530.0
Support for Public Hospitals and Health Systems	\$300.0
Community Residential Care Facility Expansion	\$450.0
Address Negative Economic Impacts	\$13,681.3
Address Increased Homelessness and Housing Shortages	\$4,976.0
Child Savings Accounts to Address Equity Gap and Increase Opportunities for Higher Education	\$2,039.5
Relief for Unpaid Utility Bills and Arrearages	\$2,000.0
Small Business Grants	\$1,500.0
Training and Education Support for Displaced Workers	\$1,000.0
Community Economic Resilience	\$750.0
Fine and Fee Debt Forgiveness Program	\$300.0
CalCompetes Grants for Jobs	\$250.0
Economic Support for Ports	\$250.0
Californians for All College Service Program	\$239.4
Youth Workforce Development	\$200.0
Revitalize California Tourism	\$95.0
Legal Aid for Renters	\$60.0
Federal Tracking, Accountability, and Cost Recovery	\$10.9
Support for K-12 Interscholastic Athletic Leagues	\$10.5
Water, Sewer, and Broadband	\$7,333.4
Broadband Infrastructure, Access, and Affordability	\$5,500.0
Water Resilience Package: Infrastructure Investments	\$1,595.0
Water Infrastructure - Deferred Maintenance	\$237.0
Argonaut Mine Dam Project Stormwater Upgrades	\$1.4
Unemployment Insurance Trust Fund/Unallocated	\$1,122.5
Total	\$27,017.0

Reserves and Long-Term Liabilities. The May Revision includes \$24.4 billion in total reserves, which are critical to a strong fiscal foundation, as last year clearly demonstrated. The reserve funds include: \$15.9 billion in the Proposition 2 Budget Stabilization Account (Rainy Day Fund) for fiscal emergencies, \$450 million in the Safety Net Reserve, \$4.6

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billion in the Public School System Stabilization Account, and an estimated \$3.4 billion in the state’s operating reserve.

The May Revision continues to pay down the state’s long-term retirement liabilities and reflects \$3.4 billion in additional payments required by Proposition 2 in 2021-22 and \$7.9 billion in additional payments over the next three years (displayed in the table below). The improved revenue forecast also allows for the elimination of \$2 billion in proposed program suspensions that were delayed at the Governor’s Budget.

Debts and Liabilities Eligible for Payments Under Proposition 2						
2021-22 May Revision						
(Dollars in Millions)						
		Outstanding Amount at Start of 2021-22 ^{2/}	Proposed Use of 2021-22 Pay Down	Proposed Use of 2022-23 Pay Down	Proposed Use of 2023-24 Pay Down	Proposed Use of 2024-25 Pay Down
State Retirement Liabilities						
1	State Retiree Health	91,929	926	305	325	340
2a	State Employee Pensions—SB 84 Loan from SMIF		228	56	14	768
2b	State Employee Pensions	62,991	1,881	2,358	2,086	1,029
3	Teachers’ Pensions ^{1/}	102,636	410	307	210	85
4	Judges’ Pensions	3,085	0	0	0	0
	Total	\$260,641	\$3,445	\$3,026	\$2,635	\$2,222
	^{1/} The state portion of the unfunded liability for teachers’ pensions is \$33.064 billion.					
	^{2/} For retiree health and pensions, the amounts reflect latest actuarial report available.					

Economic Forecast. The May Revision points out that the pandemic caused a one-of-a-kind recession with both demand and supply side impacts and a sudden drop in economic activity in March and April 2020. U.S. real GDP contracted by 31.4 percent in the second quarter of 2020—the largest recorded drop in history on a seasonally-adjusted annualized rate basis (SAAR)—and both the U.S. and California lost a record number of nonfarm payroll jobs. The federal government responded with various measures to mitigate the impacts of the pandemic, including the \$2.2 trillion CARES Act in March 2020, followed by the \$900 billion Consolidated Appropriations Act in December 2020, and the \$1.9 trillion American Rescue Plan Act in March 2021. Extensions to unemployment insurance benefits and emergency unemployment insurance programs were enacted, including the first ever Pandemic Unemployment Assistance program for individuals who do not qualify for traditional unemployment insurance benefits, including self-employed and independent contractors. Finally, California also took several actions to support impacted Californians, including the \$7.6 billion Golden State Stimulus package which incorporated more than \$2 billion for the California Small Business COVID-19 Relief Grant Program.

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These actions helped support recovery from the historically deep economic contraction. After the record 31.4 percent-drop in the second quarter of 2020, U.S. real GDP rebounded by a record 33.4 percent SAAR in the third quarter and continued to grow in the subsequent two quarters, albeit at slower rates. As of the first quarter of 2021, U.S. real GDP recovered to just above the 2019 second quarter level but remained lower than the pre-recession peak in fourth quarter of 2019.

Two months after marking a record low unemployment rate of 3.5 percent, the U.S. unemployment rate peaked at a historic high of 14.8 percent in April 2020. The U.S. unemployment rate decreased to 6.1 percent in April 2021, 2.6 percentage points higher than the pre-pandemic level in February 2020. Despite twelve months of improvement, there were 7.6 million fewer employed individuals and around 3.5 million fewer Americans in the labor force in April 2021 than in February 2020.

The May Revision further points out that California trends broadly mirrored the nation, however, the state historically experiences a larger economic contraction than the nation during recessions. As with the nation, from a low of 4.3 percent in February 2020, the California unemployment rate reached a record-high of 16 percent in April 2020 before decreasing to 8.3 percent through March 2021. There were 1.2 million fewer employed Californians and more than half a million fewer people in the labor force in March 2021 than in February 2020.

Following an annual job loss of 1.2 million, or 7 percent, in 2020, California nonfarm employment is projected to grow by 2.6 percent on average during the forecast window and recover to the first quarter of 2020 pre-pandemic level in mid-2023. This projected nonfarm employment recovery is faster than after any recession since the early 1990s. Mirroring the nation, high-wage sectors generally recover faster than low-wage sectors as jobs in high-wage sectors were more compatible with telework and less affected by the recession. Manufacturing and retail trade are not projected to recover to their respective pre-recession peaks during the four-year forecast window due to expectations of continued long-term structural change, such as automation. The leisure and hospitality sector, which lost about half of its jobs in March and April 2020, is projected to inch back to pre-recession levels by the fourth quarter of 2024.

In contrast to the decline of 3.3 percent in total personal income in 2009 during the peak of the Great Recession, California personal income accelerated from 4.7 percent in 2019 to 6.9 percent in 2020. This was largely driven by transfer payments which rose by a record 44.4 percent in 2020, compared to an increase of 13.1 percent in 2008, and increases of around 11 percent in 2009 and 2010. Moreover, nearly all other major personal income components continued to grow in 2020, with the exception of property income, which decreased by 1 percent due to interest income falling by 2.4 percent and dividends declining by 1.3 percent. Interest income is projected to continue decreasing

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until the Federal Reserve starts to raise interest rates in 2024. The S&P 500 Index fell by 33.9 percent from February 2020 to March 2020, compared to a drop of over 50 percent over a period of nearly one-and-a-half years during the Great Recession. Thereafter, the S&P 500 Index recovered within just five months, compared to four years during the Great Recession. The S&P Index has since continued to set new record-highs, closing the month of April at 4,181, or 23.5 percent above the February pre-recession high. Excluding transfer payments, all other personal income components combined grew by 0.7 percent in 2020, compared to a decrease of 5.4 percent in 2009.

Construction and housing activity remained fairly resilient in California despite California's historically high cost of housing due to the strength of the purchasing power of high-income households. California median home sales price of existing single-family homes exceeded \$700,000 for the first time in August 2020 and continued to increase to a record-high of \$758,990 in March 2021, 30.9 percent above the February 2020 level. With strong continued demand for housing in California, the number of housing units authorized by permits remained above 100,000 units in 2020, at around 105,000 units. Authorized housing units decreased by 4.7 percent in 2020, a smaller decline than the drop of 4.9 percent in 2019, as long-term issues of permitting and housing supply constraints predate the recession. Permitted housing units are projected to increase by 10.2 percent to 116,000 units in 2021 and to reach 135,000 units by 2024.

Despite significant improvements over the past year, the May Revision points out that there is a long road to full recovery and risks to the outlook remain. Immediate risks include public health concerns with new virus strains and vaccine hesitancy, higher inflation if disrupted supply chains cannot support increased consumer demand, more frequent and more widespread wildfires, and a stock market correction that would impact higher-income Californians and state revenues.

Revenue Changes Since January. Overall, the May Revision forecast for 2019-20 through 2021-22 General Fund revenues has increased by \$41.6 billion from January 2021. This includes a decrease of \$224 million in 2019-20, and increases of \$24.3 billion in 2020-21 and \$17.6 billion in 2021-22. All three major revenue sources are expected to show significant increases relative to the Governor's budget forecast: personal income tax revenues are revised up by almost \$38 billion due to a more optimistic economic outlook, but particularly wages, proprietorship income, and capital gains, sales tax receipts have been revised upward by \$4.5 billion due to an upgraded forecast for taxable consumer spending and private investment, and corporation tax revenues are up almost \$4.6 billion based on strong cash receipts and faster than anticipated recovery from the economic impacts of the COVID-19 Pandemic.

On March 29, 2021, the federal government delayed the Internal Revenue Service tax filing deadline for personal income tax returns, along with payments associated with those

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returns, from April 15 to May 17. The state conformed to the federal deadline. It is anticipated that a large amount of personal income tax payments that would typically be received in April will be deferred until May. The delay in receiving payments is not expected to affect revenue as the deferred payments will be received in the same fiscal year; however, it does increase the near-term uncertainty of the May Revision forecast as less was known about April payments prior to the forecast than in a typical year.

The General Fund revenue forecasts for the January budget and the May Revision are compared in the following table:

2020-21 and 2021-22 General Fund Revenue Sources (Dollars in Millions)

Revenue Source	January Budget		May Revision	
	2020-21	2021-22	2020-21	2021-22
Personal Income Tax	\$102,208	\$107,360	\$124,151	\$123,298
Sales and Use Tax	26,508	25,925	27,936	28,986
Corporation Tax	16,948	16,636	20,120	18,106
Other Revenues	7,956	11,652	7,134	11,356
Total	\$153,621	\$161,574	\$179,342	\$181,754

Totals may not add due to rounding.

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Change in General Fund Expenditures. The overall General Fund expenditures by program area as proposed in January, and revised in May, are presented below:

2020-21 and 2021-22 General Fund Expenditures (Dollars in Millions)

Agency	January Budget		May Revision	
	2020-21	2021-22	2020-21	2021-22
Legislative, Judicial, Executive	\$6,135	\$4,494	\$7,848	\$11,328
Business, Consumer, Housing	911	961	790	1,177
Transportation	245	421	240	1,843
Natural Resources	4,449	4,552	4,809	8,888
Environmental Protection	2,480	460	2,492	1,214
Health and Human Services	43,274	54,369	43,939	54,159
Corrections and Rehabilitation	12,342	13,089	12,386	13,794
K-12 Education	57,836	59,657	65,643	64,412
Higher Education	16,861	17,873	17,801	20,589
Labor and Workforce	161	684	140	843
Government Operations	2,111	3,051	2,157	3,644
General Government	9,093	4,904	6,998	14,904
Total	\$155,898	\$164,515	\$165,243	\$196,795

Key Features of the May Revision. Some highlights of the May Revision are outlined in the sections below.

Education and Child Care

- **Proposition 98 Guarantee and Investments in Education.** The May Revision funds a Proposition 98 Guarantee level of \$93.7 billion in 2021-22. This is an increase from the January Budget proposal of \$5.6 billion, due to the significant increases in General Fund revenue. In addition, the 2020-21 Proposition 98 Guarantee increases by \$10 billion to \$92.8 billion. The May Revision provides \$3.2 billion in ongoing Proposition 98 General Fund to provide a cost-of-living adjustment for the Local Control Funding Formula of a compounded 4.05 percent. The May Revision also includes ongoing Proposition 98 expenditures for after school and summer school enrichment programs (\$5 billion at full implementation) and to modify the LCFF formula to provide \$1.1 billion for additional classified and certificated staff at some schools. The May Revision proposes to expand Transitional Kindergarten to all four year olds by 2024-25, costing \$2.7 billion at full implementation and proposes rebenching the Guarantee to include additional

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General Fund to cover the costs. The May Revision proposes to pay down an additional \$1.1 billion of the payment deferrals created in the 2020-21 Budget Act, and defers the remaining \$2.6 billion in Proposition 98 payments from the 2021-22 fiscal year to the 2022-23 fiscal year.

- The May Revision also includes significant one-time Proposition 98 and Federal Funds investments to address health safety requirements for re-opening schools, provide targeted academic interventions, and retain, recruit, and train the teacher workforce.
- **Child Care.** The May Revision includes 100,000 in additional subsidized child care slots using a combination of Federal and General Fund resources. In addition, increased Proposition 64 cannabis tax revenues will provide an ongoing \$83 million for 6,500 new child care slots in 2021-22 and ongoing. The May Revision also provides \$250 million in one-time federal stimulus to support child care facilities and infrastructure, and provides \$579 million in one-time federal stimulus funds for pandemic relief for child care providers including stipends, family fee waivers, and continuing hold harmless policies.

Higher Education

- The May Revision makes significant investments in higher education including Student Housing. The May Revision includes \$4 billion for the segments to purchase or build properties for student housing, and \$1 billion for a new program, Learning Aligned Employment. For community colleges, the May Revision eliminates the deferrals, and provides \$100 million one-time for zero-textbook-cost degrees, \$150 million one-time for Guided Pathways, and \$50 million ongoing for English as a second language programs. At the University of California and the California State University, the May Revision increases base funding for the segments by five percent compared to the 2020-21 budget, and restores the base funding reductions that were included in the 2020-21 budget act. Additionally, the May Revision proposes \$1 billion in federal funds for the Student Aid Commission to provide one-time grants to support workers and provide start-up costs for businesses. The May Revision also proposes \$50 million one-time General Fund for library infrastructure.

Health

- **Children and Youth Behavioral Health Initiative.** The May Revision includes \$1 billion from the federal American Rescue Plan (ARP) Coronavirus State Fiscal Recovery Fund in 2021-22, \$1.7 billion (\$1.3 billion ARP funds, \$300 million

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General Fund, and \$100 million federal matching funds) in 2022-23, and \$431 million (\$300 million General Fund) annually thereafter to support the Children and Youth Behavioral Health Initiative, the Administration's proposal to transform California's behavioral health system for children including routine screening, support, and services for emerging and existing behavioral health needs. This multi-departmental initiative would include programs at the California Health and Human Services Agency (CHHSA), the Department of Health Care Services (DHCS), the Department of Managed Health Care (DMHC), the Office of Statewide Health Planning and Development (OSHPD), the Department of Public Health (DPH), and the Office of the Surgeon General (OSG).

- **Medi-Cal Coverage for Individuals Over 60 Regardless of Immigration Status.** The May Revision includes \$68 million (\$49.6 million General Fund and \$18.5 federal funds) to support expansion of full-scope Medi-Cal coverage to all income-eligible individuals 60 years of age or older regardless of immigration status.
- **Repeal of Program Suspensions.** The May Revision aligns with the Senate's recent action to repeal all program suspensions for health and human services programs. The health-related programs include:
 - Proposition 56 supplemental payments for physician services, dental services, trauma and developmental screenings, provider trainings, non-emergency medical transportation, certain value-based payments, intermediate care facilities, freestanding pediatric subacute facilities, and community-based adult services.
 - Optional Medi-Cal benefits, including audiology and speech therapy, incontinence creams and washes, optician and optical lab services, and podiatry benefits.
 - Provisional postpartum care extension for individuals in pregnancy-only Medi-Cal programs diagnosed with a mental health condition.
- **Behavioral Health Infrastructure Funding.** The May Revision includes a total of \$2.4 billion (\$1.8 billion General Fund and \$518.5 million ARP funds), available over multiple fiscal years to invest in the addition of approximately 15,000 beds, units, or rooms by building new behavioral health continuum infrastructure and expanding capacity. Of these resources, at \$242.3 million would be targeted to individuals age 25 and younger, as part of the Children and Youth Behavioral Health Initiative, and \$237.5 million would be targeted to justice-involved

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individuals with a serious mental illness who are determined to be incompetent to stand trial (IST).

- **Mental Health Student Services.** The May Revision includes \$30 million from the Mental Health Services Fund (Proposition 63) in 2021-22 to support additional school-mental health partnership grants under the Mental Health Student Services Act (MHSSA). \$25 million would support grants and \$5 million would support administration of the program. Combined with the Administration's January budget proposal, \$50 million total Proposition 63 funds would be available in 2021-22 to support additional partnership grants.

Human Services

- **Funding Suspensions.** The May Revision proposes to permanently eliminate all funding suspensions across Health and Human Services programs implemented in the 2019 Budget Act.
- **CalWORKs Grants.** The May Revision proposes a 5.3 percent increase to CalWORKs grants.
- **State Supplemental Payment (SSP) Program.** The May Revision proposes a restoration to the SSP program back to 2011 payment levels. This proposal partially restores cuts made in the last recession.
- **Project RoomKey.** The May Revision proposes \$150 million one-time to support Project RoomKey.
- **Adult Residential Facilities and Residential Care Facilities.** The May Revision proposes a total of \$1 billion, over two years, to rehabilitate Adult Residential Facilities and Residential Care Facilities for the Elderly. This includes the \$250 million that was proposed in the January Governor's budget.

Resources and Environmental Protection

- **Water Resilience Package.** The May Revision proposes \$4.35 billion over multiple years (\$3.475 billion in 2021-22), which includes \$2.8 billion General Fund, \$1.54 billion in federal American Rescue Plan Act funds, and \$10.5 million bond and special funds to address water resilience and drought. The proposal includes a Water Resilience Package of \$3.475 billion in 2021-22, including:
 - Drinking Water, Water Supply and Reliability & Flood – \$2.13 billion.

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- Immediate Drought Support – \$989 million.
- Nature-Based Solutions – \$361 million.
- **Wildfire and Forest Resilience Expenditure Plan.** The May Revision includes a Wildfire and Forest Resilience Expenditure Plan totaling \$1.244 billion covering two years — \$536 million which was already approved in SB 85 (Committee on Budget & Fiscal Review), Chapter 14, Statutes of 2021, for early action, 2020-21; and \$708 million proposed for 2021-22. Major investment categories for the \$708 million in 2021-22 include:
 - Resilient Forests & Landscapes – \$373 million.
 - Wildfire Fuel Breaks – \$235 million.
 - Community Hardening – \$13 million.
 - Science-Based Management – \$36 million.
 - Forest Sector Economic Stimulus – \$51 million.
- **Climate Resilience Package.** The May Revision includes a Climate Resilience Package of \$784 million General Fund one-time. This package is intended to protect people and nature for the impacts of climate change such as catastrophic wildfire, sea level rise, drought, extreme heat, and flooding. Major investment categories include:
 - Heat – \$200 million.
 - Sea Level Rise – \$111.5 million.
 - Community Resilience – \$185 million.
 - Other – \$287 million.
- **Sustainable Agriculture Package.** The May Revision includes a Sustainable Agriculture package. The May Revision builds on the \$285 million included in the Governor's January Budget and proposes an additional \$641 million over two years (\$491 million in 2021-22) for a total of \$926 million (\$776 million in 2021-22) to support the agriculture industry. The May Revision includes the following:
 - Healthy, Resilient, and Equitable Food Systems – \$67.5 million.
 - Climate Smart for Sustainability and Resiliency – \$382 million.
 - Economic Recovery & High-Road Job Growth – \$42 million.

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Transportation

- **High Speed Rail.** The May Revision includes \$4.2 billion in bond authority for the High Speed Rail for construction of the Central Valley Segment and additional planning and design work statewide.
- **Connectivity and 2028 Olympic Transportation Projects.** The May Revision includes \$1 billion in General Fund for statewide transit connectivity, and an additional \$1 billion in General Fund for critical transportation projects ahead of the 2028 Olympics.
- **Zero Emission Vehicles.** The May Revision includes \$3.2 billion over three years for zero emission vehicles and infrastructure. This includes \$500 million in General Fund resources for ZEV infrastructure, in lieu of bond financing this investment.

General Government

- **Broadband Infrastructure.** The May Revision includes a \$7 billion investment to expand broadband infrastructure and enhance access.
- **Homelessness.** The May Revision includes \$7 billion over two years for homeless housing acquisition and development. This includes \$3.5 billion for the Homekey program and additional \$3.5 billion for behavioral health and community care housing infrastructure.
- **Operational Efficiencies.** The May Revision includes reductions of discretionary programs, lease space, travel, and contracts, and other operating costs due to increased telework. The May Revision includes a reduction of \$278.8 million ongoing (\$50.4 million ongoing General Fund) to capture a 5 percent permanent reduction in most state operation expenditures.
- **Deferred Maintenance.** The May Revision includes additional one-time resources of approximately \$1.4 billion (\$648 million General Fund, \$550 million federal American Rescue Plan Act Capital Project Fund, and \$162 million federal ARPA Coronavirus State Fiscal Recovery Fund) for a total of approximately \$2 billion for statewide deferred maintenance in 2021-22.
- **COVID-19 Expenditures.** The May Revision proposes a reduction of \$2.7 billion in COVID-19 expenditures, which is attributable to most direct response activities tapering off at a faster pace than was assumed in the March 2021 Fiscal Update.

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- **Accountability.** The May Revision proposes a new unit within the Department of Finance to track the award and expenditure of these funds, monitor and oversee the use of the funds, and establish a framework for data collection, reporting and analysis of the Coronavirus State Fiscal Recovery Funds based on predefined outcome measures. The unit will also identify opportunities to standardize and streamline accounting and reporting policies and processes to improve the tracking, oversight, and recovery of federal funding, including the state's ability to recover disaster relief funds from FEMA.

- **Anticipated Federal Funds.** The Administration anticipates California receiving the following federal funds:
 - State: \$27 billion.
 - Counties: \$7.7 billion for 58 counties.
 - Metropolitan Cities: \$7 billion for 191 cities with populations over 50,000.
 - Smaller cities: \$1.2 billion for 29 cities with populations below 50,000. These funds will pass-through the state.
 - Tribes: \$190 million based on minimum amount of about \$1.7 million for each of California's 109 tribes.

- **Golden State Stimulus II.** The proposed budget includes \$8.1 billion for an additional Golden State Stimulus (GSS) payment, including:
 - \$600 payments for tax filers earning up to \$75,000 who did not already receive a GSS payment (approximately 9.4 million filers).
 - An additional \$500 to families (filer with a dependent) making up to \$75,000 (approximately 4.3 million filers).
 - An additional \$500 to ITIN filers that earn up to \$75,000 and have a dependent (approximately 520,000 filers).

This would bring the total investment in the GSS to \$11.9 billion. The first GSS, approved by the Legislature in February, included \$600 payments to filers making up to \$30,000, with additional \$600 payments to ITIN filers making up to \$75,000, families enrolled in CalWORKs, and individuals enrolled in Supplemental Security Income or Cash Assistance Program for Immigrants.

Overview of the Governor's 2021-22 May Revision

- **Expansion of Small Business Grants.** The proposed budget includes a \$1.5 billion one-time federal ARPA funds for the California Small Business COVID-19 Relief Grant Program, which is administered by the California Office of the Small Business Advocate (CalOSBA) within the Governor's Office of Business and Economic Development (GO-Biz). This would bring the total investment in this program to \$4 billion, including the \$500 million initial investment in November 2020 and the additional \$2 billion expansion approved by the Legislature in February 2021.
- **CalCompetes Tax Credit Expansion and Grant Program.** CalCompetes is administered by GO-Biz, which currently allocates \$180 million per year in tax credits to incentivize businesses to locate or stay and grow in California. The May Revision maintains the January budget proposal to expand the CalCompetes program by \$430 million, with all of the funding shifted to FY 21-22, including:
 - \$180 million one-time increase in tax credits available for allocation.
 - \$250 million one-time federal ARPA funds to establish a grant component of CalCompetes for businesses that meet one or more of the following criteria: establish at least 500 net new jobs; make a significant infrastructure investment; commit to a high-need, high-opportunity area of the state; or receive a designation from the Director of GO-Biz that the application is a strategic priority of the state.

Labor

- **Community Economic Resilience Fund.** The May Revision proposes \$750 million in American Rescue Plan funds to create Community Economic Resilience Fund, which will support local and regional planning and implementation strategies to support job creation, including industries in energy, carbon removal, advanced manufacturing, climate restoration and resilience. This will be managed by the Labor Agency, Go Biz and Office of Planning and Research.
- **Workforce Partnerships and Training Programs.** The May Revision proposes \$157 million one-time General Fund at the Workforce Development Board to create workforce partnerships and training programs at the community colleges.
- **Employment Development Department.** The May Revision proposes \$21 million one-time for language access services at the Employment Development Department, and \$11 million one-time to implement direct deposit services. Additionally, the May Revision proposes \$1.1 billion in American Rescue Plan funds to replenish the state's unemployment insurance trust fund.

Public Safety

- **California Violence Intervention and Prevention (CalVIP) Grant Program.** The May Revision includes an additional \$200 million one-time General Fund across the next three fiscal years to support violence prevention efforts within communities that focus on those at the highest risk of violence.

Courts

- **Fine and Fees Revenue.** The May Revision includes \$300 million one-time federal American Rescue Plan Act of 2021 for a debt forgiveness program to eliminate debt owed on existing fines and fees for traffic and non-traffic infraction tickets issued between January 1, 2015 and June 30, 2021 upon submission of an application verifying their low-income status.
- **Reducing Pre-Trial Detention.** The May Revision includes \$140 million General Fund in 2021-22 and \$70 million ongoing to expand a pretrial pilot program funded with one-time resources in the 2019 Budget Act.

California Department of Corrections and Rehabilitation (CDCR)

- **COVID-19 Response.** The January Governor's budget included \$281.3 million General Fund to continue the CDCR and the California Correctional Health Care Services' efforts to treat COVID-19, and minimize exposure to inmates and staff. The May Revision includes \$407.9 million one-time General Fund in 2021-22 to continue COVID-19 activities and fund related contracts and purchases.
- **Deferred Maintenance.** The budget includes \$100 million in total funding for CDCR deferred maintenance projects based on January and May proposals.
- **The Norway model.** Norway's model is distinguished by the level of access to educational and life and job skill training opportunities, the use of innovative and trauma-informed rehabilitative practices, and the community and campus-like look and feel of the prison environment. The May Revision includes funding to renovate programming spaces and add programming to expand programming and undertake facility improvements at Valley State Prison and to replace existing metal dayroom furniture with more comfortable furniture for positive programming and non-designated program facilities and female institutions.

Overview of the Governor's 2021-22 May Revision

- **Statewide Implementation of Fixed Video Surveillance Systems at CDCR.** The May Revision includes a total of \$212.3 million General Fund over three years, and \$11 million ongoing, to install modern fixed security cameras at 24 institutions.
- **Staff Misconduct and Discrimination Complaint Processes.** The May Revision includes \$3.7 million General Fund in 2020-21, \$89.3 million in 2021-22, and \$36.8 million ongoing overall for the CDCR's staff misconduct and discrimination complaint processes.
- **Board of Parole Hearings.** The May Revision includes funding to increase the number of Board of Parole Hearings commissioners from 17 to 21 to address a backlog in hearings and to provide victims services over the course of the hearing process.

Juvenile Justice Realignment

- **Office of Youth and Community Restoration.** The May Revision now includes \$7.6 million General Fund in 2021-22 and \$7.2 million ongoing General Fund for 33 positions for the operation of the Office of Youth and Community Restoration (OYCR) that was created by the DJJ Realignment bill, SB 823 (Committee on Budget), Chapter 337, Statutes of 2020.

K-12 EDUCATION AND CHILD CARE

The May Revision includes \$121.7 billion total funds (\$70 billion General Fund and \$51.7 billion other funds) for all K-12 education programs. K-12 per-pupil funding is \$13,977 in Proposition 98 funds, and \$21,152 if all funds sources are included.

PROPOSITION 98 – K-14 EDUCATION

- **Changes to the Minimum Guarantee.** The May Revision provides a substantial increase to Proposition 98 funding of \$17.7 billion from the Governor's budget for the three-year period of 2019-20 to 2021-22. More specifically, the May Revision funds the Proposition 98 guarantee for the 2019-20 through 2021-22 fiscal years at \$79.3 billion, \$92.8 billion, and \$93.7 billion, respectively. Compared to January, this reflects the following yearly changes:
 - A decrease of approximately \$215 million in 2019-20.
 - An increase of approximately \$10 billion in 2020-21.
 - An increase of approximately \$5.6 billion in 2021-22.

These levels reflect the estimated substantial increase in General Fund revenues over the three-year period in comparison with the Governor's budget proposal, due to the economic impacts of COVID-19. The Proposition 98 Guarantee continues to be calculated under Test 1 for all three years (equal to approximately 38 percent of General Fund revenues, plus local property taxes).

- **Proposition 98 Multi-Year Obligation.** The 2020-21 budget included a multi-year payment obligation designed to supplement funding provided by Proposition 98 to provide \$12.4 billion over a multi-year period. This funding was intended to accelerate the recovery of the Proposition 98 Guarantee from reductions due to the impact of COVID-19. The May Revision notes that the significant increases in the Proposition 98 Guarantee eliminate the need for this payment and removes this payment obligation entirely. In the Governor's Budget, the ongoing portion of the payment was eliminated, however the budget year payment of \$2.3 billion was retained.
- **Public School System Stabilization Account.** The factors used in the May Revision Proposition 98 Guarantee calculation trigger deposits of \$3 billion into the Public School System Stabilization Account, known as the Proposition 98

Overview of the Governor's 2021-22 May Revision

Rainy Day Fund, for 2020-21 and 2021-22 combined. Funds from this reserve account may be expended in years when the Proposition 98 Guarantee does not increase enough to cover year-over-year growth and inflation. This additional deposit brings the total in the fund to \$4.6 billion and triggers school district reserve account caps in the 2022-23 fiscal year.

- **Payment Deferrals.** In order to reduce Proposition 98 expenditures to the minimum guarantee level, but shield Local Educational Agencies (LEAs) from the impact of cuts, the 2020 budget agreement deferred a total of \$11 billion in principal apportionment payments to LEAs, reducing apportionments for the Proposition 98 Guarantee by this amount in 2020-21 in order to meet the Proposition 98 Guarantee as of the 2020 Budget Act. The 2021-22 May Revision includes paying down \$8.4 billion in deferrals in 2021-22, while the remainder of \$2.6 billion in K-12 funding would continue to be deferred from 2021-22 to 2022-23 and in ongoing years.
- **Supplemental Payment related to the State Appropriations Limit.** Excess revenues above the State Appropriations Limit in 2020-21 and 2021-22 create a Constitutional obligation for the state to make a one-time payment to K-14 schools, supplemental to the Proposition 98 Guarantee funding level, and allocated based on K-12 average daily attendance and full-time equivalent community college students. While this payment amount will not be finalized until the adoption of the 2023-24 budget, the Administration currently anticipates that it will total approximately \$8.1 billion, and will be provided to K-14 schools in the 2022-23 fiscal year.

K-12 EDUCATION – MAJOR CHANGES

- **Local Control Funding Formula (LCFF).** The bulk of funding for school districts and county offices of education for general operations is provided through the LCFF and is distributed based on the numbers of students served and certain student characteristics. The state typically annually adjusts the grant amounts by a cost-of-living adjustment (COLA). In the 2020-21 Budget Act, a COLA was not included for the LCFF, due to anticipated reduced revenues due to the pandemic. The May Revision provides a compounded COLA of 5.07 percent (1.7 percent attributed to 2021-22, increased slightly from the Governor's Budget estimate, 2.31 percent to reflect the foregone COLA in 2020-21, and an additional 1 percent increase to the LCFF base rates), approximately \$3.7 billion, for the 2021-22 fiscal year, bringing total LCFF funding to \$66.2 billion.

Overview of the Governor's 2021-22 May Revision

- **LCFF Concentration Factor Increase.** The May Revision increases the LCFF concentration rate factor from 50 percent to 65 percent, providing approximately \$1.1 billion in ongoing Proposition 98 General Fund, and requires that the increase in funding be used for additional certificated and classified staff on school campuses. LEAs are eligible to receive a concentration grant as part of LCFF funding when the enrollment of unduplicated students (low-income, foster youth, and English learners) is 55 percent of total enrollment or greater. The grant is provided on top of the per-pupil rate for the number of students over 54 percent of enrollment.
- **2021-22 Instructional Requirements.** The 2020-21 budget included a hold harmless on average daily attendance for purposes of LCFF (the hold harmless also applies for the 2021-22 school year) and authorized distance learning for 2020-21, however, the proposed budget makes no similar provisions for 2021-22. Instead, the May Revision proposes not renewing the distance learning authorization provided in 2020-21 and returning to in-person instruction in the 2021-22 school year. The May Revision includes the following changes to the existing Independent Study program to allow LEAs, that choose to offer this option, to use this structure to provide a non-classroom based option to families that do not want to come back in person:
 - Access to technology, internet connectivity, and a dedicated and rigorous curriculum
 - Tiered re-engagement strategies for students that do not participate in instruction
 - Tracking and recording of daily student participation and interaction with teachers.
- **Expanded Learning Time Program.** The May Revision includes a five-year plan to provide after school and summer school programs to students in local educational agencies that have the highest concentrations of low-income, English learner, and foster youth students. The program is funded with \$1 billion ongoing Proposition 98 in 2021-22, and grows to \$5 billion at full implementation in 2024-25. The Administration also proposes to fold this program and the associated funding into the LCFF concentration grant at full implementation.
- **School Re-Opening Funds.** The May Revision provides \$2 billion one-time Proposition 98 General Fund for health and safety activities, including testing and vaccine initiatives, enhanced cleaning, personal protective equipment, and

Overview of the Governor's 2021-22 May Revision

improved ventilation. These funds will supplement the \$2 billion appropriated by Chapter 10, Statutes of 2021 (AB 86) to schools that were open for in-person instruction by April 2021 and will be appropriated in proportion to LCFF allocations.

- **Academic Intervention Funds.** The May Revision proposes \$2.6 billion one-time funding (\$2 billion federal funds and \$623 million Proposition 98 General Fund) to LEAs to provide research-tested interventions for students, including intensive tutoring. These funds will supplement \$4.6 billion appropriated by Chapter 10, Statutes of 2021 (AB 86) to schools for targeted student academic supports.
- **Community Schools.** The May Revision includes \$3 billion in one-time Proposition 98 General Fund (increased from \$264.9 million proposed in the Governor's Budget) for grants to LEAs to support existing networks of community schools, establish new community schools, and to coordinate a wide range of services to these schools, with priority given to schools in high-poverty communities.
- **Teacher Training, Recruitment, and Retention.** The May Revision includes \$3.3 billion in programs and funds to recruit, retain, and support educators, including:

WORKFORCE PREPARATION

- \$550 million one-time Proposition 98 General Fund over five years to support approximately 22,000 teacher candidates in residencies and other grow-your-own credentialing programs, dedicated to preparing and retaining teachers in high-need communities and subject areas, including special education, bilingual education, and STEM.
- \$500 million one-time General Fund over five years for the Golden State Teacher grants, which would support a combined total of at least 25,000 grants for teacher credential candidates who commit to teach at a priority school, in a high-need subject matter area, for four years.
- \$125 million one-time Proposition 98 General Fund over five years for the Classified School Employee Teacher Credentialing Program to support more than 5,000 classified school staff in becoming credentialed teachers.
- \$65.5 million one-time Proposition 98 General Fund and \$45.6 million one-time General Fund to establish the Roadmap to Pre-K through 12 Educational

Overview of the Governor's 2021-22 May Revision

Employment Program, a long-term and comprehensive strategy for teacher recruitment and development

- \$20 million one-time General Fund to provide a credential fee waiver in 2021-22 for individuals entering the K-12 educator workforce.
- \$15 million one-time Proposition 98 General Fund over three years to support 6,000 teachers in completing the coursework necessary to receive state certification to teach computer science.

RETENTION AND TRAINING

- \$1.5 billion one-time Proposition 98 General Fund over three years for the Educator Effectiveness Block Grant, to provide local educational agencies with training resources for classified, certificated, and administrative school staff in specified high-need topics, including accelerated learning, re-engaging students, restorative practices, and implicit bias training.
- \$250 million one-time Proposition 98 General Fund over five years for incentives for 2,500 National Board Certified teachers that teach in high poverty schools to attract and retain them as mentors.
- \$60 million one-time Proposition 98 General Fund for the Classified School Employee Summer Assistance Program, which provides matching funds for intersessional pay for classified employees that work less than 12 months per year.
- \$25 million one-time Proposition 98 General Fund over five years for the 21st Century School Leadership Academy, to provide high-quality professional learning for administrators and other school leaders
- **School Nutrition.** The May Revision makes the following investments in the school nutrition program.
 - \$150 million ongoing Proposition 98 General Fund to encourage LEAs to participate in one of the federal universal meal provisions.
 - \$100 million one-time Proposition 98 General Fund to provide school kitchen infrastructure upgrades and training for school cafeteria staff.

Overview of the Governor's 2021-22 May Revision

- \$30 million one-time General Fund (up from \$10 million in the Governor's Budget) to the Department of Food and Agriculture to support the Farm to School initiative.
- **Special Education.** The May Revision includes an increase of \$186.1 million ongoing Proposition 98 General Fund for a compounded COLA of 4.05 percent for Special Education in 2021-22 (1.7 percent attributed to 2021-22, increased slightly from the Governor's Budget estimate, and 2.31 percent to reflect the foregone COLA in 2020-21).
- **Federal Special Education Stimulus Funds.** The May Revision includes the following investments with federal Individuals with Disabilities Education Act (IDEA) funds:
 - \$277.7 million one-time to LEAs to increase general statewide special education resources.
 - \$15 million to provide technical assistance and support to LEAs in developing and administering comprehensive individualized education programs and to develop tools and resources to assess and address academic impacts of the Pandemic on students with disabilities.
 - \$2.3 million (of which \$965,000 is available on a one-time basis) and six positions for the Department of Education to address special education complaints, perform court-ordered special education monitoring of local educational agencies, and to purchase special education monitoring software.
 - \$1.2 million (of which \$1.1 million is available on a one-time basis) and one position to improve coordination between the California Department of Education, the California Department of Developmental Services, and LEAs to support the transition from IDEA Part C to Part B programs, and convene stakeholder workgroups to address data sharing and disseminate best practices to increase access to more inclusive settings for three-, four-, and five-year-olds.
- **Foster Youth.** The May Revision provides \$30 million in one-time Proposition 98 General Fund to County Offices of Education to coordinate with LEAs and provide direct services to foster youth.

Overview of the Governor's 2021-22 May Revision

- **Local Property Tax Adjustments.** The May Revision includes an increase of \$53 million ongoing Proposition 98 General Fund for school districts, charter schools, and county offices of education in 2020-21 as a result of decreased offsetting property tax revenues, and a decrease of \$153.6 million ongoing Proposition 98 General Fund for school districts and county offices of education in 2021-22 as a result of increased offsetting property taxes. Specifically, this includes property tax decreases of \$283 million in 2019-20, \$298 million in 2020-21, and \$315.9 million in 2020-21, related to recent State Controller's Office guidance on counties' calculation of local excess Educational Revenue Augmentation Fund.
- **Career Technical Education ROCs.** The May Revision includes \$86.4 million one-time Proposition 98 General Fund for career technical education regional occupational centers or programs (ROCs) operated by a joint powers authority to address costs associated with the COVID-19 Pandemic.
- **County Offices of Education.** The May Revision includes an increase of \$29.7 million ongoing Proposition 98 General Fund to reflect a compounded 5.7 percent COLA and average daily attendance changes applicable to the LCFF.
- **Cost-of-Living Adjustments.** The May Revision includes an increase of \$2.4 million ongoing Proposition 98 General Fund to reflect a 1.7 percent COLA for categorical programs that remain outside of the LCFF and Special Education, including Child Nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

EARLY CHILDHOOD EDUCATION

- **Universal Transitional Kindergarten (TK).** The May Revision includes a proposal to provide transitional kindergarten to all four year olds by 2024-25. The 2021-22 year would be used as a planning year for LEAs, and additional TK access would be provided for four-year-olds, increased in increments of three months of age per year from 2022-23 through 2024-25, when all four-year-olds would be eligible. The Proposition 98 guarantee is proposed to be rebench or increased by ongoing General Fund to cover resulting LCFF average-daily-attendance (ADA) increases. The costs of this plan are anticipated to be approximately \$900 million ongoing General Fund in 2022-23, growing to \$2.7 billion in 2024-25.

Additionally, the May Revision repurposes \$250 million one-time Proposition 98 General Fund proposed in the Governor's Budget to incentivize transitional

Overview of the Governor's 2021-22 May Revision

kindergarten expansion to instead be used for planning and implementation grants for all LEAs.

The May Revision also proposes \$380 million ongoing Proposition 98 General Fund in 2022-23, growing to \$740 million in 2024-25, to provide one additional certificated or classified staff person in each transitional kindergarten classroom. For many classrooms, this will reduce adult-to-child ratios from 1:24 to 1:12.

Additionally, the May Revision includes \$10 million one-time General Fund for the Department of Education to update the Preschool Learning Foundations, the recommended learning standards for preschool and transitional kindergarten, to reflect the most recent research on early childhood development and provide comprehensive resources for pre-kindergarten teachers.

- **California State Preschool Program.** The May Revision maintains the level of funding available for the State Preschool Program, and does not provide any changes to the reimbursement rates at this time. The Administration notes it will develop a comprehensive plan to be implemented in 2022-23 to support existing State Preschool Program providers to maintain their contracts while transitioning to serve younger children, in alignment with the Master Plan for Early Learning and Care, to ensure all eligible three-year-olds have access to a high quality early learning.

HIGHER EDUCATION

CALIFORNIA COMMUNITY COLLEGES (CCC)

- **Apportionments Cost-of-Living Adjustment.** An increase of \$185.4 million ongoing Proposition 98 General Fund to reflect a compounded cost-of-living adjustment of 4.05 percent, which represents a 2020-21 cost-of-living adjustment of 2.31 percent and a revised 2021-22 cost-of living adjustment of 1.7 percent.
- **Apportionment Deferrals.** An increase of approximately \$326.5 million one-time Proposition 98 General Fund to fully retire deferrals from the 2021-22 fiscal year to the 2022-23 fiscal year.
- **Local Property Tax Adjustment.** An increase of \$62.4 million ongoing Proposition 98 General Fund as a result of decreased offsetting local property tax revenues.
- **Workforce Development Related Proposals.** The Governor proposes the following workforce related proposals at the CCCs:
 - **High Road Training Partnerships and Regional Partnerships.** The May Revision proposes \$20 million one-time Proposition 98 General Fund to support CCC participation in High Roads Training Programs and regional partnerships developed by the California Workforce Development Board.

Similarly, the Governor also proposes \$157 million one-time General Fund for a regional workforce investment package between the California Workforce Development Board and the CCC Chancellor's Office that strengthens linkages between workforce training and the CCCs, using existing regional consortia to build upon existing training programs and develop new programs.
 - **Strong Workforce Program.** The May Revision proposes an increase of approximately \$12.4 million ongoing Proposition 98 General Fund to increase program funding by five percent. The state currently provides \$248 million for this program.
 - **Work-Based Learning.** The Governor's January budget proposed \$20 million one-time for work-based learning. The May Revision proposes an increase of \$10 million one-time Proposition 98 General Fund to develop

Overview of the Governor's 2021-22 May Revision

work-based learning opportunities in (1) cloud computing, and (2) zero emissions and supply chain fields.

- **CCC Registry Modernization.** The May Revision proposes \$1 million ongoing Proposition 98 General Fund to support the modernization of the California Community College Registry, which is an online database of job opportunities for the CCC.
- **Competency-Based Education Pilot.** The May Revision proposes \$10 million one-time Proposition 98 General Fund to pilot implementation of competency-based education at select community colleges.
- **Zero-Textbook-Cost Degrees.** The May Revision proposes \$100 million one-time Proposition 98 General Fund, when combined with \$15 million one-time Proposition 98 General Fund proposed in the Governor's Budget would provide a total of \$115 million one-time Proposition 98 General Fund to develop and implement zero-textbook-cost degrees and open educational resources.
- **Dual Enrollment.** The May Revision proposes an increase of \$75 million one-time Proposition 98 General Fund to expand new and existing College and Career Access Pathways (CCAP) agreements between school districts and community colleges.
- **Guided Pathways.** The May Revision proposes \$150 million one-time Proposition 98 General Fund to further support colleges' efforts to implement Guided Pathways programs.
- **Retention and Enrollment Strategies.** The May Revision proposes an increase of \$100 million one-time Proposition 98 General Fund to support efforts to bolster CCC student retention rates and enrollment. This is in addition to the \$20 million one-time provided in the early action agreement, AB 85 (Committee on Budget), Chapter 4, Statutes of 2021.
- **English as a Second Language.** The May Revision proposes \$50 million ongoing Proposition 98 General Fund to expand vocational training opportunities and English as a Second Language (ESL) programs for ESL students at the community colleges. The Administration expects that these programs to be linked to pathways enabling ESL students to subsequently enroll in for credit certificate, credential, or degree programs.

Overview of the Governor's 2021-22 May Revision

- **Student Basic Needs.** The May Revision proposes an increase of \$30 million ongoing Proposition 98 General Fund for colleges to establish basic needs centers and hire basic needs coordinators. The Governor's January budget proposed \$100 million one-time for basic needs, and \$30 million ongoing for technology and mental health.
- **Student Equity and Achievement Program.** The May Revision proposes an increase of approximately \$23.8 million ongoing Proposition 98 General Fund to increase program funding by five percent.
- **Equal Employment Opportunity (EEO) Programs.** The May Revision proposes an increase of \$20 million one-time Proposition 98 General Fund to support the implementation of EEO best practices, as developed by the Chancellor's Equal Employment Opportunity and Diversity Advisory Committee.
- **Dreamer Resource Liaisons.** The May Revision proposes an increase of \$5.8 million ongoing Proposition 98 General Fund to further support Dreamer Resource Liaisons and student support services for immigrant students, including undocumented students in community colleges, pursuant to Chapter 788, Statutes of 2019 (AB 1645).
- **Program Pathways Technology.** The May Revision proposes a \$10 million ongoing Proposition 98 General Fund for the systemwide acquisition of software that visualizes and clearly maps out curricular pathways for students choosing their pathway and for students needing help to stay on their pathway. This investment would also support the long-term development and integration of a common application platform within the proposed Cradle-to Career Data system.
- **Common Course Numbering.** The May Revision proposes an increase of \$10 million one-time Proposition 98 General Fund to plan for and begin developing a common course numbering system throughout the community college system, which should better enable students to identify the courses needed to complete a degree or certificate, or transfer to a four-year institution. This investment would also support the long-term development and integration of a common application platform within the proposed Cradle-to Career Data system.
- **Library Services Platform.** The May Revision proposes an of \$4 million ongoing Proposition 98 General Fund to support a systemwide technology platform for library services to better manage and deliver digital information to support teaching and learning.

Overview of the Governor's 2021-22 May Revision

- **Deferred Maintenance.** The May Revision proposes \$314.1 million one-time Proposition 98 General Fund and \$250 million one-time American Rescue Plan Act of 2021 funds to address deferred maintenance.
- **COVID-19 Response Block Grant.** The May Revision proposes \$50 million one-time Proposition 98 General Fund to support grants to assist community colleges with responding to the COVID-19 Pandemic and transitioning back toward in-person education.
- **Student Success Completion Grant.** The May Revision proposes an increase of \$27.2 million ongoing Proposition 98 General Fund to support revised estimates of students eligible for the program.

UNIVERSITY OF CALIFORNIA (UC)

- **Base Augmentation.** The May Revision proposes an increase of \$69.3 million ongoing General Fund (two percent) to the UC above the Governor's January budget proposal of \$103.9 million. This results in a five percent ongoing base General Fund resource increases beginning in 2021-22. The May Revision maintains the Administration's expectations articulated in the Governor's Budget that UC:
 - Maintain resident undergraduate tuition and fees at current levels for the 2021-22 academic year;
 - Take action to significantly reduce equity gaps with the goal of fully closing equity gaps;
 - Adopt policies furthering educational opportunities using online learning programs;
 - Better align student learning objectives with workforce needs; and
 - Create a new stand-alone dual admissions pathway enabling first-time freshman applicants to be considered for guaranteed admission to the UC or CSU campus of their choice upon completion of an Associate Degree for Transfer or another transfer pathway at a CCC.
- **Base Budget Restoration.** The May Revision includes \$302.4 million General Fund to the UC to offset the ongoing reductions applied to the UC in 2020 Budget

Overview of the Governor's 2021-22 May Revision

Act, starting in fiscal year 2021-22. This was a part of the Legislative early action agreement announced in February.

- **UC Office of the President.** The May Revision proposes to eliminate the UCOP budget line item and consolidates the separate funding items for the UC Office of the President and UC campuses into one item. The May Revision also enables the UC Office of the President to return to a campus assessment model.
- **Graduate Medical Education.** The May Revision proposes a decrease of \$1.6 million ongoing General Fund to maintain the Proposition 56 Graduate Medical Education Program at an ongoing total of \$40 million.
- **Deferred Maintenance.** The May Revision proposes an increase of \$150 million one-time American Rescue Plan Act of 2021 funds to address deferred maintenance and energy efficiency projects at UC campuses. This funding is provided in addition to \$175 million one-time General Fund provided in the Governor's Budget for UC deferred maintenance and energy efficiency projects.
- **Grants for Animal Shelters.** The May Revision proposes of \$45 million one-time General Fund for the UC Davis Koret Animal Shelter Medicine Program to develop a grant program for animal shelters. This augmentation would enable the center to provide expertise, support, and local assistance over a five-year period to help communities achieve the state's policy goal that no adoptable or treatable dog or cat should be euthanized.
- **UCLA Labor Center.** The May Revision proposes \$15 million one-time General Fund to renovate the UCLA Labor Center facility.
- **UC San Francisco Dyslexia Center.** The May Revision proposes \$10.2 million one-time General Fund to enhance the Center's app, support collaboration with teacher training programs, and support dyslexia research that could inform practices.
- **UCLA Asian American Studies Center.** The May Revision proposes an increase of \$5 million one-time General Fund to support analysis and research associated with the prevention of hate incidents experienced by Asian Pacific Islander communities and to provide grants to community-based organizations focused on preventing hate incidents experienced by Asian Pacific Islander communities.
- **UC Berkeley Alternative Meats Lab.** The May Revision proposes \$1 million one-time General Fund to support the UC Berkeley Alternative Meats Lab.

Overview of the Governor's 2021-22 May Revision

- **Summer Financial Aid.** The May Revision proposes to eliminate the suspension date for the UC Summer Financial aid program.

CALIFORNIA STATE UNIVERSITY (CSU)

- **Base Augmentation.** The May Revision provides an increase of \$74.4 million ongoing General Fund (two percent) base augmentation to the CSU above January budget proposal. When combined with the \$111.5 million previously provided in the Governor's Budget, these augmentations result in five percent ongoing base General Fund resource increases beginning in 2021-22. The May Revision maintains the Administration's expectations articulated in the Governor's Budget that CSU:
 - Maintain resident undergraduate tuition and fees at current levels for the 2021-22 academic year;
 - Take action to significantly reduce equity gaps with the goal of fully closing equity gaps;
 - Adopt policies furthering educational opportunities using online learning programs;
 - Better align student learning objectives with workforce needs; and
 - Create a new stand-alone dual admissions pathway enabling first-time freshman applicants to be considered for guaranteed admission to the CSU campus of their choice upon completion of an Associate Degree for Transfer or another transfer pathway at a CCC.
- **Base Budget Restoration.** The May Revision provides an increase \$299 million General Fund to the CSU to offset the ongoing reductions applied to the UC and CSU in the 2020 Budget Act, starting in fiscal year 2021-22. This was a part of the Legislative early action agreement announced in February.
- **Deferred Maintenance.** The May Revision provides an increase of \$150 million one-time American Rescue Plan Act of 2021 funds to address deferred maintenance and energy efficiency projects at CSU campuses. Additionally, the May Revision provides the CSU with the flexibility to use \$175 million one-time General Fund proposed in the Governor's Budget to address deferred maintenance to also be used to address energy efficiency projects at CSU campuses.

Overview of the Governor's 2021-22 May Revision

- **CSU Northridge Center for Equity in Innovation and Technology.** The May Revision provides \$25 million one-time General Fund to support construction of the CSU Northridge Center for Equity in Innovation and Technology.
- **Humboldt State University.** The May Revision provides \$25 million ongoing to support Humboldt State University becoming designated as the state's third polytechnic university, and the first in northern California. Additionally, the May Revision provides \$433 million one-time General Fund to support a capital projects transition plan—including renovations of science and laboratory facilities, as well as enhanced computing and telecommunications infrastructure—as the campus transitions to a polytechnic university.
- **Summer Financial Aid.** The May Revision eliminates the suspension date for CSU summer financial aid, making the program permanent.

CROSS SEGMENTAL PROPOSALS

- **Student Housing.** The May Revision also includes \$4 billion one-time General Fund, split evenly between fiscal years 2021-22 and 2022-23, to establish a low-cost student housing grant program focused on expanding the availability of affordable student housing. The program will involve:
 - Authorizing the California School Finance Authority to award grants to the UC, CSU, and CCCs to build new student housing or to acquire commercial properties that would be transformed into student housing.
 - Substantially reducing rent for students by relieving the segments from having to build in construction and/or acquisition costs into rental and meal plan charges.
 - Prioritizing grants for the conversion of commercial properties that would be transformed into student housing.
 - Prioritizing access to newly available units for low-income and under-represented students.
 - Requiring student tenants to take an average of 15 degree-applicable units per semester to facilitate timely degree completion and to further reduce their overall cost of completing college.

Overview of the Governor's 2021-22 May Revision

- **Learning Aligned Employment.** The May Revision includes \$1 billion one-time General Fund, split evenly between fiscal years 2021-22 and 2022-23, to establish the Learning-Aligned Employment program, which would promote learning-aligned, long-term career development for UC, CSU, and CCC students. This program would be established as an endowment to sustain ongoing support. The program will involve:
 - Creating the Endowment for Learning-Aligned Employment and authorizing the UC to invest the funds and distribute the annual returns to the public segments of higher education based on their share of resident undergraduate students receiving a Pell grant.
 - Strategically focusing campuses toward identifying or establishing partnerships with external employers to provide learning-aligned opportunities related to students' fields of study, aimed at providing students with long-term career development and professional networking opportunities.
 - Prioritizing learning-aligned employment opportunities for underrepresented students, particularly underrepresented students in STEM fields.
- **Regional K-16 Education Collaboratives.** The May Revision allocates the \$250 million one-time General Fund set-aside from the Governor's Budget to a grant program for regional K-16 collaboratives. The program will involve:
 - Appropriating the funds to the Office of Planning and Research to award grants to between five and eight regional collaboratives, modeled after the Fresno K-16 Education Collaborative.
 - Requiring eligible collaboratives to include at least one institution from all three segments; to include consideration of regional workforce needs; to focus on streamlining occupational pathways that lead to high-paying, in-demand jobs; and to align higher education with workforce needs.
 - Requiring eligible collaboratives to adopt recommendations from the February 2021 Recovery with Equity report related to fostering inclusive institutions and facilitating student transitions.

CALIFORNIA STUDENT AID COMMISSION (CSAC)

- **Displaced Workers Grant.** The May Revision includes \$1 billion in one-time American Rescue Plan Act of 2021 funds for the Student Aid Commission to establish a one-time grant program to support displaced workers seeking reskilling and up-skilling, educational opportunities, or to support some of the costs to start a business. The program will:
 - Authorize CSAC to disseminate the funds to the higher education segments, and authorize UC, CSU, and CCC campuses to receive these funds and grant them to individuals displaced from their employment due the COVID-19 Pandemic on behalf of the Commission.
 - Allow recipients to use their grants to cover the costs of postsecondary programs, high-quality training programs, or to start a business for which the recipient has filed for a business license and developed a business plan.
 - Require at least half of the amount appropriated for this purpose to be used to provide grants to eligible individuals who are caring for a dependent child.
 - Encourage UC, CSU, and CCC campuses to match grant funds used at their institutions, which could include UC and CSU extension programs, with institutional funds.
 - Specify that the grant amounts will be determined by the Student Aid Commission, with a minimum amount of \$1,000 per grant.
- **Golden State Teachers Program.** The May Revision provides an increase of \$400 million one-time General Fund, which when combined with \$100 million one-time General Fund proposed in the Governor's Budget, provides a combined total of \$500 million one-time General Fund for the Golden State Teacher Grant Program. These funds will be available over a five-year period to support grants to students enrolled in teacher preparation programs who commit to working in a high-need field at school sites with the highest rates of non-credentialed or waiver teachers.
- **Cal Grant Program Costs.** The May Revision proposes a decrease of \$106.4 million General Fund in 2021-22 to account for the following:

Overview of the Governor's 2021-22 May Revision

- A decrease of approximately \$63 million in 2021-22 to reflect a decrease in the estimated number of new recipients in 2020-21. This adjustment includes decreased costs of \$50.8 million in 2020-21.
- A decrease of \$43.4 million ongoing General Fund associated with the cost to restore Cal Grant A eligibility for students impacted by a change in their living status due to the pandemic. The May Revision also reflects decreased costs of \$43.4 million in 2020-21.
- **Former and Current Foster Youth Access Award.** The May Revision proposes a decrease of approximately \$5.1 million ongoing General Fund associated with revised estimates of foster youth that would qualify for a supplemental access award funding for all former or current foster youth.

HASTINGS COLLEGE OF LAW

- **Alternative Campus Safety Program.** The May Revision proposes an increase of \$3 million one-time General Fund, available for a three-year period, to provide support for an alternative campus public safety program.

CALIFORNIA STATE LIBRARY

- **Infrastructure:**
 - **Library Infrastructure.** The May Revision proposes \$50 million one-time General Fund for an equity-focused matching grant program to support local library infrastructure.
 - **Broadband Access.** The May Revision proposes \$35 million one-time General Fund available through 2024-25, to expand broadband access to isolated and under-served communities through a collaborative partnership of local education agencies, regional libraries, and telehealth providers and leverage available federal funds through the E-Rate Program.
 - **Broadband Capacity and Equipment Grants.** The May Revision proposes \$6 million one-time General Fund to support the Broadband Connectivity Initiative.

Overview of the Governor's 2021-22 May Revision

- **Education**

- **English as a Second Language Programs.** The May Revision proposes \$15 million one-time General Fund to support English as a Second Language programs offered through local libraries.
- **Online Tutoring.** The May Revision proposes \$6.4 million one-time General Fund to support a two-year pilot online tutoring service program.
- **Civil Liberties Program.** The May Revision proposes \$5 million one-time General Fund to support grants for public education and awareness of Civil Liberties.
- **Database Access.** The May Revision proposes \$241,000 ongoing General Fund to support K-12 Student Online Science Technology Arts and Mathematics (STEAM) database access.
- **Disaster Preparedness.** The May Revision proposes a limited-term increase of \$2.4 million General Fund annually for the next four years to support Disaster Preparedness for Cultural Heritage Agencies.
- **Assistive Technology.** The May Revision proposes \$1.6 million one-time General Fund and \$220,000 ongoing General Fund to support Assistive Technology for Visually Impaired Californians.
- **Data and Systems Librarians.** The May Revision proposes \$345,000 ongoing General Fund to support Data and Systems Librarians.
- **Homeless Youth Project.** The May Revision proposes of \$130,000 to support the California Homeless Youth Project.

ScholarShare Investment Board

Child Savings Account. The May Revision includes approximately \$2 billion one-time federal American Rescue Plan Act of 2021 funds in 2021-22, and assumes \$170 million ongoing General Fund beginning in 2022-23, to establish college savings accounts for all current low-income public school students, as defined by the Local Control Funding Formula, with supplemental investments for foster youth and homeless students enrolled in a public school, and for successive cohorts of these student populations as they enter first grade. The program will provide seed funding of \$500 for each account, with

Overview of the Governor's 2021-22 May Revision

qualifying foster youth and homeless students each receiving an additional supplemental seed deposit of \$500.

RESOURCES

VARIOUS DEPARTMENTS

- The May Revision proposes \$4.35 billion over multiple years (\$3.475 billion in 2021-22), which includes \$2.8 billion General Fund, \$1.54 billion in federal American Rescue Plan Act funds, and \$10.5 million bond and special funds to address water resilience and drought. The proposal includes a Water Resilience Package of \$3.475 billion, including:
 - Drinking Water, Water Supply and Reliability & Flood \$2.13 billion
 - Immediate Drought Support \$989 million
 - Nature-Based Solutions \$361 million

- The May Revision includes a Wildfire and Forest Resilience Expenditure Plan totaling \$1.244 billion covering two years — \$536 million which was already approved in SB 85 (Committee on Budget & Fiscal Review), Chapter 14, Statutes of 2021, for early action, 2020-21; and \$708 million proposed for 2021-22. Major investment categories for the \$708 million in 2021-22 include:
 - Resilient Forests & Landscapes \$373 million
 - Wildfire Fuel Breaks \$235 million
 - Community Hardening \$13 million
 - Science-Based Management \$36 million
 - Forest Sector Economic Stimulus \$51 million

- The May Revision includes a Climate Resilience Package of \$784 million General Fund one-time. This package is intended to protect people and nature for the impacts of climate change such as catastrophic wildfire, sea level rise, drought, extreme heat, and flooding. Major investment categories include:
 - Heat \$200 million
 - Sea Level Rise \$111.5 million
 - Community Resilience \$185 million
 - Other \$287 million

- The May Revision includes a Sustainable Agriculture package. The May Revision builds on the \$285 million included in the Governor's January Budget and proposes an additional \$641 million over two years (\$491 million in 2021-22) for a total of

Overview of the Governor's 2021-22 May Revision

\$926 million (\$776 million in 2021-22) to support the agriculture industry. The May Revision includes the following categories:

- Healthy, Resilient, and Equitable Food Systems \$67.5 million
 - Climate Smart for Sustainability and Resiliency \$382 million
 - Economic Recovery & High-Road Job Growth \$42 million
- The May Revision proposes additional funding for Outdoor Access for All by including an additional \$256.2 million (\$253.1 million General Fund, and \$3.1 million special funds) to expand environmental education; enhance safe, reliable access to state parks, public lands, coasts, and other natural, historic, and cultural resources; and increase recreation opportunities. More specifically, the May Revision includes:
 - Outdoor Education \$108.1 million
 - Statewide Park Development and
Community Revitalization Program \$125 million
 - Explore the Coast Grant Program \$14 million
 - Innovative Pilot Programs \$9.1 million

DEPARTMENT OF PARKS AND RECREATION

- The May Revision includes \$507.3 million (\$403.8 million General Fund one-time and \$103.5 million federal reimbursements one-time) for the enhancement and restoration of state parks facilities. More specifically, the May Revision includes:
 - Wildlife Restoration \$217 million
 - Deferred Maintenance \$165 million
 - Indian Heritage Center \$95.3 million
 - Sacramento Railyards \$30 million

DEPARTMENT OF FISH AND WILDLIFE

- The May Revision proposes \$3.8 million General Fund ongoing to continue the Cutting Green Tape Initiative and \$80.9 million one-time (\$75.9 million General Fund and \$5 million Environmental License Plate Fund) to deliver more effective and efficient services with limited-term and temporary-help staff, make strategic investments in equipment and technology, address a deferred maintenance backlog, and advance process improvements. More specifically, the May Revision includes:

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- | | |
|---|-------------------------------|
| ○ Protecting California's Endangered Species | \$53.8 million & 31 positions |
| ○ Enhancing Stewardship of Refuges, Preserves and other State Lands | \$7.5 million & 8 positions |
| ○ Wolf Conflict Program | \$3 million |
| ○ Drift Gill Net Transition Program | \$1.3 million |
| ○ Improving Care for Injured Wildlife | \$350,000 |
| ○ Deferred Maintenance | \$15 million |

DEPARTMENT OF TOXIC SUBSTANCES CONTROL

- The May Revision includes an additional \$200 million over two years beginning in 2022-23 for contaminated site cleanups. This is in addition to the \$300 million in the Governor's January Budget proposal.
- The May Revision includes an additional \$291 million General Fund over three years to clean up additional properties with specified lead contamination levels near the former Exide Lead-Acid Battery Facility in the City of Vernon.

DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CalRecycle)

- The May Revision includes \$55 million to provide grants for organic waste infrastructure by providing grants for new composting and anaerobic digester facilities and to expand capacity at existing wastewater facilities to increase organic waste recycling capacity, providing funding for co-digestion, and reduce methane emissions from landfills.

GO-BIZ/IBANK

- The May Revision includes \$50 million for the Climate Catalyst Fund for recycling infrastructure to provide low-interest loans to attract recycling and reuse businesses to California.

ENERGY

ZERO EMISSION VEHICLE PROPOSAL

- The May Revision includes an additional \$826 million above the January Budget for Zero Emission Vehicles (ZEVs) and ZEV infrastructure. This brings total proposed investments in ZEVs and ZEV infrastructure to \$1.8 billion in 2021-22, and \$3.2 billion over three years. Major investments include:
 - Heavy-Duty Zero Emission Vehicles and Supporting Infrastructure—\$1.4 billion one-time General Fund and special funds over the next three years to deploy over 1,000 zero emission drayage trucks, 1,000 zero emission transit buses, and 1,000 zero emission school buses in underserved rural school districts. These investments will prioritize projects that directly benefit priority populations and improve air quality in low-income and disadvantaged communities. This funding builds on \$315 million included in the Governor's Budget for Clean Truck, Bus, and Off-Road Equipment.
 - Light-Duty Zero Emission Vehicle Adoption—\$650 million one-time General Fund over the next three years to invest in consumer adoption of ZEVs through the Clean Vehicle Rebate Program and statewide expansion of Clean Cars 4 All, with a focus on low-income and disadvantaged communities. This funding is in addition to \$150 million provided in the Governor's Budget Cap and Trade Expenditure Plan.
 - Zero Emission Vehicle and Infrastructure Manufacturing—\$250 million General Fund one-time over two years for manufacturing and supply chain grants to expand California's nation leading ZEV manufacturing footprint, administered by the Clean Transportation Program. This investment may be coupled with High Road Training Partnerships to increase access to high-quality jobs for workers, and increase the level of highly-skilled employees for employers.
 - ZEV Market Development Strategy Implementation—\$5 million one-time General Fund to accelerate implementation of the ZEV Market Development Strategy's focus on increasing awareness and access to ZEVs in the hardest to reach communities and expanding tools that help convert this awareness into decisions to drive or ride in ZEVs.

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- ZEV Infrastructure. The May Revision maintains the extension of existing fees which are necessary for providing a sustainable funding source for priority programs that was proposed in January, but replaces the securitization of future revenues with \$500 million one-time General Fund to support the CEC's Clean Transportation Program.

Zero Emission Vehicle Package

(\$ in Millions)

Investment Category	Department	Program	Governor's Budget	May Revision 2021-22	Total 2021-22
Low Carbon Transportation & ZEV Strategy		Clean Trucks, Buses & Off-Road Equipment	\$315	\$87	\$402
	Air Resources Board	Clean Cars 4 All & Transportation Equity Projects (\$400 million total)	\$150	\$0	\$150
		Clean Vehicle Rebate Project (\$400 million total)	\$0	\$134	\$134
		Drayage Trucks & Infrastructure (\$470 million total)	\$0	\$160	\$160
	Air Resources Board & California Energy Commission	Drayage Pilot Project	\$0	\$65	\$65
		Transit Buses & Infrastructure (\$290 million total)	\$0	\$100	\$100
		School Buses & Infrastructure (\$450 million total)	\$0	\$150	\$150
	California Energy Commission	Clean Transportation Program/ ZEV Infrastructure	\$500	(\$500)	\$500
		ZEV Manufacturing Grants (\$250 million total)	\$0	\$125	\$125
	GO-Biz	ZEV Market Development Strategy	\$0	\$5	\$5
Total			\$965	\$826	\$1,791

CLEAN ENERGY GOALS

- The May Revision includes \$912 million (\$905 million General Fund, \$5 million reimbursements, and \$2 million special funds) to accelerate California's progress on meeting its clean energy goals and better position California as a leader in advancing clean technologies. This includes:

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- \$35 million General Fund to carry out critical resource and transmission planning to support the unprecedented levels of clean energy buildout needed to meet the state’s energy and climate goals.
- \$350 million General Fund to support pre-commercial long duration storage projects that are critical to the success of California’s efforts to decarbonize the electricity system.
- \$250 million General Fund for energy efficiency in the industrial sector.
- \$125 million General Fund in the Food Production Investment Program to reduce energy use at food production facilities.
- \$20 million General Fund to spur environmentally responsible development of offshore wind energy.
- \$110 million General Fund in green hydrogen production to accelerate the transition away from using fossil fuels to produce hydrogen and to displace the use of gas at power plants.

CALIFORNIA ENERGY COMMISSION

- The May Revision proposes to raise the statutory cap on the Energy Resources Program Account (ERPA) surcharge, tie the statutory cap to the Consumer Price Index, and extend the surcharge to apply to behind-the-meter electricity consumption. ERPA is the main fund supporting the California Energy Commission. Its revenues are linked to the sale of metered electricity. As building and appliance energy efficiency produces customer savings and flattens statewide electricity consumption, ERPA revenues have decreased and the costs have been borne by fewer and fewer consumers. This increase is projected to generate \$4.5 million in additional revenues in 2021-22 and approximately \$9 million annually thereafter.

PUBLIC UTILITIES COMMISSION

- The May Revision includes a \$7 billion investment over three years as part of a plan to expand broadband infrastructure, increase affordability, and enhance access to broadband for all Californians. This includes:
 - A combination of federal American Rescue Plan Act (ARPA) funds and state funds to build out a critical statewide “middle-mile” network. The statewide network will incentivize providers to expand service to unserved and

Overview of the Governor's 2021-22 May Revision

underserved areas by substantially reducing their upfront infrastructure costs, creating new opportunities for municipal fiber networks, and promoting affordability for consumers.

- A new \$500 million Loan Loss Reserve Account to assist local governments, tribes and non-profits in securing private financing for new municipal fiber networks.
- \$500 million of one-time federal ARPA funds to entities serving rural areas that are more costly to serve by expanding services to include broadband.
- One-time federal ARPA funds within the California Advanced Services Fund to incentivize existing and new providers to fund infrastructure for “last mile” service to the state’s remaining unserved households.

HEALTH

MULTIPLE DEPARTMENTS

Children and Youth Behavioral Health Initiative. The May Revision includes \$1 billion from the federal American Rescue Plan Act (ARPA) Coronavirus State Fiscal Recovery Fund in 2021-22, \$1.7 billion (\$1.3 billion ARPA funds, \$300 million General Fund, and \$100 million federal matching funds) in 2022-23, and \$431 million (\$300 million General Fund) annually thereafter to support the Children and Youth Behavioral Health Initiative, the Administration's proposal to transform California's behavioral health system for children including routine screening, support, and services for emerging and existing behavioral health needs. This multi-departmental initiative would include programs at the California Health and Human Services Agency (CHHSA), the Department of Health Care Services (DHCS), the Department of Managed Health Care (DMHC), the Office of Statewide Health Planning and Development (OSHPD), the Department of Public Health (DPH), and the Office of the Surgeon General (OSG).

- **Behavioral Health Statewide Virtual Platform.** The May Revision includes \$680 million from various funds to implement a behavioral health service virtual platform to be integrated with screening, clinic-based care, and app-based support services. The platform would support regular automated assessments and screenings, and self-monitoring tools and would develop tools to help families navigate how to access care regardless of payer source.
- **School-Linked Behavioral Health Services Capacity and Infrastructure.** The May Revision includes an additional \$550 million for the Administration's proposed incentive payment program for student behavioral health investments implemented through Medi-Cal managed care plans. Total funding available would be \$950 million.
- **Development and Implementation of Age-Appropriate Evidence-Based Behavioral Health Programs.** The May Revision includes \$430 million for DHCS to administer a grant program to county behavioral health departments to identify a limited number of evidence-based practices to scale and spread throughout the state.
- **Behavioral Health Continuum Infrastructure Investment.** The May Revision includes \$245 million to support additional investments in behavioral health infrastructure focused on youth, including urgent care, intensive outpatient, crisis stabilization, crisis residential, mobile units, and inpatient facilities.

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- **Dyadic Therapeutic Services.** The May Revision includes \$200 million (\$100 million General Fund and \$100 million federal funds) to implement delivery of dyadic services as a Medi-Cal benefit beginning July 1, 2022. Dyadic services are based on the HealthySteps model of care, an integrated behavioral care model in which care for the child is delivered in the context of the caregiver and family so that families are screened for behavioral health problems, interpersonal safety, tobacco and substance misuse, and social determinants of health such as food insecurity and housing instability.
- **Behavioral Health Workforce Development.** The May Revision includes \$860 million for behavioral health workforce development. Of this amount, \$430 million would be allocated to OSHPD to develop a multi-year plan to launch and implement a school behavioral health counselor system where students statewide can receive in-person or virtual one-on-one and group supports, as needed. According to the Administration, this program would produce up to 10,000 culturally and linguistically proficient counselors and coaches to serve school and college age children and youth. In addition, \$430 million would build on existing workforce programs and expand the focus from primarily mental health to include substance use disorder workforce investments.
- **Primary Care and Other Healthcare Providers Behavioral Health Training.** The May Revision includes \$165 million to provide opportunities for primary care and other health care providers to access culturally proficient education and training on behavioral health and suicide prevention.
- **Comprehensive Public Education and Change Campaign.** The May Revision includes \$125 million to raise the behavioral health literacy of all Californians to normalize and support the prevention and early intervention of behavioral health challenges, teach Californians how to recognize the early signs and symptoms of distress and where to turn to ask for help, empower children and youth to take charge of their mental health and wellness, and tackle disparities and inequities by empowering diverse communities to develop their own culturally and linguistically appropriate tools to break down stigma associated with behavioral health conditions and increase help-seeking behavior.

DEPARTMENT OF HEALTH CARE SERVICES (DHCS)

- **Medi-Cal Expenditures.** The May Revision estimates total expenditures for Medi-Cal of \$115.6 billion (\$21.5 billion General Fund, \$79 billion federal funds, and \$15.1 billion special funds and reimbursements) in 2020-21 and \$123.8 billion (\$27.6 billion

Overview of the Governor's 2021-22 May Revision

General Fund, \$83.8 billion federal funds, and \$12.4 billion special funds and reimbursements) in 2021-22. These figures represent a decrease of General Fund expenditures of \$991.1 million in 2020-21 and \$792.5 million in 2021-22 compared to the January budget. According to the Administration, the reduction in General Fund expenditures in 2020-21 are primarily attributable to lower than expected pandemic-related caseload costs, and a one-time allocation of federal funds associated with state-only populations. The Administration indicates the \$6.1 billion General Fund increase between 2020-21 and 2021-22 is primarily attributable to caseload costs related to federal continuous coverage requirements, program cost increases, increases in repayment of federal funds for state-only populations, and new investments. The May Revision estimates Medi-Cal caseload will be 13,599,000 in 2020-21, a 2.7 percent decrease compared to estimates in the January budget, and 14,496,400 in 2021-22, a 7.1 percent decrease compared to estimates in the January budget, and an increase of 6.6 percent compared to the revised 2020-21 estimate.

- **Medi-Cal Coverage for Individuals Over 60 Regardless of Immigration Status.** The May Revision includes \$68 million (\$49.6 million General Fund and \$18.5 federal funds) to support expansion of full-scope Medi-Cal coverage to all income-eligible individuals 60 years of age or older regardless of immigration status.
- **Population Health Management Service.** The May Revision includes \$315 million (\$31.5 million General Fund and \$283.5 million federal funds) to centralize administrative and clinical data from DHCS, health plans, and providers regarding population health management.
- **Medi-Cal Providing Access and Transforming Health Payments (PATH) for Justice-Involved Populations.** The May Revision includes \$200 million (\$100 million General Fund and \$100 million federal funds) to support coordination between justice-involved agencies, Medi-Cal, plans, and providers to ensure effective pre-release care for justice-involved populations.
- **Postpartum Medi-Cal Coverage Extension.** The May Revision includes \$90.5 million (\$45.3 million General Fund and \$45.3 million federal funds) in 2021-22 and \$362.2 million (\$181.1 million General Fund and \$181.1 million federal funds) annually until 2027-28 to extend postpartum Medi-Cal eligibility for all individuals in pregnancy-only coverage from 60 days to 12 months. The federal American Rescue Plan provides federal matching funds for this expansion for up to five years, beginning April 1, 2022.
- **Coverage of Doula Services in Medi-Cal.** The May Revision includes \$403,000 (\$152,000 General Fund and \$251,000 federal funds) in 2021-22 and \$4.4 million

Overview of the Governor's 2021-22 May Revision

(\$1.7 million General Fund and \$2.8 million federal funds) annually thereafter to add doula services as a covered benefit in Medi-Cal, beginning January 1, 2022.

- **Community Health Workers Services.** The May Revision includes \$16.3 million (\$6.2 million General Fund and \$10.2 million federal funds) in 2021-22, growing to \$201 million (\$76 million General Fund and \$125 million federal funds) when fully implemented in 2026-27, to add community health workers as reimbursable providers of benefits and services to Medi-Cal beneficiaries, beginning January 1, 2022.
- **Medically Tailored Meals.** The May Revision includes \$9.3 million General Fund in 2021-22 to expand the populations served by the medically tailored meals pilot project. The pilot provides 21 meals per week to individuals with chronic conditions, designed to meet the specific nutritional needs of the beneficiary. The expanded funding would allow DHCS to provide these services to individuals with diabetes, chronic obstructive pulmonary disease, renal disease, chronic kidney disease, cancer, and malnutrition. The funding would also allow geographic expansion of the program, providing services to Medi-Cal beneficiaries in Fresno, Kings, Madera, Santa Cruz, and Tulare counties.
- **Reimbursement Rates for Audio-Only Health Care Services.** The May Revision proposes to establish reimbursement rates for audio-only telehealth at 65 percent of the reimbursement rate provided in the Medi-Cal fee-for-service delivery system. In addition, DHCS would limit audio-only reimbursement to providers located in California or border communities that are capable of providing in-person services to Medi-Cal beneficiaries.
- **Behavioral Health Infrastructure Funding.** The May Revision includes a total of \$2.4 billion (\$1.8 billion General Fund and \$518.5 million ARPA funds), available over multiple fiscal years to invest in the addition of approximately 15,000 beds, units, or rooms by building new behavioral health continuum infrastructure and expanding capacity. Of these resources, \$242.3 million would be targeted to individuals age 25 and younger, as part of the Children and Youth Behavioral Health Initiative, and \$237.5 million would be targeted to justice-involved individuals with a serious mental illness who are determined to be incompetent to stand trial (IST).
- **Support for Public Hospitals and Health Systems.** The May Revision includes \$300 million ARPA funds to help public health care systems cover costs associated with critical care delivery needs provided during the pandemic and beyond.
- **County Administration Funding for Medi-Cal Redeterminations.** The May Revision includes \$73 million (\$36.5 million General Fund and \$36.5 million federal

Overview of the Governor’s 2021-22 May Revision

funds) in 2021-22 and 2022-23 to resume annual Medi-Cal redeterminations when both the federal public health emergency declaration and the continuous Medi-Cal coverage requirement expire.

- **Eliminate Rate Freeze for ICF-DD and Pediatric Subacute Facilities.** The May Revision includes \$24.4 million (\$11.1 million General Fund and \$13.3 million federal funds) annually to eliminate the rate freeze on intermediate care facilities-developmental disabilities (ICF-DDs) and free-standing pediatric subacute facilities implemented in 2011.

DEPARTMENT OF PUBLIC HEALTH (DPH)

- **Federal Public Health Grants.** Since March 2020, state and local public health entities have received nearly \$5 billion for epidemiology and laboratory capacity, vaccine preparedness, and testing. According to the Administration, the allocations are as follows:

<i>Selected Federal Public Health Grants Since March 2020 (dollars in millions)</i>		
Grant	Recipient	Award
Epidemiology and Laboratory Capacity Grant	State	\$213
Epidemiology and Laboratory Capacity Grants, Local	Los Angeles County	\$291
Epidemiology and Local Capacity Grants, Local	State Allocation to Local	\$286
Epidemiology and Laboratory Capacity Grants	State	\$508.5
Epidemiology and Laboratory Capacity Grants	Los Angeles County	\$577.8
Epidemiology and Laboratory Capacity Grants	State Allocation to Local	\$1,187.5
Vaccine Preparedness Grants	State	\$178.5
Vaccine Preparedness Grants	State Allocation to Local	\$178.5
School Testing Grants	Los Angeles County	\$302.4
TOTAL STATE		\$900.0
TOTAL LOCAL (incl. Los Angeles)		\$2,823.1
TOTAL		\$3,723.1
<i>Other Health-Related American Rescue Plan Grants (dollars in millions)</i>		
School Testing Grants	State	\$888.7
Vaccine Preparedness Grants	State	\$357
GRAND TOTAL		\$4,968.8

- **Public Health Review.** The May Revision includes \$3 million General Fund to support an assessment of the state’s public health response during the pandemic and the root causes of disparities and inequities experienced by disproportionately impacted communities. The Administration intends to provide actionable policies as part of the 2022 Governor’s Budget.

Overview of the Governor's 2021-22 May Revision

- **Behavioral Health Outreach for Young People.** The May Revision includes \$100 million over five years to support youth behavioral health education and outreach programs as part of the Children and Youth Behavioral Health Initiative. These programs would seek to improve general public acceptance and awareness, as well as provide culturally specific campaigns led by the Office of Health Equity.

DEPARTMENT OF STATE HOSPITALS (DSH)

- **Withdrawn Community Care Demonstration Pilot for IST.** The May Revision withdraws the January budget proposal for \$233.2 million General Fund and four positions for a demonstration project for counties to implement community care interventions for individuals determined IST on felony charges. DSH has proposed alternative investments to address these issues, including expanding community-based restoration, jail-based competency treatment, and competency re-evaluation services.

MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION (MHSOAC)

- **Mental Health Student Services.** The May Revision includes \$30 million from the Mental Health Services Fund (Proposition 63) in 2021-22 to support additional school-mental health partnership grants under the Mental Health Student Services Act (MHSSA). \$25 million would support grants and \$5 million would support administration of the program. Combined with the Administration's January budget proposal, \$50 million total Proposition 63 funds would be available in 2021-22 to support additional partnership grants.

COVERED CALIFORNIA

- **Elimination of State Support for Covered California Premium Affordability Subsidies.** The May Revision reflects combined General Fund savings of \$732.7 million in 2020-21 and 2021-22 resulting from new federal premium affordability subsidies that are more generous than the existing state subsidy program.
- **Individual Mandate Penalty Revenue.** The May Revision reflects a combined reduction of General Fund revenue from the individual mandate penalty of \$345 million in 2020-21 and 2021-22. These reduced estimates are based on processing of actual tax returns.
- **Zero Dollar Premium Plans.** The May Revision includes approximately \$20 million General Fund annually to support elimination of the one dollar federally required premium payments for abortion coverage in Covered California health plans.

Overview of the Governor's 2021-22 May Revision

- **Health Care Affordability Reserve Fund.** The May Revision includes \$333.4 million General Fund to be allocated to a new Health Care Affordability Reserve Fund, which would partially backfill the loss of federal subsidies if they are not extended, or if other state health care affordability investments are explored in the future.

OTHER DEPARTMENTS AND ADJUSTMENTS

- **Repeal of Program Suspensions.** The May Revision aligns with the Senate's recent action to repeal all program suspensions for health and human services programs. The health-related programs include:
 - Proposition 56 supplemental payments for physician services, dental services, trauma and developmental screenings, provider trainings, non-emergency medical transportation, certain value-based payments, intermediate care facilities, freestanding pediatric subacute facilities, and community-based adult services.
 - Optional Medi-Cal benefits, including audiology and speech therapy, incontinence creams and washes, optician and optical lab services, and podiatry benefits.
 - Provisional postpartum care extension for individuals in pregnancy-only Medi-Cal programs diagnosed with a mental health condition.
- **Health and Human Services Special Fund Loans.** The May Revision withdraws the proposed \$40 million loan from the Hospital Building Fund and proposes repaying \$156 million in budgetary loans to the General Fund from various special funds that were included in the 2020 Budget Act.
- **Department of Health Care Access and Information.** The May Revision includes \$6.3 million in 2021-22 and \$3.9 million annually thereafter from various special funds to recast and reorganize the Office of Statewide Health Planning and Development into the Department of Health Care Access and Information (HCAI).
- **Healthcare Workforce Training Programs.** The May Revision includes \$50 million General Fund in 2021-22 to support grants to new residency programs.
- **Geriatric Workforce Programs.** The May Revision includes an additional \$5 million General Fund in 2021-22 to support geriatric health care workforce programs.

Overview of the Governor's 2021-22 May Revision

- **Language Access.** The May Revision includes \$20 million General Fund in 2021-22 to improve or deliver language access services across the spectrum of health and human services programs.
- **Health Information Exchange Leadership.** The May Revision includes \$2.5 million General Fund in 2021-22 for the California Health and Human Services Agency to lead efforts and stakeholder engagement in building out information exchange for health and social services programs.
- **Statewide Emergency Medical Services Data Solution.** The May Revision includes \$10 million General Fund in 2021-22 for the Emergency Medical Services Authority (EMSA) to establish a statewide emergency services data infrastructure that strengthens real-time information sharing and data analytics for state and local governments, emergency medical services providers, and health care providers.
- **Emergency Capacity.** The May Revision includes \$10.8 million General Fund for EMSA to store and maintain critical emergency equipment and medical supplies acquired during the pandemic and staff resources to improve the on-boarding, deployment, and training for emergency medical responders.

HUMAN SERVICES

The May Revision proposes to eliminate suspensions across various health and human services programs that were implemented in the 2019 Budget Act. Note that the Senate Budget Subcommittee No. 3 took action to eliminate these suspensions at its May 11, 2021 subcommittee hearing. In the human services space, these programs include:

- Aging and Disability Resource Connections
- Senior Nutrition programs
- Seven Percent Reduction in In-Home Supportive Service Hours
- Developmental Services Provider Rate Increases
- Delayed implementation of the Uniform Holiday Schedule within the Regional Center system
- Family Urgent Response System
- Foster Family Agency Rate Increase
- Emergency Child Care Bridge Supplement
- Child Welfare – Public Health Nurse Early Intervention Program

DEPARTMENT OF SOCIAL SERVICES (DSS)

Housing Programs. The May Revision proposes the following investments in housing programs administered by DSS.

- **Project Roomkey.** \$150 million one-time General Fund to transition Project Roomkey participants into permanent housing.
- **CalWORKs Housing Support Program.** \$475 million General Fund in both 2021-22 and in 2022-23 to expand the existing CalWORKs Housing Support program.
- **Bringing Families Home Program.** \$280 million General Fund in both 2021-22 and 2022-23 to expand the existing Bringing Families Home program. This

Overview of the Governor's 2021-22 May Revision

program provides housing-related supports to eligible families experiencing homelessness in the child welfare system.

- **Home Safe Program.** \$100 million General Fund in both 2021-22 and 2022-23 for the Home Safe program for access to health, safety, and housing supports for individuals involved in or at risk of involvement in Adult Protective Services.
- **Housing and Disability Advocacy Program.** \$175 million General Fund annually through 2023-24 to assist disabled individuals who are experiencing homelessness. Additionally, the May Revision proposes to waive the Interim Assistance Reimbursement requirement through the end of 2023-24 for this program.
- **Community Care Expansion Program.** \$500 million in both 2021-22 and 2022-23 for the construction, acquisition and/or rehabilitation of adults and senior care facilities serving those who are homeless or at risk of becoming homeless.

CalWORKs. The May Revision proposes the following investments within the CalWORKs program.

- **CalWORKs Grant Increases.** A 5.3 percent increase to CalWORKs Maximum Aid Payment levels, which is estimated to cost \$142.9 million in 2021-22. These increased grant costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccounts of the Local Revenue Fund.
- **CalWORKs Overpayments.** Beginning April 2020 through the end of the pandemic or June 30, 2022, whichever is sooner, the May Revision authorizes a county to reduce the collection of all non-fraudulent related CalWORKs overpayments that are considered administrative errors from 10 percent to 5 percent of a family's aid payments.
- **Restoration of Funding to CalWORKs Indian Health Clinics.** \$1.9 million General Fund ongoing to restore Indian Health Clinic funding to pre-2009 funding levels.
- **CalWORKs Family Reunification Payments.** \$8.7 million General Fund in 2021-22 and ongoing for counties to continue providing CalWORKs services for no more than 180 days when a child has been removed from the home and is receiving out-of-home care.

Child Welfare. The May Revision proposes the following investments within the child

Overview of the Governor's 2021-22 May Revision

welfare system.

- **Family First Prevention Services Act (FFPSA) Part 1.** \$122.4 General Fund one-time in 2021-22 to be expended over three years to assist counties with new prevention services implementation efforts allowable under the new federal FFPSA. These one-time resources will assist counties to build locally driven services and supports for children, youth and families at risk of entering foster care.
- **Foster Youth with Complex Needs.** \$39.2 million to assist counties with serving foster youth with complex needs, including youth that return from out-of-state congregate care placements.
- **Foster Care Emergency Assistance.** \$24.5 million General Fund and federal TANF block grant funds in 2021-22 to provide caregivers with up to four months of emergency assistance payments pending resource family approval and up to twelve months for cases that meet good cause criteria.
- **Child Welfare Services-California Automated Response and Engagement System.** \$39.4 million General Fund in 2021-22 to continue development of a new technology platform for Child Welfare Services.
- **Child and Adolescent Needs and Strengths Assessment Tool Workload.** \$3.4 million General Fund ongoing for increased county social worker workload associated the Child and Adolescent Needs and Strengths assessment tool.
- **Continuum of Care Reform Reconciliation.** \$7.1 million General Fund to reflect Continuum of Care Reform true-up related to county Child and Family Teams actual expenditures for fiscal year 2018-19.
- **Stipend for Tribal Social Work Student.** \$3 million General Fund in 2021-22 to provide a Master of Social Work Programs stipend for tribal members or Native Americans who, after graduation, commit to working in tribal social services programs dedicated to serving children and families.

In-Home Supportive Services (IHSS). The May Revision proposes the following investments within the IHSS program.

- **IHSS State and County Sharing Ratio.** Under current law, the state and counties share the nonfederal cost for locally negotiated increases to wages and benefits for IHSS providers—a ratio of 35 percent county and 65 percent state, up to the state participation cap, which is set at \$1.10 above the state minimum wage. Effective

Overview of the Governor's 2021-22 May Revision

January 1, 2022, when the state minimum wage reaches \$15 per hour, county-negotiated increases to IHSS wages and benefits will switch to a ratio of 65 percent county and 35 percent state. The May Revision now assumes the continuation of the 65 percent state and 35 percent county sharing ratio and the continuation of the 10 percent over three years option. The May Revision assumes increased state costs of \$57.3 million General Fund in 2021-22 and \$123.8 million ongoing General Fund to reflect this change.

- **Long-Term Care Career Pathways.** \$200 million one-time General Fund to incentivize, support, and fund career pathways for IHSS providers, allowing these workers to build on their experience to obtain a higher level job in the home care and/or health care industry.
- **IHSS Seven Percent Suspension.** Eliminates the IHSS seven percent reduction in service hours resulting in a cost of approximately \$248 million General Fund in 2022-23 and \$496 million ongoing General Fund.

Restoration of State Supplementary Payment (SSP) Grants to 2011 Levels. The May Revision proposes \$131.5 million General Fund in 2021-22 and ongoing to restore SSP, Cash Assistance Program for Immigrants, and California Veterans Cash Benefit recipients COLA for individuals back to 2011 payment levels.

Immigration Services. The May Revision proposes the following investments relating to immigration services.

- **Rapid Response Efforts.** \$105.2 million one-time General Fund for the Rapid Response Fund to provide support for migrant family arrivals at the Southern California border and additional funding for other emergency responses, including wildfires and drought.
- **Unaccompanied Undocumented Minors (UUM).** \$20 million General Fund and \$5 million Proposition 98 General Fund in 2021-22 to provide additional support for UUMs through Opportunities for Youth pilot project (\$4.7 million General Fund), the UUM legal services (\$14 million General Fund), state operations (\$1.3 million General Fund) and the California Newcomer Education and Well-Being Project (\$5 million Proposition 98 General Fund) through 2022-23.
- **DACA and Naturalization Filing Fees.** \$25 million one-time General Fund in 2021-22 to fund filing fees for DACA and naturalization.

Overview of the Governor's 2021-22 May Revision

Child Care. The May Revision includes the following investments relating to childcare programs within DSS.

- **Additional Child Care Slots.** With the addition of 100,000 subsidized child care slots, the May Revision proposes the largest expansion of this kind. Updated Proposition 64 cannabis tax revenues will provide an additional \$83 million for child care slots in 2021-22 and ongoing. These funds will provide for an additional 6,500 new child care slots.
- **Infrastructure Facilities.** \$250 million one-time federal American Rescue Plan Act of 2021 (ARPA) funds to provide infrastructure grants for the acquisition, construction, development, and renovation of child care facilities focusing on desert areas to be spent through September 30, 2024.
- **Child Care Resource and Referral Programs.** \$10 million ARPA funds to support continued Resource and Referral partnerships to strengthen their role serving as intermediaries to develop new child care facilities and capacity, and to streamline and improve data collection processes.
- **Quality Improvement.** \$20 million for a multi-year effort to strengthen existing quality improvement supports and systems. DSS will engage with stakeholders to inform policy-setting and program design with a focus on addressing inequities. Quality projects funded by the federal Child Care and Development Fund (CCDF) will transfer to DSS as part of the child care and development transition without any immediate changes.
- **State Operations.** The May Revision shifts \$31.7 million (\$0.9 million General Fund) and 185.7 positions from the California Department of Education (CDE) to the DSS to administer child care, and nutrition programs. Additionally, to continue to support this transition, additional state operations resources of \$10.9 million (\$10.4 million General Fund) and 79 positions to provide adequate infrastructure to support the system, program enhancements, and a whole-child/whole-family approach to child care integration and data development are proposed.
- **Local Assistance.** \$3 billion (\$1.5 billion General Fund) and shifts the following programs to DSS, including: General Child Care, Alternate Payment Programs, CalWORKs Stage 2 & Stage 3, Resource & Referral Programs, Migrant Child Care Program, Severely Disabled Program, California Child Care Initiative, Quality Improvement Activities, Local Planning Councils, and Child and Adult Care Food Program.

Overview of the Governor's 2021-22 May Revision

- **Direct Deposit.** \$6 million to modernize payment options to child care and development contractors through the option of direct deposit.
- **Child Care Data Landscape.** \$4.8 million General Fund to support planning and initial implementation for the design of a child care data system to meet the needs of families and the workforce. This proposed data system aligns with the Master Plan for Early Learning and Care and would strengthen the administrative processes used for data collection. DSS will build on prior efforts and engage stakeholders in the design.

The K-12 Education section of this summary includes information about additional investments in early learning programs and supports.

Pandemic Relief Package to Support Early Learning and Care Workforce. The May Revision proposes \$579 million in one-time Coronavirus Response and Relief Supplemental Appropriations (CRRSA) funds. The pandemic relief package includes:

- A tiered licensed provider one-time stipend based on licensing capacity of between \$3,500 to \$6,500.
- A third round of per-child stipends for subsidized child care and preschool providers.
- Family fee waivers for eligible families beginning July 1, 2021 through June 30, 2022.
- \$25 million one-time CRRSA funds available through September 30, 2023, for the expansion of the California Child Care Initiative Project to target areas such as child care deserts and building capacity of new licensed family child care homes.
- \$10.6 million one-time CRRSA funds available through September 30, 2023 for early childhood mental health consultation. This investment will expand the California Inclusion and Behavior Consultation project which offers support to child care programs and providers on such topics as children's social emotional development, trauma-informed practices and health and safety for the wellbeing of children and families impacted by the pandemic and beyond.
- Sixteen non-operational days for providers accepting vouchers that have to close due to COVID-related reasons beginning July 1, 2021, through June 30, 2022.

Overview of the Governor's 2021-22 May Revision

- Continued hold harmless funding for child care providers that contract directly with the state and provider reimbursement at a child's maximum certified level of need for all providers accepting vouchers through June 30, 2022.

Other adjustments include:

- **Universal Basic Income Pilot.** The May Revision includes \$35 million General Fund over five years for Universal Basic Income pilot programs. These pilot programs would be city or county administered, require a local-match commitment, and shall target low-income Californians.

DEPARTMENT OF DEVELOPMENTAL SERVICES

Lanterman Act Provisional Eligibility. The May Revision proposes \$23.8 million ongoing General Fund to provide children aging out of the Early Start program provisional Lanterman service eligibility up to age five.

Regional Center Mobile Crisis Teams. The May Revision proposes \$8 million General Fund in 2021-22, increasing to \$11 million General Fund ongoing in 2022-23, for Systemic, Therapeutic, Assessment, Resources and Treatment (START) teams. The teams provide 24-hour crisis prevention and response services to individuals with intellectual or developmental disabilities.

Intensive Caseload Ratios in Underserved Communities. The May Revision proposes \$10 million General Fund in 2021-22 to establish an intensive caseload ratio (1:40) to improve service delivery to consumers in underserved communities.

Performance Incentives Program. The May Revision proposes \$4 million General Fund in 2021-22 for one-time planning resources to create an outcome-focused regional center operations funding program. Beginning in 2022-23, ongoing costs increase to \$61 million General Fund.

Direct Service Professional Workforce Training and Development. The May Revision proposes \$2.9 million General Fund in 2021-22 to establish a training and certification program for direct service professionals tied to wage differentials. The program aims to reduce staff wage inequity, stabilize service access, and professionalize and diversify the workforce. Beginning in 2023-24, ongoing costs increase to \$51 million General Fund.

Overview of the Governor's 2021-22 May Revision

Bilingual Staff Differentials. The May Revision proposes \$2.2 million General Fund in 2021-22 to create a differential for bilingual service provider staff. Beginning in 2023-24, ongoing costs increase to \$6.5 million General Fund.

Self-Determination Supports. The May Revision proposes \$6.8 million General Fund to improve consumer onboarding into the Self-Determination Program, to include: participant choice specialists, intensive transition support services, and regional center training. Beginning in 2024-25, ongoing costs decrease to \$2.2 million General Fund.

DEPARTMENT OF AGING (CDA)

Increased Funding Across Senior Serving Programs. The May Revision includes \$106 million General Fund available over three years, to strengthen older adults' recovery and resilience from isolation and health impacts caused by the pandemic. This investment will increase service levels of existing programs based on local need including: Senior Nutrition, Senior Legal Aid, Home Modifications and Fall Prevention, Behavioral Health Friendship Line, Senior Digital Assistance, Family Caregiver Support, Senior Employment Opportunities, Elder Abuse Prevention, and Aging & Disability Resource Connection. Note that some of these programs fall under the administration of departments other than CDA.

CalFresh Expansion Outreach. The May Revision includes \$2 million (\$1.1 million General Fund) ongoing for the Department of Aging to continue CalFresh expansion outreach efforts to older adults.

OTHER HEALTH AND HUMAN SERVICES ADJUSTMENTS:

- **Office of Youth and Community Restoration.** The May Revision proposes \$7.6 million General Fund in 2021-22 and \$7.2 million ongoing General Fund for 33 positions to stand up the Office of Youth and Community Restoration and perform the core functions laid out in SB 823 (Chapter 337, Statutes of 2020), including: (1) review of county's juvenile justice plans, (2) reporting on youth outcomes and identifying best practices, (3) providing technical assistance to counties, and (4) performing the ombudsperson duties.

GENERAL GOVERNMENT AND LOCAL GOVERNMENT

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

- **Tourism Funding.** The May Revision includes \$95 million one-time federal ARPA funds for the California Office of Tourism, within GO-Biz, which works closely with Visit California. These funds would be used for marketing campaigns to jumpstart California's tourism industry, one of the largest economic drivers in the state that was particularly impacted by the pandemic.
- **Expansion of Small Business Grants.** The May Revision includes \$1.5 billion one-time federal ARPA funds for the California Small Business COVID-19 Relief Grant Program, which is administered by the California Office of the Small Business Advocate (CalOSBA) within the Governor's Office of Business and Economic Development (GO-Biz). This would bring the total investment in this program to \$4 billion, including the \$500 million initial investment in November 2020 and the additional \$2 billion expansion approved by the Legislature in February 2021.
- **CalCompetes Tax Credit Expansion and Grant Program.** CalCompetes is administered by GO-Biz, which currently allocates \$180 million per year in tax credits to incentivize businesses to locate or stay and grow in California. The May Revision maintains the January budget proposal to expand the CalCompetes program by \$430 million, with all of the funding shifted to FY 21-22, including:
 - \$180 million one-time increase in tax credits available for allocation
 - \$250 million one-time federal ARPA funds to establish a grant component of CalCompetes for businesses that meet one or more of the following criteria: establish at least 500 net new jobs; make a significant infrastructure investment; commit to a high-need, high-opportunity area of the state; or receive a designation from the Director of GO-Biz that the application is a strategic priority of the state.
- **Climate Catalyst Fund.** The May Revision includes a total of \$131 million one-time General Fund for the Climate Catalyst Fund, which was established in the 2020 Budget Act to provide loans for climate-related projects. This includes:

Overview of the Governor's 2021-22 May Revision

- \$50 million for agriculture-specific activities (i.e., methane reduction projects; equipment replacement; water efficiency; healthy soils; and energy efficiency for food processing)
- \$31 million for wildfire and forest resilience (in addition to the \$16 million included in the early action wildfire package)
- \$50 million for recycling and reuse businesses
- **California Dream Fund.** The May Revision maintains the \$35 million one-time General Fund proposal to support micro-grants up to \$10,000 to seed entrepreneurship and small business creation in underserved groups that are facing opportunity gaps. The funding is shifted from 2020-21 to 2021-22.
- **IBank Small Business Financing.** The May Revision maintains \$50 million one-time General Fund to use across the California Infrastructure and Economic Development Bank (IBank) programs, with a focus on programs that benefit underserved businesses in California. This includes the Small Business Finance Center and the California Rebuilding Fund.
- **Small Business Loan Guarantee Program.** The May Revision includes \$20 million one-time General Fund for the Small Business Loan Guarantee Program at IBank. This is a reduction from the \$50 million allocation proposed in the January Governor's Budget, due to the likelihood of using federal State Small Business Credit Initiative funds for this purpose.

FRANCHISE TAX BOARD (FTB)

- **Golden State Stimulus II.** The proposed budget includes \$8.1 billion for an additional Golden State Stimulus (GSS) payment, including:
 - \$600 payments for filers earning up to \$75,000 who did not already receive a GSS payment (approximately 9.4 million filers)
 - An additional \$500 to filers with a dependent making up to \$75,000 (approximately 4.3 million filers)
 - An additional \$500 to Individual Taxpayer Identification Number (ITIN) filers that earn up to \$75,000 and have a dependent (approximately 520,000 filers)

Overview of the Governor's 2021-22 May Revision

This would bring the total investment in the GSS to \$11.9 billion. The first GSS payment, which was approved by the Legislature in February 2021, included \$600 payments to filers making up to \$30,000, with additional \$600 payments to ITIN filers making up to \$75,000, families enrolled in CalWORKs, and individuals enrolled in Supplemental Security Income or Cash Assistance Program for Immigrants.

- **Main Street Small Business Tax Credit.** The Governor's budget proposes \$147 million to expand a hiring tax credit for qualified small business employers. This is in addition to a similar hiring credit enacted in statute (Chapter 41, Statutes of 2020, SB 1447) with a \$100 million cap. It is intended to encourage hiring new employees and rehiring former employees.
- **Mitigating the SALT Deduction Limitation for Pass-through Entity Owners.** The May revision retains a January budget proposal to create an elective tax for pass-through entities to help mitigate the impacts on California business owners of the limitation on state and local tax deductions by the 2017 federal Tax Cut and Jobs Act.
- **Film and TV Tax Credit Expansion.** The May Revision includes \$30 million for a one-time expansion of the Film and TV Tax Credit in 2021-22 for productions that relocate to California from other areas.
- **California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) Sales Tax Exclusion.** The May Revision maintains an additional one-time investment of \$100 million in 2021-22 for the CAEATFA sales tax exclusion program, which is available to manufacturers that promote alternative energy and advanced transportation. This brings the total allocation to \$200 million.

HOUSING AND HOMELESSNESS

HOMELESSNESS

- **Homekey Family Housing.** \$2.75 billion one-time funds over two years for the additional acquisition and rehabilitation of facilities through the Homekey program. Of this amount, \$1 billion is targeted for families experiencing homelessness or at risk for being homeless.

Overview of the Governor's 2021-22 May Revision

- **Challenge Grants & Technical Assistance.** \$40 million one-time General Fund available over five years, for the Homeless Coordinating Financing Council to provide grants and technical assistance to local jurisdictions to develop action plans that will address family homelessness and move the state closer to attaining functional zero family homelessness.
- **DSS Homelessness Supports.** The May Revision includes \$475 million General Fund in both 2021-22 and 2022-23 to expand the existing CalWORKs Housing Support program.
- **Behavioral Health Continuum Infrastructure.** The Governor's Budget proposed \$750 million one-time General Fund for competitive grants to qualified entities to construct, acquire, and rehabilitate real estate assets to expand the community continuum of behavioral health treatment resources. The May Revision increases the Governor's Budget proposal by \$10 million Coronavirus Fiscal Recovery Fund (CFRF) and shifts \$300 million General Fund to the CFRF. In addition, the May Revision includes \$1.4 billion (\$1.2 billion General Fund and \$220 million CFRF) for the program in 2022-23.
- The May Revision includes \$150 million one-time General Fund to support the stability of the state's FEMA-funded non-congregate shelter population and transition of individuals from Project Roomkey into permanent housing following the September 2021 sunset of the federal reimbursement availability from the pandemic.
- The May Revision includes \$53 million in one-time General Fund resources to coordinate encampment outreach services to connect individuals living along California's streets and freeways with critical services, supports, and housing solutions. This includes:
 - **Encampment Resolution Grants.** \$50 million one-time General Fund for the Homeless Coordinating and Financing Council (HCFC) to partner with local governments and assist them with resolving critical encampments and transitioning individuals into permanent housing.
 - **Caltrans Encampment Coordinators.** \$2.7 million one-time General Fund for Caltrans Encampment Coordinators to mitigate safety risks at encampments on state property and to coordinate with the HCFC and local partners to connect these individuals to services and housing. These

Overview of the Governor's 2021-22 May Revision

resources will also help Caltrans coordinate with the cleaning of trash and debris from encampment sites and inspection of encampment sites for potential damage to Caltrans infrastructure.

- Additional Funding at the Department of Social Services and Department of Healthcare Services is covered elsewhere in this document.

HOMELESSNESS COORDINATING AND FINANCING COUNCIL (HCFC)

- The May Revision includes \$5.6 million one-time General Fund for HCFC to conduct an assessment of local homelessness service providers and state funded homelessness programs. The assessment will provide a detailed view of the range of services and strategies that are utilized at the local level and help determine if state investments are aligned with local homelessness response systems.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)

- The May Revision proposes \$1.75 billion one-time federal ARPA funds to help support HCD affordable housing projects. This will help more than 6,300 units of shovel-ready affordable housing move forward quickly rather than accumulating costs while waiting for a potential future tax credit.
- The May Revision includes an additional \$81 million one-time federal ARPA funds to expand California Housing Finance Agency's (CalHFA) Accessory Dwelling Units (ADU) program to inject a total of \$100 million in available financing for ADUs.
- The May Revision includes \$45 million in one-time federal ARPA funds to scale up excess land development by providing funding for vital infrastructure for viable housing projects.
- The May Revision includes \$100 million one-time federal ARPA funds to CalHFA to expand its First Time Homebuyer Assistance Program, which helps first-time homebuyers with making a down payment, securing a loan, and paying closing costs on a home. The May Revision proposes to expand the program to lower-income households and expand CalHFA's lender network to help address the wealth gap, particularly in disadvantaged areas throughout the state.
- The May Revision proposes \$500 million one-time federal ARPA funds for HCD to provide additional planning and implementation grants to regional entities for infill developments, targeted towards the state's climate goals and reducing vehicle miles traveled.

Overview of the Governor's 2021-22 May Revision

- The May Revision proposes a preservation effort with \$300 million one-time federal ARPA funds to sustain HCD legacy projects affordability requirements.
- The May Revision includes \$20 million one-time General Fund for critical deferred maintenance needs and improved habitability at the Office of Migrant Services (OMS) centers. The state's OMS Centers provide affordable, seasonal rental housing near work locations for migrant farmworkers, a group disproportionately impacted by the pandemic. This proposal adds to the \$10 million included in the Governor's Budget for a total of \$30 million General Fund for OMS center deferred maintenance.

LOCAL GOVERNMENT

- **Anticipated Federal Funds.** The Administration anticipates California receiving the following federal funds:
 - State: \$27 billion.
 - Counties: \$7.7 billion for 58 counties.
 - Metropolitan Cities: \$7 billion for 191 cities with populations over 50,000.
 - Smaller cities: \$1.2 billion for 29 cities with populations below 50,000. These funds will pass-through the state.
 - Tribes: \$190 million based on minimum amount of about \$1.7 million for each of California's 109 tribes.

CALIFORNIA ARTS COUNCIL

- **California Creative Corps.** The May Revision includes a total investment of \$60 million one-time General Fund in 2021-22, available over three years.
- **Creative Youth Development Grant Programs.** The May Revision includes \$40 million one-time General Fund in 2021-22, available over three years, to support the Arts Council's existing Creative Youth Development programs.

CALIFORNIA DEPARTMENT OF VETERAN AFFAIRS

- **Support for Formerly Homeless Veterans.** The May Revision includes \$25 million one-time General Fund for CalVet to administer a competitive grant program to support aging veterans and veterans with disabilities who have experienced chronic homelessness. This program will provide a higher level of on-site supportive services.

CANNABIS

The Governor's Budget proposed the consolidation of the functions and positions of the Bureau of Cannabis Control, the Department of Food and Agriculture, and the Department of Food and Agriculture into a new, stand-alone Department of Cannabis Control. The May Revision includes:

- The creation of a Deputy Director of Equity and Inclusion to help implement progressive cannabis policies and license and regulate commercial cannabis activity.
- \$100 million one-time General Fund to establish a local jurisdiction assistance grant program for cannabis intended to:
 - Aid local governments in processing substantial workloads associated with transitioning businesses to a regulated market.
 - Incentivize local governments to modify their permitting methods to better align with the state's effort to remove barriers to licensure.
 - Provide more financial assistance to licensed cultivators and localities that license them.
 - Provide enhanced support to eligible jurisdictions that are implementing social equity programs.
- \$9 million one-time General Fund for the new Sustainable California Grown Cannabis pilot program.
- Additional statutory changes:

Overview of the Governor's 2021-22 May Revision

- Extends the Department's ability to issue new provisional cannabis licenses by six months to July 1, 2022
- Make explicit environmental compliance requirements before annual licensure
- Require the Department to promulgate regulations identifying steps that must be taken for provisional licensees to show progress toward achieving annual licensure
- Updated Cannabis Tax Fund (total \$629.1 million, an increase of \$185.9 million from Governor's Budget estimate) allocations:
 - Education, prevention, and treatment of youth substance use disorders and school retention - \$377.5 million
 - Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation - \$125.8 million
 - Public safety related activities - \$125.8 million

DEPARTMENT OF TECHNOLOGY

- **State Information Technology System Upgrades Fund.** The May Revision proposes \$50 million for the Department of Technology to provide funding for state departments to deploy state information technology system upgrades.

CALIFORNIA MILITARY DEPARTMENT

- **Emergency Response.** The May Revision proposes \$2.8 million ongoing General Fund for emergency response.

OTHER STATE OPERATIONS

- **Operational Efficiencies.** The May Revision includes reductions of discretionary programs, lease space, travel, and contracts, and other operating costs due to increased telework. The May Revision includes a reduction of \$278.8 million ongoing (\$50.4 million ongoing General Fund) to capture a five percent permanent reduction in most state operation expenditures.

Overview of the Governor's 2021-22 May Revision

- **Deferred Maintenance.** The May Revision includes additional one-time resources of approximately \$1.4 billion (\$648 million General Fund, \$550 million federal American Rescue Plan Act Capital Project Fund, and \$162 million federal ARPA Coronavirus State Fiscal Recovery Fund) for a total of approximately \$2 billion for statewide deferred maintenance in 2021-22.
- **Telematics In Travel and Fleet.** The May Revision includes \$3.7 million (\$2.7 million General Fund in 2021-22 and \$2.7 million (\$2.1 million) General Fund in 2022-23 and 2023-24 and four positions for four departments to install and use Telematics devices (a small GPS device that tracks distance, time, location, speed, etc.) in state vehicles. This will better assist the state in managing its fleet vehicles.

COVID-19 PANDEMIC RESPONSE EXPENDITURES

- **COVID-19 Expenditures.** The May Revision proposes a reduction of \$2.7 billion in COVID-19 expenditures, which is attributable to most direct response activities tapering off at a faster pace than was assumed in the March 2021 Fiscal Update.
- **Accountability.** The May Revision proposes a new unit within the Department of Finance to track the award and expenditure of these funds, monitor and oversee the use of the funds, and establish a framework for data collection, reporting and analysis of the Coronavirus State Fiscal Recovery Funds based on predefined outcome measures. The unit will also identify opportunities to standardize and streamline accounting and reporting policies and processes to improve the tracking, oversight, and recovery of federal funding, including the state's ability to recover disaster relief funds from FEMA.

CORRECTIONS, PUBLIC SAFETY, AND THE JUDICIARY

CALIFORNIA DEPARTMENT OF CORRECTIONS & REHABILITATION (CDCR)

The May Revision proposes total funding of \$13.6 billion (\$13.3 billion General Fund and \$347 million other funds) for CDCR in 2021-22.

Adult Institution Population. The Governor's Budget projected an overall incarcerated adult average daily population of 95,324 in 2021-22. Spring projections now estimate an incarcerated adult average daily population of 106,259, an increase of 10,935. This is primarily because CDCR has resumed intake of individuals sentenced to prison but who remain in county jails awaiting transfer to state prison.

Parolee Population. The Governor's Budget projected an overall parolee average daily population of 45,924 in 2021-22. The average daily parolee population is now projected to be 48,269, an increase of 2,345, or approximately five percent.

Division of Juvenile Justice Population. The May Revision reflects an estimated average daily population of 732 wards in 2020-21 and 613 wards in 2021-22, which represents a decrease of 68 and 116 wards in 2020-21 and 2021-22, respectively, as compared to the Governor's Budget estimates. Taken with the Governor's Budget estimates, this will result in estimated savings of \$10.1 million General Fund in 2021-22.

CDCR proposals within May Revision

The May Revision includes the following proposals and adjustments for CDCR:

COVID-19 Response. The January Governor's budget included \$281.3 million General Fund to continue the CDCR and the California Correctional Health Care Services' (CCHCS) efforts to treat COVID-19, and minimize exposure to inmates and staff. The May Revision includes \$407.9 million one-time General Fund in 2021-22 to continue COVID-19 activities and fund related contracts and purchases.

Continuation of Intake from County Jails and Associated Funding. The suspension of intake has resulted in greater numbers of incarcerated persons being held in county jails. In circumstances where CDCR cannot accept the intake of an individual from a county jail, the state is required to reimburse counties for holding those individuals. As of March 15, 2021, the state has provided approximately \$121.1 million General Fund to county sheriffs for this purpose. This reflects payments for individuals held in county

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jails from March 2020 through December 2020, and reimbursements will continue until such time that all incarcerated individuals are transferred to state prison. Current projections suggest a total of \$98.3 million in additional reimbursements will be issued by June 30, 2021, and \$97.5 million will be issued in 2021-22 as the backlog is gradually reduced and then eliminated.

Prison Closure Update from January. Due to the steady declines in prison population pre-COVID-19, the Administration reduced its reliance on contract prison capacity. CDCR terminated six of seven in-state contracts by October 2020 and will close its final in-state contract facility by May 2021. The Administration anticipates the closure of the Deuel Vocational Institution by September 2021. The closure is estimated to achieve savings of \$113.5 million General Fund in 2021-22 and \$150.6 million General Fund beginning in 2022-23. Earlier this year the CDCR announced plans to close the California Correctional Center in Susanville, by June 30, 2022. The closure of this facility is estimated to save the state \$122 million General Fund in 2022-23 and ongoing.

The Norway Model. Norway is globally recognized for its model corrections system, demonstrated through its low rate of recidivism and successful post-release outcomes. The May Revision includes \$13.7 million General Fund in 2021-22, and \$3 million ongoing, to expand programming and undertake facility improvements at Valley State Prison (VSP), guided by the Norway model. The 2020 Budget Act previously included \$1.3 million General Fund in 2020-21, and \$2 million ongoing, to establish a Youth Offender Rehabilitative Community at Valley State Prison, also guided by this model.

With this funding, the Administration states that it will install two new modular buildings to accommodate additional educational and rehabilitative activities for incarcerated individuals, create two new baccalaureate degree programs—one general education program and one focused on Science, Technology, Engineering, and Mathematics, add new vocational and career technical training opportunities, including multimedia (video, music, and podcasts) production and construction licensing and certification programs, and provide additional laptops, complementary to the Governor's Budget proposal, for the incarcerated population's use to support digital literacy development and access to educational offerings.

As well, the May Revision includes \$34.8 million one-time General Fund to replace existing metal dayroom furniture with more comfortable furniture for positive programming and non-designated program facilities and female institutions.

Increased Visitation Opportunities. The 2020-21 Governor's Budget proposed to expand visitation before the outbreak of COVID-19 led to the proposal's withdrawal. In April 2021, CDCR resumed in-person visiting, which will continue in conjunction with video visiting that was introduced in December 2020. To support increased in-person

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visiting, the May Revision includes \$20.3 million ongoing General Fund to add a third day of in-person visitation on Fridays at all institutions (visiting is currently limited to Saturdays and Sundays). In addition, this funding will provide visitors with free transportation on select days throughout the year to all prisons via chartered busses.

Statewide Implementation of Fixed Video Surveillance Systems. The May Revision includes a total of \$212.3 million General Fund over three years, and \$11 million ongoing, to install modern fixed security cameras at 24 additional institutions. This proposal, along with existing efforts underway, will effectuate a roll-out of new audio visual surveillance systems at all institutions statewide.

Staff Misconduct and Discrimination Complaint Processes. The May Revision includes \$3.7 million General Fund in 2020-21, \$89.3 million in 2021-22, and \$36.8 million ongoing overall for the CDCR's staff misconduct and discrimination complaint processes. These proposals are detailed below:

- The U.S. District Court of California ordered CDCR to develop a plan within 21 days after finding that systemic abuses against incarcerated people with disabilities existed and had been documented in more than one hundred declarations. The findings also showed that the CDCR was aware that these abuses violated the Americans with Disabilities Act and court orders previously issued in *Armstrong v. Newsom*. The January budget includes \$13.5 million General Fund in 2020-21, \$10.1 million General Fund in 2021-22, and \$6.9 million General Fund in 2022-23 to implement court-ordered reforms at the Richard J. Donovan Correctional Facility. Notably, these reforms include the installation of security cameras throughout the prison within 90 days, use of body-worn cameras within 60 days, and modifications of the staff complaint and disciplinary processes and increases to supervisory staffing and training. This funding is also for the installation of security cameras on two yards at the California State Prison, Los Angeles County.
- In March 2021, the US District Court for the Northern District of California ordered CDCR to develop a plan to implement remedial measures at five institutions—including Kern Valley State Prison; California Institution for Women; California State Prison, Corcoran; Substance Abuse Treatment Facility and State Prison, Corcoran; and California State Prison, Los Angeles. The May Revision includes \$3.7 million General Fund in 2020-21, \$80.5 million in 2021-22, and \$28 million ongoing, to enable CDCR to achieve compliance with the recent court order.
- The 2019 Budget Act included \$9.8 million ongoing General Fund and 47 positions to establish the Allegation Inquiry Management Section (AIMS) Program within the Office of Internal Affairs to conduct inquiries into certain specified allegations

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of staff misconduct that previously would have been reviewed at the institution level. The May Revision includes \$8 million ongoing General Fund and 40 positions to expand the AIMS process to cover all use of force allegations against staff as well as allegations of staff misconduct that fall under the federal Prison Rape Elimination Act.

Centralize Discrimination Complaints. The May Revision proposes \$815,000 General Fund in 2021-22 and \$804,000 ongoing and six positions to expand CDCR's Civil Rights Operations/Equal Employment Opportunity program, which centrally handles discrimination complaints. The 2020 January Governor's budget included \$1.8 million General Fund and 12 positions in 2020-21 and ongoing to create a centralized discrimination complaint process and restructure its Civil Rights Operations/Equal Employment Opportunity program. Due to the pandemic, the 2020 Budget Act reduced the proposal from \$1.8 million ongoing to \$943,000 to promote objectivity and fairness in the investigation of equal opportunity complaints.

Mental Healthcare. The May Revision includes \$37.7 million General Fund in 2021-22, and \$35.9 million ongoing, and 264.1 positions to standardize staffing models across the five CDCR-operated Psychiatric Inpatient Programs (PIPs) and support targeted staffing increases to perform operationally critical functions. This includes resources to add clinicians, nurses, custody staff, and administrative staff to provide the comprehensive suite of services necessary to best serve PIP patients.

Additionally, the May Revision includes \$3.7 million ongoing General Fund to add supervisory capacity within the Statewide Telepsychiatry Program.

Board of Parole Hearings. The May Revision includes \$3.1 million in 2021-22 and ongoing General Fund to increase the number of Board of Parole Hearings commissioners from 17 to 21 to address a backlog in hearings. The proposal also includes statutory changes to permit the Board of Parole Hearings to conduct video conference hearings currently authorized through an Emergency Executive Order, which allows for more hearings by reducing travel time for commissioners, as well as associated costs.

The May Revision also includes \$1.3 million ongoing General Fund to deliver services for victims during the parole hearing process. The staff and resources will also enable CDCR to expand existing initiatives such as the Victim Offender Dialogue program.

Deferred Maintenance. The January Governor's budget included \$50 million General Fund one-time to address the CDCR's highest priority deferred maintenance projects. The May Revision includes an additional investment of \$50 million one-time General Fund in 2021-22 to address CDCR's significant backlog of deferred maintenance projects.

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Taken with the Governor's Budget proposal, this will provide \$100 million in total funding for CDCR deferred maintenance projects.

Pine Grove Youth Conservation Camp State and Local Partnerships. The May Revision proposes statutory changes to create opportunities for state and local partnerships to maintain firefighting operations at the Pine Grove Youth Conservation Camp in Amador County. This will enable juvenile courts to assign local youth to Pine Grove without committing them to DJJ and authorize counties to contract with the state to place youth offenders at Pine Grove. This action is consistent with the intent expressed in SB 823 to continue operations at Pine Grove given the camp provides critical reentry and job training to justice-involved youth.

JUVENILE JUSTICE REALIGNMENT

Office of Youth and Community Restoration. The January Governor's budget included 19.0 permanent positions and \$3.4 in 2021-22 and \$3.1 in ongoing General Fund to establish and operate the Office of Youth and Community Restoration (OYCR) that was created by the DJJ Realignment bill, SB 823 (Committee on Budget), Chapter 337, Statutes of 2020. The May Revision now includes \$7.6 million General Fund in 2021-22 and \$7.2 million ongoing General Fund for 33 positions.

CALIFORNIA DEPARTMENT OF JUSTICE (DOJ)

The May Revision includes total funding of approximately \$1.1 billion, including \$365.9 million General Fund, to support the DOJ.

DOJ proposals within May Revision

The May Revision includes the following proposals and adjustments for the DOJ:

Police Use of Force Investigations. The budget includes \$13 million in 2021-22 and \$13.5 in 2022-23 and ongoing to implement the provisions of AB 1506 (McCarty), Chapter 326, Statutes of 2020. AB 1506 requires a state prosecutor to investigate incidents of an officer-involved shooting resulting in the death of an unarmed civilian and makes the Attorney General the state prosecutor unless otherwise specified or named. The proposed funding would be used to establish three teams—one in each of northern, central, and southern regions of California to conduct investigations across the state. The May Revision includes an additional \$2.3 million General Fund in 2021-22 and \$2.1 million ongoing beginning in 2022-23 to provide supportive services to survivors of those killed in officer-involved shootings investigated by DOJ pursuant to AB 1506, and add one additional investigative team in the southern region, bringing the total to four.

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As well, the Administration proposes statutory changes that will allow the Director of Finance to augment the overall appropriation in 2021-22 if workload exceeds the level of resources provided to conduct investigations of officer-involved shootings.

AB 2699 (Santiago), Chapter 289, Statutes of 2020. The May Revision includes \$982,000 General Fund in 2021-22, \$912,000 in 2022-23, \$2.9 million in 2023-24, \$3 million in 2024-25, and \$1.9 million in 2025-26 to gather information about unsafe firearms transactions involving peace officers, develop information technology infrastructure to maintain a database of such transactions, and conduct investigations to verify that transactions are being appropriately recorded.

LOCAL PUBLIC SAFETY

BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)

BSCC proposals within May Revision

The May Revision includes the following proposals and adjustments for BSCC:

California Violence Intervention and Prevention (CalVIP) Grant Program. The Governor's Budget included baseline funding of \$9 million ongoing General Fund for the CalVIP program, which provides competitive grants to cities and community-based organizations to support services such as community education, diversion programs, outreach to at-risk transitional age youth, and violence reduction models. The May Revision includes an additional \$200 million one-time General Fund across the next three fiscal years for the Board of State and Community Corrections to expand this program.

Proposition 47, the Reduced Penalties for Some Crimes Initiative (2014). The Department of Finance currently estimates net General Fund savings of \$116.2 million, an increase of \$1.4 million over the estimated savings at the Governor's Budget. These funds will be allocated according to the formula outlined in the initiative, which requires 65 percent be allocated for grants to public agencies to support various recidivism reduction programs (such as mental health and substance use services), 25 percent for grants to support truancy and dropout prevention programs, and 10 percent for grants for victims' services.

Post Release Community Supervision. The May Revision includes \$23.6 million one-time General Fund for county probation departments to supervise the temporary increase in the average daily population of offenders on Post Release Community Supervision (PRCS) as a result of the implementation of Proposition 57. This is an increase of \$4.1 million from the amount estimated in the Governor's Budget.

THE JUDICIAL BRANCH

The May Revision includes total funding of \$4.6 billion (\$2.7 billion General Fund and \$1.9 billion other funds) in 2021-22 for the Judicial Branch, of which \$1.2 billion General Fund is provided to support trial court operations.

Judicial Branch proposals within May Revision

The May Revision includes the following proposals and adjustments for the Judicial Branch:

Trial Court Operations. The May Revision provides two additional proposals to further address the case backlog. First, it includes \$30 million one-time General Fund to support the Early Disposition Readiness Conference Program. This proposal builds on a program, initiated by the Chief Justice, in response to the significant COVID-19 related processing delays in criminal cases, by making temporary assigned judges available to complete readiness conferences to resolve low-level misdemeanors or felony cases before going to trial. Second, it proposes language in the budget that would allow the Judicial Council to request additional funding, up to \$60 million, in the event that the augmentations included in the budget earlier this year are insufficient to address the courts' case backlogs. This funding, which would be subject to approval by the Department of Finance upon review of data demonstrating a persistent case backlog, could be used to procure resources such as additional staff or space to process cases.

Earlier this year, the Governor and the Legislature agreed to restore \$176.9 million for the trial courts and \$23.1 million for the state-level judiciary. In addition, the Governor's January Budget included \$72.2 million General Fund in 2021-22 and ongoing for trial courts to address inflationary cost increases and \$53.5 million General Fund in 2021-22 and ongoing for maintenance, utility, and lease costs for trial court and Courts of Appeal facilities.

Fine and Fees Revenue. The May Revision includes \$300 million one-time federal American Rescue Plan Act of 2021 (ARPA) funds to support a debt forgiveness program to eliminate debt owed on existing fines and fees for traffic and non-traffic infraction tickets issued between January 1, 2015 and June 30, 2021. Under this program an individual could apply to have 100 percent of their debt forgiven upon submission of an application verifying their low-income status.

Statewide Initiative to Reduce Pretrial Detention. The 2019 Budget Act included budget bill language outlining a pre-trial decision-making pilot and a \$75 million

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allocation to the Judicial Council to fund the implementation, operation, or evaluation of programs or efforts in at least ten courts related to pretrial decision-making. The May Revision includes \$140 million General Fund in 2021-22 and \$70 million ongoing to expand a pretrial pilot program funded with one-time resources in the 2019 Budget Act.

The Judicial Council states that they will distribute the funds and provide judicial education and technical assistance to the courts on practices and programs related to pretrial decision-making. The Judicial Council plans to evaluate the pretrial programs and practices and provide regular reports to the Legislature.

One-time Deferred Maintenance Adjustment. The January Governor's budget included \$30.1 million General Fund one-time to support deferred maintenance projects for trial court and Courts of Appeal facilities. The May Revision includes an additional \$158 million one-time General Fund in 2021-22 to support deferred maintenance projects in trial courts and Courts of Appeal. Overall, the total one-time funding for deferred maintenance to \$188 million in 2021-22.

Legal Aid for Renters in Landlord-Tenant Disputes and Homeowners to Avoid Foreclosure. The May Revision includes \$20 million federal ARPA funds annually for three years (\$60 million total) to provide legal aid services for renters and homeowners to avoid eviction and foreclosure. Specifically, these additional funds will provide free legal services for landlord-tenant issues, including legal assistance for counseling, renter education programs, and preventing evictions and foreclosures as discussed in the Housing and Homelessness Chapter.

Shasta County Superior Court Security. The budget includes \$330,000 General Fund in 2021-22 and \$660,000 ongoing thereafter to support trial court security costs for a new courthouse scheduled to open in January 2022. Court security is provided by the Shasta County Marshal's Office.

GOVERNOR'S OFFICE OF EMERGENCY SERVICES (CalOES)

- **Emergency Response.** The May Revision proposes \$98.4 million (\$76.2 million General Fund) and 224 positions at Cal OES for the state's emergency capacity and capabilities.
 - **Reducing reliance on redirected and temporary staff for emergency response and recovery.** \$16.5 million General Fund and 73 positions ongoing to establish a permanent and dedicated Incident Support Team, a deployable Incident Management Assistance Team, and needed support to

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operate California's State Operations Center or Regional Emergency Operations centers to respond to the all-hazard events.

- **Long-term recovery support.** \$37.8 million (\$15.7 million General Fund) ongoing to provide permanent funding for 104 permanent recovery positions provided in 2018 with three year limited term funding, and 110 new positions to support California's recovery efforts and recoupment of eligible federal disaster cost reimbursements for state and local governments.
- **Office of Equity.** \$29.9 million General Fund ongoing and 13 positions to establish a new Office of Equity and make permanent a Listos grant program to further strengthen connections and build resiliency with all communities. The Listos program includes \$25 million ongoing General Fund and expand its focus from emergency preparedness to also include emergency response and recovery.
- **California Disaster Assistance Act (CDAA).** The May Revision includes \$100 million one-time General Fund to increase the amount of funding available through CDAA. The augmentation increases total CDAA funding available in 2021-22 to \$162.6 million.
- **Southern Regional Emergency Operations Center.** The May Revision includes \$26.5 million one-time General Fund to acquire land to establish a new emergency operation center in the Cal OES southern operational region. It also includes \$7.7 million to relocate the staff from temporary trailers to a leased space.
- **Wildfire Forecast and Threat Intelligence Integration Center.** The May Revision includes \$7.4 million and 22 positions for Cal OES, California Military Department, CAL FIRE, and Public Utilities Commission.
- **Community Hardening to Build Disaster Resilient Communities.** The May Revision proposes \$250 million for "Prepare California" for Cal OES to implement an all hazards grants program focused on building resiliency in disadvantaged communities and providing assistance to communities.
- **Nonprofit Security Grant Program.** The May Revision includes \$50 million one-time General Fund for the California State Nonprofit Security Grant program to assist nonprofit organizations that have historically been targets of hate-motivated violence.

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- **Federal Victims of Crime Act Supplemental Funding.** The May Revision includes \$100 million one-time General Fund for Cal OES to supplement federal funding supporting a variety of services for domestic violence victims.

LABOR, PUBLIC EMPLOYMENT AND RETIREMENT

CALIFORNIA WORKFORCE DEVELOPMENT BOARD (CWDB)

- **High Road Training Partnership (H RTP) Expansion.** The May Revision proposes an increase of \$90 million for the Workforce Board for additional H RTP opportunities. This builds upon the \$25 million proposed in the Governor's Budget, totaling \$115 million for H RTPs. These training partnerships up-skill the current workforce while creating pathways for new hires and prioritize workers from disadvantaged communities, including justice-involved and disconnected and at-risk older youth.
- **Construction Apprenticeships.** The May Revision proposes \$20 million for the Workforce Board to develop apprenticeships in residential construction. These apprenticeships will be the result of a partnership between the state and local workforce boards, the University of California and California Community Colleges, philanthropic organizations, and the housing industry, and will build upon existing programs to ensure these opportunities can be deployed quickly
- **Community Economic Resilience Fund.** The May Revision proposes \$750 million one-time federal American Rescue Plan Act of 2021 (ARPA) funds for the Community Economic Resilience Fund (Fund), which will be established to support regional and local planning and implementation of strategies to adapt to and seize the opportunities that come with a changing economy. The fund will have a specific focus on supporting high road industries, quality job creation, and workforce strategies in those sectors or regions most affected by the state's transition to carbon neutrality, such as Kern County.

The Fund will include dedicated planning and implementation funding for High Road Transition Collaboratives across California's diverse regions. These include but are not limited to jobs in "advanced energy" industries such as renewable energy, ZEVs, or energy efficiency; industries such as carbon removal, advanced manufacturing and agriculture, climate restoration and resilience; and a wide range of other industries critical to the state's long-term economic growth.

Community Colleges and Workforce Development. The May Revision proposes \$157 million one-time General Fund in investments between CCCs and CWDB:

- **H RTPs.** The May Revision proposes \$50 million one-time General Fund for the Workforce Board to create industry-based and worker focused programs in

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healthcare, cybersecurity, and other growing sectors. These will establish HRTPs on an accelerated timeline to align with community college pathways to bridge California students into good jobs. These flexible programs will give workers the skills they need to compete in the coming decades. In addition, the May Revision proposes \$10 million Proposition 98 General Fund for CCCs to align their programs with these HRTPs.

- **Regional Partnerships.** The May Revision proposes \$50 million one-time General Fund to the Workforce Board to fund regional equity and recovery partnerships between regional community college consortia and regionally organized workforce boards. Working from existing regional and industry planning, successful partnerships will assess regional hiring demand for good quality jobs and then design short-term targeted education, training, and job placement. The May Revision also includes an additional \$10 million Proposition 98 General Fund for the CCCs to participate in these efforts.
- **Employment Training Panel.** \$42 million General Fund to the Employment Training Panel to leverage existing community college contract education units to provide small businesses with new and incumbent employee training and accelerate their recovery.
- **Data Infrastructure.** \$15 million one-time General Fund for building a shared data infrastructure between the Chancellor's Office and the Labor Agency as a foundational piece of this relationship. This infrastructure will simplify collaboration, job outcomes, and other data gathering elements.

EMPLOYMENT TRAINING PANEL (ETP)

- **Employment Training Panel Expansion.** The May Revision proposes an increase of \$50 million one-time General Fund to support training opportunities for new and incumbent workers and address skills gaps in economically disadvantaged regions. These resources will allow the ETP program to provide training resources to industries it traditionally has not addressed, including health care, information technology, advanced manufacturing, as well as training targeted toward public sector jobs.

EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD)

- **Language Access.** The May Revision provides \$21 million over two years to improve education and outreach in communities requiring multilingual access to EDD services and programs by:

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- Dedicating resources to translation services to create a multilingual access portal to EDD's website and to translate forms and notices.
- Establishing a multilingual access unit and expanding existing interpretive services.
- Providing grants to community-based organizations for outreach and education to Limited English Proficient communities.
- **Unemployment Insurance Navigators.** The May Revision includes \$11.4 million in 2021-22 and 2022-23 to support trained staff in the America's Job Centers of California. These staff will provide in person guidance to individuals filing benefit claims, particularly helping those without the technology or ability to access the EDD's online resources.
- **Direct Deposit.** The May Revision includes \$11 million over two years for the EDD to develop and implement a direct deposit option for Unemployment Insurance, Disability Insurance, and Paid Family Leave claimants. This option will make the disbursement of benefits faster and simpler for claimants, who will avoid the extra process needed to transfer funds between a debit card and bank account
- **Benefit System Modernization.** The May Revision proposes \$11.8 million one-time General Fund to reengage the planning and modernization of the Department's information technology systems
- **Unemployment Insurance Trust Fund.** The May Revision proposes \$1.1 billion ARPA Funds to be used to replenish the state's unemployment insurance trust fund, which is projected to have a deficit of more than \$24.3 billion at the end of 2021. Any unobligated funds as of June 30, 2024, will also be used to further reduce the total funds borrowed from the federal unemployment insurance trust fund.
- **Deferred and Prospective Workload.** The May Revision includes \$276.3 million one-time General Fund to enable the EDD to address deferred workloads and the ongoing work associated with claim volume and benefit renewals, extensions, and recertifications. The May Revision includes resources for contract services to complete the workload in approximately 12 months.

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CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS)

- **CalPERS State Contributions.** State contributions to the California Public Employees' Retirement System (CalPERS) state plans have increased by a net total of \$550 million (\$247 million General Fund) relative to the Governor's Budget. The Governor's Budget included \$5.5 billion (\$3 billion General Fund) one-time funding. The adjustment assumes state employee compensation reductions will not continue through the 2021-22 fiscal year.
- **CalPERS Unfunded Liability.** The Governor's Budget included \$1.5 billion in one-time Proposition 2 debt repayment funding in 2021-22 to further reduce the unfunded liabilities of the CalPERS state plans. Due to an increase in the estimated availability of Proposition 2 debt repayment funding, the May Revision increases this proposed payment to \$1.9 billion.

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CALSTRS)

- **State contributions.** State Contributions to CalSTRS increased by \$4.9 million General Fund, relative to the Governor's Budget, due to a revision in reported compensation for K-12 and community college teachers. The Governor's Budget included \$3.9 billion one-time General Fund for required contributions. Consistent with the Governor's Budget proposal, this contribution amount includes a one-time \$174 million payment to offset the reduction in the state's contribution in 2020-21 to allow the funding plan to stay on track to be fully funded by 2046.
- **Supplemental Payment.** The May Revision maintains the Governor's Budget proposal to include a one-time \$410 million Proposition 2 supplemental pension payment to be paid to CalSTRS in 2021-22 toward the state's share of the CalSTRS Defined Benefit Program's unfunded liability. This payment is estimated to result in \$1.1 billion gross savings to the state through 2045-46.

EMPLOYEE COMPENSATION

- **Collective Bargaining.** The May Revision includes \$164.5 million ongoing (\$83.4 million ongoing General Fund) for collectively bargained pay increases that were not deferred, increases related to minimum wage changes in Chapter 4, Statutes of 2016 (SB 3), and adjustments to the health and dental contributions based on the new 2022 estimated premiums and updated enrollment for active state employees.

The Governor's May Revision summary notes that for some bargaining units, employee compensation reductions and pay deferrals will end automatically by provisions of their Personal Leave Program 2020 agreements.

TRANSPORTATION

TRANSPORTATION INFRASTRUCTURE PACKAGE

- The May Revision includes roughly \$11 billion in additional funding for transportation infrastructure and related zero-emission vehicle (ZEV) efforts. This includes:
 - **Los Angeles Olympics.** \$1 billion General Fund to deliver critical projects in time for the 2028 Olympic Games.
 - **Priority Transit and Rail Projects.** \$1 billion General Fund for transit and rail projects statewide that improve rail and transit connectivity between state and regional/ local services.
 - **Active Transportation.** \$500 million General Fund to advance projects that increase the proportion of trips accomplished by walking and biking, increase the safety and mobility of non-motorized users, advance efforts of regional agencies to achieve greenhouse gas reduction goals, enhance public health, and benefit many types of users, especially in disadvantaged communities.
 - **High Priority Grade Separations and Grade Crossing Improvements.** 500 million General Fund to support critical safety improvements throughout the state.
 - **High-Speed Rail.** \$4.2 billion Proposition 1A to complete high-speed rail construction in the Central Valley, advance work to launch service between Merced and Bakersfield, advance planning and project design for the entire project, and leverage potential federal funds.
 - **State Highway Rehabilitation and Local Roads and Bridges.** \$2 billion (\$1.1 billion special funds through 2028, and \$968 million federal funds) to support the advancement of priority State Highway Operation and Protection Program (SHOPP) projects, Interregional Transportation Improvement Program (ITIP) projects, and local road and bridge investments.
 - **Zero-Emission Rail and Transit Equipment Purchases and Infrastructure.** \$407 million (\$100 million General Fund, \$280 million Public Transportation Account, and \$27 million federal funds) to

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demonstrate and purchase or lease state-of-the-art, clean bus and rail equipment and infrastructure that eliminate fossil fuel emissions and increase intercity rail and intercity bus frequencies.

CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)

- The May Revision includes one-time funding of \$1.5 billion General Fund that will be used for a three-year effort to clean up garbage statewide, beautify the state's transportation network, educate the public about the harms of litter, and create long-lasting litter deterrents. Specifically, this includes:
 - \$418 million for litter abatement activities, strengthening trash collection efforts by Caltrans and partners to eliminate over one million cubic yards of trash from state routes, increasing access to waste facilities and providing free monthly disposal days.
 - \$430 million for state beautification projects, implementing sustainable, green beautification projects that enhance safety and transform dividing highways into public spaces that unify communities.
 - \$444 million for local beautification projects, supporting communities, students, and local artists by working together to create meaningful, livable spaces and establishing a local grant program to match efforts that enhance communities and reduce litter on local streets, tribal land, and near transit centers.
 - \$75 million for grants for hundreds of art installations on the state and local transportation system.
 - \$50 million for a public education campaign and outreach to schools and students.
 - \$83 million over three years for project design, construction, local support and engagement, and administration required to deliver this initiative.
- The May Revision includes \$5.5 million one-time Special Funds for 2021-22 to begin the first year of project implementation to add geospatial capability and enhance safety analysis functionality to improve collection and reporting of highway inventory and traffic safety data as required by federal mandates through its Transportation System Network Replacement Project.

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- The May Revision also includes \$30 million in one-time General Fund resources to fund additional grants, loans, or financial incentives for agricultural energy efficiency programs.

DEPARTMENT OF MOTOR VEHICLES

- The May Revision includes \$409 million in one-time General Fund resources and 3,455 temporary positions over the next four years to complete the one-time workload associated with addressing the federal REAL ID mandate.
- The May Revision includes \$54 million one-time Motor Vehicle Account to begin the Digital Experience Platform project, a five-year, \$308 million, comprehensive replacement of DMV's 1970s-era legacy information technology systems.
- The May Revision also includes \$103 million one-time General Fund to accelerate a range of additional modernization efforts, including:
 - **Mobile Identity Program.** \$10 million to establish the Mobile Identity (mDL) Program, which will allow California residents to obtain a digital driver's license/ID that can be conveniently and securely accessed through a smartphone. The mDL will be a convenient way for users to verify their identity or age in the same way a physical driver's license or identification card is used. The mDL can be used to access government services and for other purposes over time as businesses and organizations develop ways to accept the mDL. The mDL will be rolled out in a series of pilots with the goal of refining and expanding the use of this innovation across state services while maintaining security and privacy. Additional use cases will be piloted as the technology is accepted in both the public and private sectors.
 - **Digital Acceleration.** Approximately \$50 million that will enhance the overall customer experience of DMV customers both at field offices and through the DMV's other virtual channels. These efforts include increased shifts to automation, such as contactless REAL ID processing, operational efficiencies such as scheduling and process analytics software, and conversion from paper to digital workflow.
 - **Facilities.** Approximately \$40 million for office upgrades and reconfigurations that will result in more efficient space allocation that will drive lower facility needs ongoing.

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- **Talent Acceleration.** \$3 million for statewide training and e-learning enhancements for all DMV employees to provide a consistent experience across all DMV offices.

CALIFORNIA HIGHWAY PATROL

- The May Revision includes provisional language for one-time 2021-22 funding of \$1.4 million from the Motor Vehicle Account for the California Highway Patrol (CHP) to install Telematics devices (a small GPS device that tracks distance, time, location, speed, etc.) Access to this one-time funding is contingent on CHP and Department of General Services confirming that there are no impediments to CHP implementing a Telematics policy.
- The May Revision includes accelerated funding for five area office replacement projects for the California Highway Patrol.