

Senate Budget and Fiscal Review—John Laird, Chair

SUBCOMMITTEE NO. 4

Agenda

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



Thursday, May 28, 2026
Upon Adjournment of Session
State Capitol, Room 113

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Public Comment

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

ITEMS FOR VOTE ONLY

0110/0120/0130 Senate, Assembly, Legislative Analyst's Office

Item #1: Senate, Assembly, LAO Support

Budget Proposal. Adjust the Legislature's budget from the January budget pursuant to Proposition 140 (1990), in line with the State Appropriations Limit Adjustment, for a total ongoing adjustment of \$21.6 million General Fund.

Staff Recommendation: Approve as proposed.

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

Item #2: Film and Television Tax Credit Staffing

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

This item was heard on April 16, 2026 and held open.

Staff Recommendation. Approve as budgeted

Item #3: Extend CalCompetes Tax Credit Program

Issue: The Governor's January 2026 Budget and the Senate's 2026 Foundation for the Future Budget Plan both propose to extend the \$180 million per year CalCompetes Tax Credit program for another five years through 2032-33.

Status: The Subcommittee initially heard this item on April 16, 2026, and held it open.

Staff Recommendation: Adopt placeholder budget trailer bill language.

Item #4: Create and Fund Cal-EXPORT Program

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

Status: The Subcommittee initially heard this item on April 16, 2026, and held it open.

Staff Recommendation. Modify the request as follows: (1) approve the requested funding as to the 2026-27 fiscal year only; and (2) include provisional language making the appropriation contingent on loss of the federal matching funds.

Item #5: Resources for Innovation and Emergent Technology Program

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

Status: The Subcommittee initially heard this item on April 16, 2026, and held it open.

Staff Recommendation. Modify the request as follows: (1) approve the requested funding as to the 2026-27 fiscal year only.

Item #6: Jobs First Codification and Administrative Resources Reappropriation

Issue: The Governor’s January 2026 Budget proposes the adoption of budget trailer bill language to codify the existence of the California Jobs First program operated jointly by GO-Biz and the Labor and Workforce Development Agency. The Governor’s January 2026 Budget also seeks reappropriation of two sources of administrative funding for the California Jobs First program, to extend the availability of those funds for expenditure through June 30, 2030, when the program is scheduled to conclude.

Status: The Subcommittee initially heard the reappropriation request on April 16, 2026, and held it open.

Staff Recommendation. Adopt placeholder trailer bill language and approve the reappropriation as budgeted.

Item #7: California Civic Media Program Two Year Extension

Issue: The Governor’s May Revision proposes General Fund appropriations of \$10 million each in 2026-27 and 2027-28 to GO-Biz to fund the California Civic Media Program for an additional two years.

Status. The Subcommittee heard a report on the California Civic Media Program on April 16, 2026. During its May 20, 2026, hearing, the Subcommittee considered the proposed two-year extension of the program and held it open.

Staff Recommendation. Approve the request as budgeted.

Item #8: Savings from Reversion of State Contribution to Sunnyvale Semiconductor Facility

Issue: The Governor’s May Revision proposes to revert a one-time \$25 million appropriation back to the General Fund as savings. The \$25 million was intended for use as the state’s contribution to capital expenditures associated with the development of the National Semiconductor Technology Center’s Design and Collaboration Facility in Sunnyvale, California, but due to federal policy changes, that project is no longer going forward.

Status: The Subcommittee initially heard this issue on May 20, 2026, and held it open.

Staff Recommendation. Approve the request as budgeted.

Item #9: Reappropriation of CA-RISE Technical Assistance Funding

Issue: The Governor’s May Revision proposes to reappropriate up to \$1 million from a 2022 Budget Act appropriation to the Regional Initiative for Social Enterprises (CA RISE) program. Such a reappropriation would have the practical effect of enabling GO-Biz to redirect \$1 million in unused technical assistance funding to make additional grants.

Status. The Subcommittee initially heard this issue on May 20, 2026, and held it open.

Staff Recommendation: Approve the proposed budget revision.

0511 SECRETARY FOR THE GOVERNMENT OPERATIONS AGENCY**Item #10: California Education Learning Lab and Associated Trailer Bill Language**

Request: The Governor’s budget requests, for the Government Operations Agency (GovOps), \$4 million General Fund in 2026-27, and ongoing, for the California Education Learning Lab (Learning Lab). The Governor’s budget also requests related trailer bill language which codifies aspects of the program, in addition to transferring the program to the Government Operations Agency.

This item was heard on April 23, 2026 and held open.

Staff Recommendation: Approve as budgeted and approve placeholder trailer bill language.

Item #11: Office of Civil Rights (AB 715, SB 48)

Request: The Governor’s budget requests, for the Government Operations Agency (GovOps), \$3,581,000 General Fund in 2026-27, and \$2,806,000 General Fund in 2027-28, and ongoing, to implement AB 715 (Zbur, Addis), Chapter 428, Statutes of 2025 and SB 48 (Gonzalez, Fong, Ward, Weber-Pierson), Chapter 429, Statutes of 2025.

This item was heard on April 23, 2026 and held open.

Staff Recommendation: Approve as budgeted and, contingent upon the passage of SB 998 (Gonzalez – 2026), the Administration shall appropriate additional funding to implement the provisions of SB 998 (Gonzalez – 2026) no later than in the January 2027 Governor’s Budget.

Item #12: Workforce Pell Grant Funding

Request: The Governor’s budget requests, for the Government Operations Agency (GovOps), \$1.337 million General Fund in 2026-27, contingent upon the Department of Finance’s approval of an expenditure plan detailing additional workload related to establishing new workforce and earnings data linkages pursuant to the Workforce Pell Grant program. Approval of this request will provide Cradle-to-Career (C2C) with initial resources to leverage the existing data infrastructure, legal agreements, and governance of the data system to provide linked data the state can use in determining program eligibility for Workforce Pell.

Staff Recommendation: Approve as budgeted.

Item #13: Pell Program Trailer Bill Language

Request: The Governor’s budget requests, for the Government Operations Agency (GovOps), trailer bill language related to implementation of the Federal Workforce Pell Grant Program.

Staff Recommendation: Conform to Action Taken in Senate Budget Subcommittee #1.

Item #14: Data Sharing Trailer Bill Language

Request: The Governor’s budget requests, for the Government Operations Agency (GovOps), trailer bill language on data sharing related to the Cradle-to-Career Data System.

Staff Recommendation: Approve placeholder trailer bill language.

0515 BUSINESS, CONSUMER SERVICES, & HOUSING AGENCY (BCSH)
0516 CALIFORNIA HOUSING & HOMELESSNESS AGENCY (CHHA)
2240 HOUSING & COMMUNITY DEVELOPMENT DEPARTMENT (HCD)
2245 CALIFORNIA HOUSING FINANCE AGENCY (CALHFA)
2250 HOUSING DEVELOPMENT FINANCE COMMITTEE (HDFC)
2255 CALIFORNIA INTERAGENCY COUNCIL ON HOMELESSNESS (CAL-ICH)

Item #15: Proposal to Restructure the State’s Affordable Housing Funding system

Issue: The Governor’s January 2026 Budget and May Revision include multiple budget trailer bill proposals and multiple budget change proposals that together would significantly restructure how the state awards its affordable housing funding. The main impact of the proposals would be to:

- Codify the Governor’s Reorganization Plan, approved last year, which splits the Business, Consumer Services, and Housing Agency (BCSH) into the California Housing and Homelessness Agency (CHHA) and the Consumer Services Agency and the Business and Consumer Services Agency (BCSA).
- Establish the Housing Development Finance Committee (HDFC) within the CHHA, consolidate authority for making multifamily affordable housing program funding awards under it, and reserve at least half of the annual affordable housing bond and tax credit pools from the State Treasurer’s Office (STO) to pair with the HDFC awards on a ministerial basis so that affordable housing projects awarded funding from HDFC would be guaranteed the full set of resources needed to begin construction.
- Split the Affordable Housing and Sustainable Communities (AHSC) program into its component parts, with responsibility for the award of affordable housing projects to be integrated into the HDFC process described above and the award of sustainable communities projects to remain under the purview of the Strategic Growth Council (SGC) at the Governor’s Office of Land Use and Climate Innovation (GO-LCI).
- Transfer staff and resources from the Housing and Community Development Department (HCD) to HDFC to support the transitions outline above, effective July 1, 2026.
- Move one position and \$185,000 in General Fund from the California Interagency Council on Homelessness (Cal-ICH) to CHHA to support CHHA’s communications and external affairs workload.
- Move of two positions and \$497,000 General Fund from Cal-ICH to the Housing and Community Development Department (HCD) to support HCD’s administrative and fiscal operations.
- Provide the newly formed Housing Development Finance Committee with authority for a new Chief Deputy Director position, funded through existing resources.

Status: The Subcommittee initially heard the components of this proposal from the Governor’s January 2026 Budget on April 30, 2026, and held them open. The Subcommittee then heard the additional May Revision component of the proposal on May 20, 2026, and held it open.

Staff Recommendation: Defer adoption of the proposed trailer bills and defer approval of the corresponding resources and staffing requests pending three party agreement on: (1) the overall affordable housing funding system restructuring proposal and (2) the provision of adequate funding for state affordable housing programs.

0650 GOVERNOR'S OFFICE OF LAND USE & CLIMATE INNOVATION (GO-LCI)**Item #16: Climate Bond Spending Plan**

Issue: The Governor's January 2026 Budget proposes 2026-27 allocations from the 2024 Climate Bond (Proposition 4) to three programs at GO-LCI as follows:

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

Status: The Subcommittee initially heard this issue on April 16, 2026, and held it open.

Staff Recommendation: Conform with the Climate Bond budget actions taken by Senate Budget Subcommittee Two on Resources, Environmental Protection, and Energy.

Item #17: Baseline Staffing and Resources Requests

Issue: The Governor's January 2026 Budget seeks an ongoing General Fund appropriation of \$10.5 million annually beginning in 2026-27 and a General Fund appropriation of \$949,000 each year from 2027-28 through 2031-32 to establish baseline support for core functions and continued implementation of statutory obligations at GO-LCI. The request is broken down into components represented by three separate Budget Change Proposals:

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

Status: The Subcommittee initially heard this issue on April 16, 2026, and held it open.

Staff Recommendation: Approve as budgeted.

Item #18: Extreme Heat Ranking Resources

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

Status: The Subcommittee initially heard this issue on April 16, 2026, and held it open.

Staff Recommendation: Approve as budgeted.

Item #19: January Budget Position Count Error Correction

Issue: The Governor’s May Revision requests that GO-LCI’s state operations General Fund account be decreased by 5 positions in fiscal year 2026-27 and 9 positions in 2027-28 and ongoing to correct an error made in the Governor’s Budget.

Status: The Subcommittee initially heard this issue on May 20, 2026, and held it open.

Staff Recommendation: Approve the proposed budget revision.

Item #20: CEQA Clearinghouse Document Submission Fees

Issue: The Governor’s May Revision proposes the enactment of budget trailer bill language that would give the Governor’s Office of Land Use and Climate Innovation (GO-LCI) the authority to charge fees for the submission of documents pursuant to the California Environmental Quality Act (CEQA).

Status: The Subcommittee initially heard this issue on May 20, 2026, and held it open.

Staff Recommendation: Adopt placeholder budget trailer bill language.

0680 GOVERNOR'S OFFICE OF SERVICE & COMMUNITY ENGAGEMENT

Item #21: College Corps Budget Code Correction

Issue: The Governor's May Revision proposes a net-zero transfer of \$1,779,000 in College Corps administrative funds from the program's local assistance account to its state operations account to correct a prior misclassification.

Status: The Subcommittee initially heard this issue on May 20, 2026, and held it open.

Staff Recommendation: Approve the proposed budget revision.

0840 STATE CONTROLLER**Item #22: Integrated Database Management System (IDMS) Software Licensing Costs**

Request: The Governor's budget requests, for the State Controller's Office (SCO), \$9,963,000 [\$6,077,000 General Fund (GF), \$3,886,000 and Central Service Cost Recovery Fund (CSCRF)] in 2026-27 for the contracted costs for Broadcom Inc.'s Integrated Database Management System (IDMS) software, including licensing fees, annual maintenance fees.

In the May Revision, the Administration requested that the January request for funding related to the IDMS system be decreased by \$214,000 General Fund in 2026-27 and \$137,000 in Central Service Cost Recovery Fund in 2026-27 to reflect the actual executed contract renewal amount.

This item was heard on May 7, 2026 and held open.

Staff Recommendation: Approve as budgeted at May Revision.

Item #23: California State Payroll System Project

Request: The Governor's budget requests, for the State Controller's Office (SCO), \$59,132,000 General Fund and 8.5 positions in 2026-27, and \$1,576,000 and 8.5 positions ongoing, and \$37,803,000 Central Service Cost Recovery Fund and 5.5 positions in 2026-27 and \$1,007,000 and 5.5 positions ongoing, to support project implementation. The proposal also requests provisional language for allocation of funds to decommissioning.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #24: Adjustment and Budget Bill Language for California State Payroll System

Request: The Governor's budget requests, for the State Controller's Office (SCO), a \$72 million General Fund decrease in 2026-27 and a Central Service Cost Recovery Fund decreased of \$45 million in 2026-27 to reconcile the final amount needed for project development. It is also requested that Provision 15 of the relevant budget bill language be deleted.

Background: This removes a January Budget appropriation for the project, replacing it with the actual funding request contained within the above item.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #25: State Controller's Office (SCO) Fi\$Cal Book of Record

Request: The Governor's budget requests, for the State Controller's Office (SCO), \$7,082,000 General Fund in fiscal year 2026-27 and \$4,528,000 Central Service Cost Recovery Fund in 2026-27 for consulting services to support SCO Fi\$Cal Book of Record post go-live support and stabilization. The Administration also requested that Item 0840-491 be added to reappropriate up to \$1,055,000 General Fund allocated in the Budget Act of 2023, for contract costs related to the SCO Book of Record Functionality Migration to Fi\$Cal and Annual Comprehensive Financial Report support.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #26: Annual Comprehensive Financial Report (ACFR) Engagement Team

Request: The Governor's budget requests, for the State Controller's Office (SCO), \$1,437,000 General Fund in 2026-27 and \$918,000 Central Service Cost Recovery Fund in 2026-27 for contracted resources to provide Generally Accepted Accounting Principles financial reporting assistance to various state departments to restore and sustain on-time publication of the state's ACFR.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #27: Unclaimed Property Program Public Awareness Funding Adjustment

Request: The Governor's budget requests, for the State Controller's Office (SCO), \$3 million in Central Services Cost Recovery Fund in 2026-27 and ongoing. It is also requested that the existing cap be adjusted to \$3 million to support Unclaimed Property Program's public awareness efforts (see Attachment 8).

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #28: Property Tax Postponement

Request: The Governor’s May Revision budget requests, for the State Controller's Office (SCO), trailer bill language relating to the Senior Citizens and Disabled Citizens Property Tax Postponement Fund.

The Administration further requested \$3 million General Fund one-time for and the creation of a budget bill item (9100-111-0001) for transfer to the Senior Citizens and Disabled Citizens Property Tax Postponement Fund to support the Property Tax Postponement Program.

These requests were heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted and approve placeholder trailer bill language.

Item #29: Unclaimed Property Digital Financial Assets Reconciliation

Request: The Governor’s May Revision budget requests, for the State Controller’s Office (SCO), \$325,000 one-time from the Unclaimed Property Fund to design/build program structure and upgrade existing unclaimed property system to implement and sustain the administration of digital financial assets pursuant to SB 822 (Becker), Chapter 660, Statutes of 2025.

Background: This Budget Change Proposal was received on May 21, 2026, after the May Revise hearing for Budget Subcommittee #4 and therefore was not heard in the subcommittee.

Staff Recommendation: Approve as budgeted.

0845 – DEPARTMENT OF INSURANCE

Item #30: Home Hardening Reappropriation

Request: The Governor’s May Revision Budget requests, for the Department of Insurance (CDI), reappropriation of \$11.5 million General Fund from the Budget Act of 2025, to continue the implementation of the Home Hardening Oversight and Wildfire Risk Mitigation Grant programs.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

0860 BOARD OF EQUALIZATION (BOE)**Item #31: Intergenerational Real Property Transfers (SB 293)**

Issue. The Governor’s Budget includes \$154,000 in one-time General Fund for the BOE to complete workload related to the implementation of Senate Bill 293 (Pérez), Chapter 539, Statutes of 2025.

This item was heard on March 19, 2026 and held open.

Staff Recommendation. Approve as budgeted

Item #32: Information Technology Modernization Project

Issue. The Governor’s Budget includes \$3.2 million General Fund in 2026-27 and \$3.1 million in 2027-28 for the State Board of Equalization (BOE) to implement a cloud-based, fully integrated tax administration system to support BOE workload on valuation, assessment, and allocation of property taxes from state-assessed property.

This item was heard on March 19, 2026 and held open.

Staff Recommendation. Approve as budgeted

0890 SECRETARY OF STATE**Item #33: Election Law Enforcement (SB 851)**

Request: The Governor's budget requests, for the Secretary of State (SOS), \$1.1 million General Fund in 2026-27 and \$807,000 General Fund annually thereafter to support four permanent positions and litigation tracking software licensing costs necessary to implement and administer the statutory requirements prescribed by SB 851 (Cervantes), Chapter 238, Statutes of 2025.

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #34: CAL-ACCESS Replacement System (CARS) Project

Request: The Governor's budget requests, for the Secretary of State (SOS), \$11.8 million General Fund in 2026-27 to support the CARS Project which replaces the outdated CAL-ACCESS system for electronic reporting of campaign finance and lobbying activities mandated by the Political Reform Act (SB 84 and SB 1349).

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #35: Notary Automation Program Replacement Project (NAP 2.0)

Request: The Governor's budget requests, for the Secretary of State, \$9.8 million Business Fees Fund in 2026-27 for the continuation of the Notary Automation Replacement Project 2.0 (NAP 2.0).

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #36: Help America Vote Act - VoteCal

Request: The Governor's budget requests, for the Secretary of State (SOS), \$10.3 million Federal Trust Fund authority in 2026-27 for maintenance and operations, election management systems, data lines, and off-premises cloud costs for the VoteCal statewide voter registration system.

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #37: Help America Vote Act - Spending Plan

Request: The Governor’s budget requests, for the Secretary of State (SOS), \$4.5 million Federal Trust Fund authority in 2026-27 to continue implementation of the statewide mandates of the Help America Vote Act of 2002.

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #38: Business Programs Division Workload Increase

Request: The Governor’s budget requests, for the Secretary of State (SOS), a permanent augmentation of \$3.8 million from the Business Fees Fund beginning in 2026-27 to support the ongoing needs of the Business Programs Division. This request includes: (1) \$3.6 million to permanently fund 37 existing positions that are limited term funded through June 30, 2026, and (2) \$268,000 to provide ongoing support for 33 positions that were reclassified in 2023-24.

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #39: Bizfile Online Maintenance and Operation Funding

Request: The Governor’s budget requests, for Secretary of State (SOS), transfer of \$1 million of the maintenance and operations costs of the “Bizfile Online” program from the Business Fees Fund to the Business Programs Modernization Fund in 2026-27 and annually thereafter.

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #40: Elected Official and Candidate Confidential Voter Registration (AB 1392)

Request: The Governor’s budget requests, for the Secretary of State (SOS), a one-time augmentation of \$660,000 General Fund in 2026-27 to implement confidential voter registration requirements as prescribed by AB 1392 (Sharp-Collins), Chapter 300, Statutes of 2025.

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #41: Implementation of Mandated Disclosure Requirements, Political Reform Act

Request: The Governor’s budget requests, for the Secretary of State (SOS), \$187,000 General Fund in 2026-27 and \$182,000 in 2027-28 and ongoing for 1.0 permanent position to provide comprehensive supervisory, management, and oversight of the complex areas of Campaign, Lobbying and Customer Support operations within the Political Reform Division and implement requirements of multiple changes to Government Code Sections.

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #42: Safe at Home Expanded Access (AB 82)

Request: The Governor’s budget requests, for the Secretary of State (SOS), two positions and \$341,000 General Fund in 2026-27 and \$263,000 General Fund annually thereafter to implement the provisions of AB 82 (Ward), Chapter 679, Statutes of 2025, which expands “Safe at Home” eligibility to designated health care providers, employees, volunteers, and patients, and their family members.

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #43: Help America Vote Act – 2026 Election Security Federal Grant Award

Request: The Governor’s budget requests, for the Secretary of State (SOS), \$1.93 million Federal Trust Fund in 2026-27 to accept and extend the grant award, and \$386,000 General Fund in 2026-27 to meet the 20 percent state match requirement. The SOS received a grant award from the U.S. Election Assistance Commission authorized under the Consolidated Appropriations Act of 2026 to improve the administration of elections for Federal office, including to enhance election technology and make election security improvements. To adhere to all federal applicable requirements.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #44: Secretary of State Building Security Improvements

Request: The Governor’s budget requests, for the Secretary of State (SOS), \$5,962,000 one-time (\$2,185,000 General Fund and \$3,777,000 Business Fees Fund) for the completion of a multi-phased security improvement project, being implemented at the March Fong Eu Secretary of State Building Complex. The Administration states that these improvements are based on an updated security assessment by the California Highway Patrol.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #45: California State Payroll System Reimbursement Authority

Request: The Governor’s budget requests, for the Secretary of State (SOS), reimbursement authority of \$55,000 General Fund and \$96,000 in Business Fees Fund in 2026-27 and ongoing to receive payments from the State Controller’s Office to implement the California State Payroll System.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

0950 STATE TREASURER'S OFFICE**Item #46: Electronic Resources Augmentation**

Request: The Governor's budget requests, for the State Treasurer's Office (STO) Investment Division, an ongoing augmentation in reimbursements to meet the increasing costs associated with the Pooled Money Investment Account (PMIA).

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #47: Investment Portfolio Tracking System

Request: The Governor's budget requests, for the State Treasurer's Office (STO) Investment Division, ongoing reimbursement funding for a third-party vendor to provide a modern portfolio tracking system platform that will improve transparency, streamline workflows, ensure regulatory compliance, and provide analytics.

This item was heard on May 7, 2026 and held open

Staff Recommendation: Approve as budgeted.

Item #48: Canceled Bond Sales Contingency Authority

Request: The Governor's budget requests, for the State Treasurer's Office (STO), that the STO's General Fund contingency authority be increased from \$1.7 million to \$8 million, allowing the Department of Finance, upon certification by the Treasurer, to cover additional expenses for canceled general obligation bond, lease-revenue bond, and revenue anticipation note sales from the General Fund (after first applying any available bond funds), with required legislative notification within 30 days.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #49: CalAccounts Reappropriation

Request: The Governor’s budget requests, for the State Treasurer’s Office (STO), a reappropriation of up to \$360,000 General Fund from the Budget Act of 2025, for the continuation of efforts by the CalAccount Blue Ribbon Commission to study the feasibility and implementation of the CalAccounts program.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

0968 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE (CTCAC)**Item #50: Enhanced State Low Income Housing Tax Credits**

Issue: The Senate’s 2026 Budget Plan – Foundation for the Future – includes \$500 million for enhanced state Low Income Housing Tax Credits (LIHTC) to further support affordable housing development statewide.

Status: The Subcommittee initially heard this item for informational purposes on April 30, 2026.

Staff Recommendation: Modify the budget to include this component of the Senate’s Plan.

Item #51: Staffing and Resource Augmentations to Support Response to Recent Federal Low Income Housing Tax Credit Policy Changes in H.R. 1

Issue: The Governor’s May Revision seeks approval of a \$1,321,000 annual increase from the Tax Credit Allocation Fee Account beginning in 2026-27 for CTCAC to pay for one Supervisor I position and six Analyst II positions in its Development Section to accommodate increased program operation and expanded duties resulting from federal legislation signed into law in 2025.

Status: The Subcommittee initially heard this item on May 20, 2026, and held it open.

Staff Recommendation: Approve the proposed budget revision.

Item #52: Staffing and Resource Augmentations to Support Implementation of Recently Enacted State Legislation

Issue: The Governor’s May Revision seeks approval of a \$613,000 increase from the Tax Credit Allocation Fee Account for CTCAC to pay for one Supervisor I position and two Analyst II positions in its Compliance Section to handle the ongoing workload created by an expansion of duties resulting from the enactment of AB 846 (Bonta, Ch. 674, Stats. 2024.)

Status: The Subcommittee initially heard this item on May 20, 2026, and held it open.

Staff Recommendation: Approve the proposed budget revision.

**0971 CALIFORNIA ALTERNATIVE ENERGY & ADVANCED TRANSPORTATION
FINANCING AUTHORITY (CAETFA)****Item #53: Expanded Staff Resources for Administration of the Sales Tax Exclusion
Program**

Request: The Governor's budget requests, for the California Alternative Energy and Advanced Transportation Financing Authority, \$983,000 California Alternative Energy Authority Fund in 2026-27, and \$491,000 in 2027-28, as well as limited term authority for 3 new positions and extended limited term authority for 2 previously established positions to support workload related to the Sales and Use Tax Exclusion program.

Staff Recommendation: Approve as budgeted.

1045 CANNABIS CONTROL APPEALS BOARD**Item #54: Cannabis Control Appeals Panel Resources**

Request: The Governor's budget requests, for the Cannabis Control Appeals Panel (CCAP), an increase in expenditure authority of \$3.4 million Cannabis Control Fund in 2026-27 and ongoing to support 12.0 existing positions and operational expenses. This proposal also requests \$57,000 in reimbursement authority in 2026-27, \$59,000 in 2027-28, and \$61,000 in 2028-29, \$63,000 in 2029-30, and \$65,000 in 2030-31 and ongoing to recoup shared facility costs with the Alcoholic Beverage Control Appeals Board.

This item was heard on April 9, 2026 and held open.

Staff Recommendation: Approve as budgeted.

1111 DEPARTMENT OF CONSUMER AFFAIRS**Item #55: Board of Registered Nursing – Investigations**

Request: The Governor’s budget requests, for the Board of Registered Nursing (Board), \$1.43 million Board of Registered Nursing Fund, Professions and Vocations Fund in 2026-27 and \$1.36 million in 2027-28 and ongoing to support eight Special Investigators within its Investigations Division to address increasing complaint workload.

This item was heard on March 12, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #56: California State Board of Pharmacy Business Modernization

Request: The Governor’s May Revision Budget requests, for the Department of Consumer Affairs (DCA), California Board of Pharmacy (Board), an increase in expenditure authority, one-time, of \$1,732,000 Pharmacy Board Contingent Fund, Professions and Vocations Fund and 1.1 positions in 2026-27, and 4.0 positions in 2027-28 and ongoing to support the Board’s business modernization activities.

Staff Recommendation: Approve as budgeted.

1115 DEPARTMENT OF CANNABIS CONTROL**Item #57: Enforcement and Legal Affairs Workload Adjustment**

Request: The Governor's budget requests, for the Department of Cannabis Control (DCC), \$6.4 million Cannabis Tax Fund and 12.0 positions and \$1.2 million Cannabis Control Fund and 4.0 positions in 2026-27; and \$3.9 million Cannabis Tax Fund and 12.0 positions and \$2.1 million Cannabis Control Fund and 8.0 positions in 2027-28 and ongoing to establish a sworn officer presence in Northern California and increase DCC's legal professional staff.

This item was heard on April 9, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #58: Cannabis Systems Integration (CSI) Project

Request: The Governor's budget requests, for the Department of Cannabis Control (DCC), one-time funding of \$7.2 million Cannabis Control Fund in 2026-27 for the implementation of the Cannabis Systems Integration project.

This item was heard on April 9, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #59: Hemp Enforcement and Regulation under Cannabis Framework (AB 8)

Request: The Governor's budget requests, for the Department of Cannabis Control (DCC), \$5.6 million Cannabis Control Fund and 18.0 positions and \$1.7 million Cannabis Tax Fund and 4.0 positions in 2026-2027; and \$4.1 million Cannabis Control Fund and 18.0 positions and \$852,000 Cannabis Tax Fund and 4.0 positions in 2027-28 and ongoing.

This item was heard on April 9, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #60: Short Term Loan

Request: The Governor's May Revision Budget requests, for the Department of Cannabis Control (DCC), provisional language to allow a short-term cash loan of up to \$52 million from the Cannabis Control Fund to the Cannabis Tax Fund - Department of Cannabis Control Fund, which is to be repaid before the end of the fiscal year.

Staff Recommendation: Approve as budgeted.

1700 CIVIL RIGHTS DEPARTMENT**Item #61: Staffing and Resources to Implement Recently Enacted Legislation**

Issue: The Governor’s January 2026 Budget seeks General Fund resources and position authority totaling \$2,395,000 and 19.0 positions in 2026-27, \$3,177,000 in 2027-28, \$4,168,000 in 2028-29, \$5,154,000 in 2029-30, \$4,254,000 in 2030-31, and \$3,354,000 annually after that for CRD to implement statutory requirements associated with the following legislation chaptered in 2025: SB 464 (Smallwood-Cuevas, Ch. 760, Stats. 2025); AB 822 (Elhawary, Ch. 714, Stats. 2025); AB 935 (Ransom, Ch. 717, Stats. 2025); and SB 518 (Weber Pierson, Ch. 755, Stats. 2025).

Status: The Subcommittee initially heard this issue on April 30, 2026, and held it open.

Staff Recommendation: Approve the proposal as budgeted.

Item #62: Staffing and Resources for Employment Discrimination Caseload Based on Cannabis Testing

Issue: The Governor’s January 2026 Budget seeks an appropriation of \$2,103,000 in General Fund in 2026-27 and \$2,070,000 annually after that as well as authority for 12 positions to support the implementation of AB 2188 (Quirk, Ch. 392, Stats. 2022) as amended by SB 700 (Bradford, Ch. 408, Stats. 2023), relating to employment discrimination based on cannabis use.

Status: The Subcommittee initially heard this item on April 30, 2026, and held it open.

Staff Recommendation: Approve as budgeted.

Item #63: Staffing and Resources for Family Medical and Bereavement Leave Workload

Issue: The Governor’s January 2026 Budget requests \$1,278,000 in General Fund and authority to fill 8.0 positions in 2026-27, as well as \$1,255,000 in General Fund each year after that for the Civil Rights Department (CRD) to continue enforcement of AB 1041 (Wicks, Ch. 748, Stats. 2022) and AB 1949 (Low, Ch. 767, Stats. 2022), which updated the state’s family medical leave and bereavement leave laws.

Status: The Subcommittee initially heard this item on April 30, 2026, and held it open.

Staff Recommendation: Approve as budgeted.

Item #64: Resources for Public Counter Security

Issue: The Governor’s January 2026 Budget seeks an annual appropriation of \$502,000 in General Fund starting in 2026-27 for the Civil Rights Department (CRD) to pay for posting security guards at CRD’s five public counters statewide.

Status: The Subcommittee initially heard this item on April 30, 2026, and held it open.

Staff Recommendation: Approve as budgeted.

Item #65: Staffing and Resources for Three Years of Enhanced Housing and Employment Discrimination Complaint Investigation, Enforcement, and Conciliation

Issue: The Governor’s May Revision seeks a General Fund appropriation of \$838,000 each in 2026-27, 2027-28, and 2028-29, as well as hiring authority for six permanent positions for the Civil Rights Department to reduce waiting time and increase settlements of employment and housing complaints.

Status: The Subcommittee initially heard this issue on April 30, 2026, for informational purposes. It first heard this specific proposal on May 20, 2026, and held it open.

Staff Recommendation: Approve the proposed budget revision.

1701 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION**Item #66: Continuation of California Consumer Financial Protection Funding**

Request: The Governor’s budget requests, for the Department of Financial Protection and Innovation (DFPI), an increase of expenditure authority of \$15.34 million Financial Protection Fund in 2026-2027 through 2029-2030 to continue funding for 53 existing positions related to the implementation of the California Consumer Financial Protection Law (CCFPL).

This item was heard on March 12, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #67: Continuation of Debt Collectors Licensing and Regulation

Request: The Governor’s budget requests, for the Department of Financial Protection and Innovation (DFPI), an increase in expenditure authority of \$13.5 million Financial Protection Fund in 2026-27 through 2029-30 to support 51 existing positions authorized to license, regulate, and examine debt collectors pursuant to the Debt Collection Licensing Act.

This item was heard on March 12, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #68: Legislation Implementation - SB 919 (Umberg)

Request: The Governor’s May Revision Budget requests, for the Department of Financial Protection and Innovation (DFPI), an increase in expenditure authority of \$125,000 Financial Protection Fund in 2026-27 for information technology enhancements to an existing system to implement SB 919 (Umberg), Chapter 518, Statutes of 2024.

Staff Recommendation: Approve as budgeted.

2240 HOUSING & COMMUNITY DEVELOPMENT DEPARTMENT

Item #69: Homeless Housing, Assistance, and Prevention (HHAP) Program Round Seven Funding, Round 7 Statutory Framework, and Round 8 Authorization

Issue: The 2025 Budget Act – SB 158 (Committee on Budget and Fiscal Review, Ch. 650, Stats. 2025) specifically – included a statutory commitment to appropriate \$500 million for a seventh round of the HHAP program in the 2026-27 fiscal year. However, that commitment was made contingent on the enactment of legislation to govern administration of the new round. The Senate’s 2026 Budget Plan – Foundation for the Future – proposes fully funding HHAP 7 at \$1 billion in 2026-27 and a commitment to fully funding Round 8.

Status: The Subcommittee heard a report on the HHAP program on February 27, 2026, the Senate’s proposed funding levels for HHAP Round 7 on April 30, 2027, and the Administration’s proposed budget trailer bill language to govern HHAP Round 7 on May 20, 2026. All of these items were informational or were held open.

Staff Recommendation: Adopt placeholder budget trailer bill language that (1) funds Round 7 of the HHAP program at \$1 billion in accordance with the Senate Budget Plan; (2) facilitates the streamlined availability of initial Round 7 HHAP funding disbursements by no later than September 1, 2026; (3) includes explicit, consistent, and streamlined system performance metrics; (4) ensures any new funding disbursement prerequisites are appropriate, realistic, and not administratively burdensome; and (5) authorizes a Round 8 of the program.

Item #70: CalHOME Funding

Issue: The Senate’s 2026 Budget Plan – Foundation for the Future – proposes a 2026-27 General Fund appropriation of \$500 million to HCD for the CalHOME program. CalHOME provides grants to support the development and rehabilitation of affordable homes for ownership opportunities statewide.

Status: The Subcommittee heard this issue on April 30, 2026, for informational purposes.

Staff Recommendation: Modify the budget bill to include this component of the Senate Plan.

Item #71: Multifamily Housing Program (MHP) Funding

Issue: The Senate’s 2026 Budget Plan – Foundation for the Future – proposes a 2026-27 General Fund appropriation of \$500 million to HCD for the MHP program. MHP provides financial support to deeply targeted affordable housing projects statewide.

Status: The Subcommittee heard this item on April 30, 2026, for informational purposes.

Staff Recommendation: Modify the budget bill to include this component of the Senate Plan.

Item #72: Resources and Staffing to Support the HCD Connect System

Issue: The Governor’s January 2026 Budget seeks authority for seven ongoing positions beginning in 2026-27 for the Housing and Community Development Department (HCD) to implement and operate its new information technology solution, HCD Connect, for improved monitoring and management of loan and grant programs.

Status: The Subcommittee heard this item on April 30, 2026, and held it open.

Staff Recommendation: Approve as budgeted.

Item #73: Resources and Staffing for Implementation of Recently Enacted Legislation

Issue: The Governor’s January 2026 Budget requests authority for 16 positions overall, a one-time appropriation of \$470,000 in General Fund in 2026-27, and total appropriations of \$4.2 million in General Fund annually beginning in 2026-27, for the Housing and Community Development Department (HCD) to implement the following statutes enacted in 2025: AB 1296 (Bonta, Ch. 508, Stats. 2025); AB 413 (Fong, Ch. 489, Stats. 2025); AB 507 (Haney, Ch. 493, Stats. 2025); AB 518 (Ward, Ch. 157, Stats. 2025); AB 610 (Alvarez, Ch. 494, Stats. 2025); AB 670 (Quirk-Silva, Ch. 701, Stats. 2025); AB 726 (Ávila Farías, Ch.704, Stats. 2025); SB 79 (Wiener, Ch. 512, Stats. 2025)

Status: The Subcommittee heard this item on April 30, 2026, and held it open.

Staff Recommendation: Approve as budgeted.

Item #74: Reappropriation of Unused Infill Infrastructure Grant Program Funds

Issue: The Governor’s May Revision proposes to reappropriate \$7 million in unawarded Infill Infrastructure Grant (IIG) program funds from the 2021 Budget Act, with the encumbrance deadline for the funds extended to June 30, 2029.

Status: The Subcommittee heard this item on May 20, 2026, and held it open.

Staff Recommendation: Approve the proposed budget revision.

Item #75: Reversion of Encampment Resolution Fund Administrative Savings

Issue: The Governor’s May Revision proposes to revert \$603,000 in unused administrative resources, originally from Round 2 of the Encampment Resolution Fund (ERF), back to the General Fund.

Status: The Subcommittee heard this item on May 20, 2026, and held it open.

Staff Recommendation: Approve the proposed budget revision.

Item #76: Discouraging Imposition of Local Development Impact Fees on State-Funded Affordable Housing Projects

Issue: The Governor’s May Revision includes a budget trailer bill proposal intended to reduce the imposition of local development fees on state-subsidized affordable housing projects by:

- treating the waiver of local development fees as a local contribution when scoring affordable housing project funding applications; and
- prohibiting local governments from imposing development fees when the local government is the one seeking state funding for an affordable housing project.

Status: The Subcommittee heard this item on May 20, 2026, and held it open.

Staff Recommendation: Reject without prejudice and defer any further consideration of the proposed budget trailer bill to the policy bill process.

Item #77: Authority to Increase Mobilehome-Related Program Fees

Issue: Through proposed budget trailer bill language, the Governor’s January Budget 2026 Budget seeks to empower the Housing and Community Development Department (HCD) to raise a variety of mobilehome-related fees using a formula that includes the rate of inflation plus rounding to the nearest dollar.

Status: The Subcommittee heard this item on April 30, 2026, and held it open.

Staff Recommendation: Reject the proposed budget trailer bill language.

2245 CALIFORNIA HOUSING FINANCE AGENCY (CALHFA)**Item #78: California Dream for All Funding**

Issue: The Senate’s 2026 Budget Plan – Foundation for the Future – proposes a 2026-27 General Fund appropriation of \$500 million to CalHFA for the California Dream for All program. The program expands access to homeownership for first time and first-generation homebuyers through shared-appreciation down-payment assistance.

Status: The Subcommittee heard this item on April 30, 2026, for informational purposes.

Staff Recommendation: Modify the budget bill to include this component of the Senate Plan.

Item #79: Establishment and Resources for Disaster Rebuilding Fund

Issue: The Governor’s May Revision proposes a statutory framework and \$100 million in funding for the creation of a Disaster Rebuilding Fund at the California Housing Finance Agency (CalHFA) to assist homeowners seeking to rebuild in the wake of natural disasters, such as wildfire, through a combination of a loan loss guarantee program, an interest rate buydown program, and other tools intended to reduce borrowing costs and facilitate access to private financing.

Status: The Subcommittee heard this item on April 30, 2026, for informational purposes.

Staff Recommendation: Adopt placeholder trailer bill language that: (1) establishes the Disaster Rebuilding Fund and (2) provides additional direction and detail regarding the scope of activities to be undertaken, eligibility criteria, and safeguards against predatory and/or discriminatory lending practices. Approve the corresponding appropriations request pending three party agreement on the content of the trailer bill language. Direct staff to explore possible additional options for homeowners unable to take on additional debt.

2255 CALIFORNIA INTERAGENCY COUNCIL ON HOMELESSNESS (CALICH)

Item #80: Staffing and Resources for Implementation of Recently Enacted Legislation

Issue: As part of the Governor’s January 2026 Budget proposal, the California Interagency Council on Homelessness (Cal-ICH) requests a one-time, \$339,000 General Fund appropriation in 2026-27 for the purpose of implementing the provisions of AB 678 (Lee, Ch. 495, Stats. 2025).

Status: The Subcommittee initially heard this item on February 26, 2026, and held it open. The item was again heard and held open on April 30, 2026.

Staff Recommendation: Approve the proposal as budgeted.

3100 EXPOSITION PARK**Item #81: Utility Replacement and Site Improvements**

Request: The Governor's budget Requests, for Exposition Park (Expo Park), \$96.5 million one-time (\$76 million General Fund and \$20.5 million Exposition Park Improvement Fund) for utility replacement and site improvements within the park.

This item was heard on March 12, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #82: Baseline Augmentations for Operational Sustainability and Legal Support

Request: The Governor's budget requests, for the Office of Exposition Park Management and Natural Resources Agency, \$1,698,000 Exposition Park Improvement Fund ongoing to support increased baseline public safety and legal services at Exposition Park.

This item was heard on March 12, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #83: Phase III Air and Space Center Facility Operations and Opening

Request: The Governor's budget requests, for the California Science Center at Exposition Park (Science Center), \$9,325,000 General Fund and 31 permanent positions in 2026-27, increasing to \$10,612,000 in 2030-31 and ongoing, to provide the resources required to open and operate the Phase III Facility.

This item was heard on March 12, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #84: World Cup Fan Festival Expenses

Request: The Governor's budget Requests, for Exposition Park (Expo Park), a transfer of \$724,000 General Fund one-time in fiscal year 2026-27 to the Exposition Park Improvement Fund to recover the costs incurred by Exposition Park from hosting the 2026 World Cup Fan Festival.

Staff Recommendation: Approve as budgeted.

Item #85: California African American Museum Reappropriations

Request: The Governor's budget Requests, for Exposition Park (Expo Park), a reappropriation of the following items associated with the California African American Museum within Exposition Park:

- Reappropriation of the balance of Provision 3 of Item 3100-001-0001, Budget Act of 2021 until June 30, 2029. Funding will continue to support deferred maintenance projects that represent critical infrastructure deficiencies, including fire alarm maintenance, restroom deficiencies, and HVAC stabilization.
- Reappropriation of the balance of Schedule (3) of Item 3100-001-0001, Budget Act of 2022, until June 30, 2028. Funding will continue to support deferred maintenance projects that represent critical infrastructure deficiencies, including the museum's galleries humidifier to meet museum standards.
- Reappropriation of the balance of subparagraph (A) of paragraph (3) of subdivision (l) of Section 19.56, Budget Act of 2022, until June 30, 2029. Funding will allow CAAM to complete critical priority projects including a multi-year project to conserve and digitize collection art pieces and implement museum programming prior to CAAM's 50th Anniversary.

Staff Recommendation: Approved as budgeted.

7502 DEPARTMENT OF TECHNOLOGY**Item #86: Middle Mile – Encumbrance Extension**

Request: The Governor’s budget requests, for the California Department of Technology (CDT), an extension of the encumbrance period for two General Fund Middle Mile Broadband Initiative (MMBI) appropriations from December 31, 2026, to December 31, 2028.

This item was heard on April 23, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #87: Middle Mile – Enterprise Fund TBL

Request: The Governor’s budget requests, for the California Department of Technology (CDT), trailer bill language which creates an MMBI Enterprise Fund.

This item was heard on April 23, 2026 and held open.

Staff Recommendation: Approve placeholder trailer bill language.

Item #88: CalTABS Modernization

Request: The Governor’s budget requests, for the California Department of Technology (CDT), an augmentation of \$1 million in Technology Services Revolving Fund (TSRF) in 2026-27 and \$550,000 in 2027-28 and ongoing to modernize the California Technology Agency Billing System (CalTABS).

This item was heard on April 23, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #89: Middle Mile Broadband Initiative Contingency Funding

Request: The Governor’s budget requests, for the California Department of Technology (CDT), budget bill language authorizing the Department of Finance to augment CDT’s budget by up to \$30 million in General Fund to serve as a backstop to fund CDT’s first year of operating costs, should the first year of revenues be delayed due to the delayed network completion.

Staff Recommendation: Reject.

Item #90: Middle Mile Broadband Initiative Reimbursement Authority

Request: The Governor’s budget requests, for the California Department of Technology (CDT), the addition of budgetary authority to receive reimbursements up to \$25 million from some of its joint build partners. This request is cost-neutral and does not involve new funding. For several of CDT’s Middle Mile Broadband Network (MMBN) projects where construction costs have been shared as part of last mile projects, CDT has initially paid for the full cost of construction and the partners need to reimburse CDT for the partners’ share of these construction costs, per the joint build contract agreements.

Staff Recommendation: Approve as budgeted.

Item #91: Poppy: California’s Digital Assistant

Request: The Governor’s May Revision budget requests, for the California Department of Technology (CDT), requests \$1 million from the Technology Services Revolving Fund (TSRF) for Fiscal Year 2026–27 for scale-up and ongoing operation of “Poppy, California’s Digital Assistant” which the Administration states will be a shared statewide platform for broader adoption across state departments.

Staff Recommendation: Approve as budgeted.

Item #92: Office Space Facilities Request

Request: The Governor’s May Revision Budget requests, for the Department of Technology (CDT), a budget augmentation for lease and facility cost increases to consolidate staff in Rancho Cordova. The request includes Technology Services Revolving Fund (TSRF), General Fund, and Central Service Cost Recovery Fund (CSCRF) components as follows: 2026-27: \$999,000 (\$878,000 TSRF, \$113,000 GF, \$8,000 CSCRF); 2027-28: \$555,000 (\$466,000 TSRF, \$84,000 GF, \$5,000 CSCRF) with annual increases due to lease and security cost increases.

Staff Recommendation: Approve as budgeted.

7504 OFFICE OF DATA AND INNOVATION**Item #93: Digital Experience Team**

Request: The Governor’s budget requests, for the Department of Data and Innovation (ODI), \$1.25 million in reimbursement authority in 2026-27, and ongoing, and five permanent positions to expand ODI’s integrated model: strengthening pre-procurement research through the Innovation Lab and scaling digital service delivery teams with modern engineering and analytics skills.

This item was heard on April 23, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #94: Extended Encumbrance

Request: The Governor’s May Revision budget requests, for the Office of Data and Innovation, provisional budget bill language to extend the expenditure and encumbrance period for the Data and Innovation Services Revolving Fund (DIF) to June 30, 2030, and to authorize Finance to augment the Office of Data and Innovation’s DIF appropriation by the amount of resources available in the fund.

Staff Recommendation: Approve as budgeted.

7600 CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION (CDTFA)**Item #95: Delivery Network Companies Sales Tax Collections**

Issue. The Governor’s Budget proposes trailer bill language that would require, starting January 1, 2027, Delivery Network Companies who have at least \$500,000 of sales in California to register as Marketplace Facilitators and collect and remit sales and uses taxes on behalf of businesses using their platforms for sales.

This item was heard on March 19, 2026 and held open.

Staff Recommendation. The Administration has withdrawn this proposal. Approve withdrawal.

Item #96: AB 3218 Flavored Tobacco Products Ban and Unflavored Tobacco List

Issue. The Governor’s Budget includes \$3.8 million in 2026-27, \$3.7 million in 2027-28, \$3.7 million in 2028-29, and \$1.2 million in 2029-30 and ongoing from the Cigarette and Tobacco Products Compliance Fund (Compliance Fund) for enforcement of the requirements of AB 3218 and SB 1230.

This item was heard on March 19, 2026 and held open.

Staff Recommendation. Approve funding as budgeted. Add supplemental reporting language to require reporting on vacancies and provisional language to prevent CDTFA from shifting General Fund resources to support the program without notification to the Joint Legislative Budget Committee.

Item #97: Cannabis Tax Program Compliance and Enforcement

Issue. The Governor’s Budget includes \$5.6 million in fiscal year 2026-27 and ongoing from the Cannabis Tax Fund to maintain audit, enforcement, compliance, and appeals activities under the Cannabis Tax Program

This item was heard on March 19, 2026 and held open.

Staff Recommendation. Approve funding as budgeted. Add supplemental reporting language to require reporting on vacancies and provisional language to prevent CDTFA from shifting General Fund resources to support the program without notification to Joint Legislative Budget Committee

Item #98: AB 8 Cannabis: Cannabinoids: Industrial Hemp.

Issue. The Governor’s Budget includes \$3.3 million of augmentations in 2026-27 and ongoing to address enforcement responsibilities stemming from a new law on hemp-derived cannabinoids

(Chapter 248 of 2025 [AB 8, Aguiar-Curry]). In 2026-27, \$2.8 million of these appropriations would come from the Compliance Fund to pay for costs in the Tobacco Licensing Program, while \$0.5 million would come from the Cannabis Tax Fund to pay for costs in the Cannabis Tax Program. \$0.2 million of these costs would shift from the Compliance Fund to the Cannabis Tax Fund starting in 2027-28.

This item was heard on March 19, 2026 and held open.

Staff Recommendation. Approve funding as budgeted. Add supplemental reporting language to require reporting on vacancies and provisional language to prevent CDTFA from shifting General Fund resources to support the program without notification to the Joint Legislative Budget Committee.

Item #99: Centralized Revenue Opportunity System (CROS) Reappropriation

Issue. The Governor's Budget includes a reappropriation of \$3.8 million General Fund from 2025-26 to 2026-27 for the Centralized Revenue Opportunity System (CROS).

This item was heard on March 19, 2026 and held open.

Staff Recommendation. Approve as budgeted.

Item #100: Digital Prewritten Software Tax

Request: The May Revision proposes to apply sales tax to sales of electronically delivered pre-written software, commencing January 1, 2027.

In addition the May Revision proposes to increase resources for CDTFA by \$450,000 ongoing and reimbursements by \$300,000 ongoing to provide resources to administer the proposed Digital Software Tax.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve proposal and placeholder trailer bill language.

Item #101: Operational Savings

Request: The May Revision proposes an ongoing reduction of \$10 million General Fund to CDFTA's operation budget, beginning in 2026-27. This reduction would not impact CDFTA's operations or ability to complete statutorily required workload.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as Budgeted.

7760 DEPARTMENT OF GENERAL SERVICES**Item #102: Contract and Procurement Efficiencies**

Request: The Governor's May Revision Budget requests, for the Department of General Services (DGS), trailer bill language on various contract and procurement efficiencies.

Staff Recommendation. Approve placeholder trailer bill language.

Item #103: 10th and O Streets Reconfiguration

Request: The Governor's May Revision Budget requests, for the Department of General Services (DGS), \$14,346,000 Public Buildings Construction Fund (lease revenue bonds) in 2026-27 for the preconstruction phase of the 10th and O Streets Reconfiguration project located at 1021 O Street in Sacramento, via a progressive design-build delivery method. This project involves interior demolition and reconstruction to reconfigure the space for future Executive Branch tenants.

Staff Recommendation: Reject without prejudice, pending final agreement on future use of the 1021 O Street Building.

Item #104: O Street State Parking Garage

Request: The Governor's May Revision Budget requests, for the Department of General Services (DGS), \$1,292,000 from the Public Building Construction Fund (lease revenue bonds) in 2026-27 for the preconstruction phase of the O Street State Parking Garage project. The budget for the preconstruction phase is estimated to be \$1,292,000, with \$44,934,000 for the progressive design-build phase. The garage will be located at an existing state-owned surface parking lot located on the southeast corner of O Street and 12th Street. The project will expand the parking capacity at this property from 145 spaces to approximately 750 spaces. Users of the garage will include Executive Branch tenants of the 1021 O Street office staff, state workers working in the downtown area, and the existing parkers of the surface lot. Total project costs are estimated at \$46,226,000, including preconstruction phase (\$1,292,000) and progressive design-build phase (\$44,934,000).

Staff Recommendation: Reject without prejudice, pending final agreement on future use of the 1021 O Street Building.

Item #105: Lease Revenue Debt Service Transfer Adjustments

Lease Revenue Debt Service Transfer Adjustments – The Administration requests a decrease of \$126,485,000 General Fund ongoing to adjust the amount transferred to the Service Revolving Fund for the Department of General Services’ lease revenue debt service payments. The decrease in authority in this transfer item will provide the department with the precise amount of funding to make rental payments for the Clifford L. Allenby, New Natural Resources Headquarters, May Lee State Office Complex, Gregory Bateson, Resources, and Jesse Unruh buildings.

Staff Recommendation: Approve as budgeted.

7730 FRANCHISE TAX BOARD (FTB)**Item #106: Enterprise Data to Revenue (EDR 2) Project**

Issue. The Governor’s budget includes \$59,857,000 in FY 2026-27, \$23,975,000 in FY 2027-28, \$17,635,000 in FY 2028-29, \$17,641,000 in FY 2029-30, \$17,637,000 in FY 2030-31 and ongoing, and the full time equivalent of 20.0 permanent positions for the sixth-year implementation of the Enterprise Data to Revenue (EDR2) project, which is the second phase of the Tax System Modernization (TSM) plan. The resources received from this proposal will allow FTB to continue supporting the optimization of business processes throughout the EDR2 life cycle.

This item was heard on March 19, 2026 and held open.

Staff Recommendation. Approve as budgeted.

Item #107: Mainframe Growth Workload

Issue. The Governor’s budget includes \$13,111,000 in Fiscal Year (FY) 2026-27 and \$389,000 in FY 2027-28 and ongoing, to replace primary and disaster recovery mainframe servers to increase memory and processing capacity, and upgrade software to meet workload growth projections.

This item was heard on March 19, 2026 and held open.

Staff Recommendation. Approve as budgeted.

Item #108: CalFile Resources Realignment

Request: The May Revision proposes a reduction of \$921,000 General Fund in 2026-27 and 9.9 positions, \$2.3 million and 22.8 positions in 2027-28, and \$2.7 million and 27 positions in 2028-29 and ongoing to reflect savings from previous investments to link California’s CalFile system for free tax filing to the federal Internal Revenue Service’s Direct File system. The current federal Administration has ended use of the Direct File system.

The May Revision includes FTB retaining 8 positions (5 limited-term positions and 3 permanent positions) in FY 2026-27; 3 permanent positions in FY 2027-28 and ongoing to complete CalFile enhancements.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as Budgeted.

Item #109: Permanent Credit Limitation

Request: The May Revision proposes a permanent business tax credit limitation commencing with the 2027 tax year. The proposed limit would be the greater of \$5 million per company per year or 50 percent of a company's tax liability. This limit structure is intended to ensure small businesses still have access to the credits, and larger businesses may still utilize a significant portion of credits before being limited by the cap. Businesses impacted by the current temporary cap limitation from 2024 through 2026, would still retain refundability provisions related to those foregone credits.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve proposal and placeholder trailer bill language.

Item #110: Reduction of New Business Tax

Request: The May Revision proposes to reduce the \$800 annual tax paid by limited liability companies (LLCs), limited partnerships (LPs), and limited liability partnerships (LLPs) in their first year of existence to \$400. This reduction would be effective for tax years 2027, 2028, and 2029 and the Administration estimates a General Fund revenue loss of \$100 million for each of those tax years.

California allowed the formation of LLCs in 1994. All LLCs are required to pay an annual LLC entity-level tax of \$800 and LLCs with income above \$250,000 also pay an annual fee based on income. In 1995, California allowed for the formation of LLPs, which also pay an annual tax equal to the minimum franchise tax of \$800. The \$800 annual tax was extended to LPs in 1997. LLCs, LPs, and LLPs are all pass-through business entities, meaning business income flows through to the owners and is taxed under the personal income tax, and each form generally provides limited liability protection for its owners, LLCs represent about 85 percent of the total number, and are much more commonly used by small businesses. The \$800 tax is paid by the entity for the privilege of doing business in California with limited liability protection, meaning that the business entity is distinct from its owners, and therefore the owners' personal assets are generally shielded from the entity's debts and legal obligations.

The 2020 Budget Act eliminated the \$800 tax for first-year LLCs, LPs, and LLPs for tax years 2021 through 2023.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve proposal and placeholder trailer bill language.

Item #111: Tax Conformity for Trump Accounts

Request: The May Revision proposes to conform state tax treatment of the newly created Trump accounts with federal law, commencing with tax year 2026. Trump accounts are individual retirement accounts for the benefit of children under the age of 18 who are U.S. citizens with a Social Security number.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve proposal and placeholder trailer bill language.

Item #112: Supplemental Report Language - Audits

Request: The Political Reform Audit (PRA) Program with Franchise Tax Board (FTB) audits state and local political entities pursuant to Government Code Section 90000. The PRA Program determines their compliance with the requirements, as well as educates filers to improve future compliance.

On May 22, 2026, the Department of Finance notified the Joint Legislative Budget Committee that it had approved a request from the Franchise Tax Board (FTB) for a one-year redirection of 14 filled auditor positions from FTB's Tax Program to the Political Reform Audit (PRA) Program. The redirected positions will focus on audits required pursuant to Government Code sections 90000-90009 under the Political Reform Act of 1974.

Staff Recommendation: Approve Supplemental Report Language for reporting related to completion of required FTB workload.

8260 ARTS COUNCIL**Item #113: Keep Arts in Schools Voluntary Tax Contribution Fund**

Request: The Governor’s May Revision Budget requests, for the Arts Council (CAC), trailer bill language reauthorizing the Keep Arts in Schools Voluntary Tax Contribution Fund (Fund).

Background: The trailer bill would reauthorize tax contributions to the Fund and allow individuals to designate such contributions on their tax forms, as specified. The CAC must utilize the Fund for grants to individuals or organizations administering arts programs for children in preschool through 12th grade. The trailer bill also includes language allowing the Franchise Tax Board and the Controller to use the Fund for reimbursement of costs incurred, respectively, in connection with their duties related to the Fund.

Staff Recommendation: Reject without prejudice and defer to the policy process.

8570 DEPARTMENT OF FOOD AND AGRICULTURE**Item #114: Farm to School Program Funding and Trailer Bill Codification**

Request: The Governor’s budget requests, for the Department of Food and Agriculture (CDFA), \$24,600,000 General Fund in 2026-27, \$24,200,000 General Fund in 2027-28, and \$25,200,000 General Fund in 2028-29 and ongoing and 10 permanent positions for the California Farm to School Incubator Grant Program. The Governor’s budget also requests trailer bill language codifying the Farm to School Program as the “Farm to School Act”.

This item was heard on April 9, 2026 and held open.

Staff Recommendation: Approve \$24,600,000 General Fund in 2026-27 but reject \$24,200,000 General Fund in 2027-28, \$25,200,000 General Fund in 2028-29 and ongoing.

Item #115: Farm to School Program Trailer Bill Codification

Request: The Governor’s budget requests, for the Department of Food and Agriculture (CDFA), trailer bill language codifying the Farm to School Program as the “Farm to School Act”.

This item was heard on April 9, 2026 and held open.

Staff Recommendation: Reject without prejudice.

Item #116: Climate Bond (Proposition 4) 2026-27 Expenditure Plan

Request: The Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Proposition 4 or the Climate Bond), approved by voters in November 2024, authorizes \$10 billion to protect communities and nature from the impacts of climate change, such as drought, flooding, wildfire, extreme heat, and sea level rise; to reduce or remove carbon pollution where possible; and in some cases address existing environmental challenges exacerbated by climate change. The 2025-26 budget appropriated \$3.3 billion from the Climate Bond. The Administration proposes an additional \$2.1 billion in 2026-27.

This item was heard on April 9, 2026 and held open.

Staff Recommendation. Conform to action taken in Senate Budget Subcommittee #2.

Item #117: Control Section 4.12 - Elimination of Vacant Positions

Request: The Governor's budget assumes on-going savings associated with the permanent elimination of vacant positions across all state agencies and departments. In total, [6,002.4 vacant positions were proposed for elimination](#), including 69.1 FTEs at CDFSA, beginning in 2025-26, with savings totaling \$478.1 million (\$182.3 million General Fund) and \$487.1 million (\$191.3 million General Fund) in 2026-27, ongoing. Control Section 4.12 of the 2025 Budget Act gave the Joint Legislative Budget Committee (JLBC) until January 1, 2026, to review and express nonconcurrency to the elimination of a subset of vacant positions. Specifically, JLBC had the authority to review and non-concur with the proposed elimination of positions authorized to implement legislation passed in 2022 and 2023 and positions at nine specified departments. The nine departments included the Office of Inspector General, Department of Fish and Wildlife, Department of Parks and Recreation, Department of Pesticide Regulation, State Water Resources Control Board, Department of Toxic Substances Control, Department of Industrial Relations, Department of Food and Agriculture, and the Department of Veteran Affairs. After reviewing responses from the various departments to questions posed by the JLBC, the committee identified 650.1 positions, including 35 FTEs at CDFSA, that merited additional review by the Legislature and issued a [response letter](#) on December 29, 2025 non-concurring with their elimination. The Governor's budget continues to assume savings associated with the elimination of the 650.1 positions, including the 35 FTEs at CDFSA, in fiscal year 2026-27.

This item was heard on April 9, 2026 and held open.

Staff Recommendation. Modify the Governor's proposal and reject the elimination of 21 FTEs at CDFSA and \$2,954,000 (\$20,000 General Fund), including auditor positions, positions supported by Special Funds, and positions approved for the implementation of AB 402 (Aguiar-Curry), Chapter 651, Statutes of 2023.

Item #118: Information Technology Resources

Request: The Governor’s budget requests, for the Department of Food and Agriculture (CDFA), \$382,000 General Fund, \$353,000 Department of Food and Agriculture Fund, and \$75,000 Special Funds in Fiscal Year 2026-27 and ongoing and 4.0 positions to complete crucial Information Technology (IT) operational activities.

This item was heard on April 9, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #119: Ongoing Animal Care Program Resources

Request: The Governor’s budget requests, for the Department of Food and Agriculture (CDFA), \$7,983,000 General Fund in 2026-27 and \$2,818,000 ongoing, which includes a one-time \$5,165,000 General Fund transfer to the Department of Food and Agriculture Fund (Ag Fund) in 2026-27 to repay a loan incurred to establish the Animal Care Program. The proposal also includes provisional language requesting a transfer of General Fund to the Ag Fund to repay this loan.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #120: Industrial Hemp Program Transition

Industrial Hemp Program Transition - \$8,336,000 transfer from the General Fund to the Department of Food and Agriculture Fund in 2026-27, with authority to make transfers until June 30, 2028, to cover the deficit incurred by CDFA in the implementation of the Industrial Hemp Program. This request encompasses all previously accrued deficits as well as expected expenditures in 2025-26 through 2027-28. Additionally, the Administration’s proposal requests trailer bill language affecting a shift from a state-managed program, where growers currently register with the County Agricultural Commissioners (CAC), to a system that mandates growers to obtain licenses through the federal hemp program established by the U.S. Department of Agriculture (USDA).

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted and approve placeholder trailer bill language.

Item #121: Agricultural Statistics and Reporting

Agricultural Statistics and Reporting - \$204,000 General Fund in 2026-27, 2027-28, and 2028-29, and \$204,000 Department of Food and Agriculture Fund (Ag Fund) in 2029-30 and ongoing, and 1.0 permanent position to continue the statutorily mandated collection and publication of agricultural statistical reports.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #122: Administrative Cap Trailer Bill Language

Request: The Governor's May Revision budget requests, for the Department of Food and Agriculture (CDFA), trailer bill language to exempt expenditures for specified categories of administrative costs from the statutory 5 percent limitation on indirect costs from the Department of Food and Agriculture Fund, along with various technical fixes.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve placeholder trailer bill language.

Item #123: State Race Track Leasing Commission and Trailer Bill

Request: The Governor's May Revision budget requests, for the Department of Food and Agriculture (CDFA), \$189,000 General Fund and 1 position in 2026-27 and ongoing to provide resources for clerical and administrative duties for the State Race Track Leasing Commission (SRTLTC) pursuant to Food and Agricultural Code section 4352. This proposal also includes trailer bill language to shift clerical and administrative duties from the Department of Finance to CDFA.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted and approve placeholder trailer bill language.

Item #124: Department of Food and Agriculture Bond and Technical Adjustments

Request: The Governor’s May Revision budget requests, for the Department of Food and Agriculture (CDFA), various bond appropriations, reappropriations, and reversions; technical adjustments; reappropriations; and baseline adjustments to continue implementation of previously authorized programs.

The Administration requests that Item 8570-490 be added to extend the encumbrance period as specified to provide additional time for the following programs to support ongoing projects and administer awards for grants. Specifically, the Administration requests the following augmentations:

“8570-490—Reappropriation, Department of Food and Agriculture. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure as specified below:

0001 - General Fund

- Up to \$675,000 of the amount appropriated in Provision 5 of Item 8570-102-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for the Alternative Manure Management Program and Dairy Digester Research and Development Program shall be extended until June 30, 2028.*
- Up to \$272,000 of the amount appropriated in Provision 5 of Item 8570-589-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for the Alternative Manure Management Program and Dairy Digester Research and Development Program shall be extended until June 30, 2028.*
- Up to \$1,239,000 of the amount appropriated in Provision 2 of Item 8570-588-0001 Budget Act of 2021 (Chs. 21, 69, and 240, Stats of 2021) for the State Water Efficiency and Enhancement Program shall be extended until June 30, 2027.*
- Up to \$1,546,000 of the amount appropriated in Provision 2 of Item 8570-101-0001 Budget Act of 2021 (Chs. 21, 69, and 240, Stats of 2021) for the State Water Efficiency and Enhancement Program shall be extended until June 30, 2027.*
- Up to \$29,000 of the amount appropriated in Provision 2 of Item 8570-601-0001 Budget Act of 2021 (Chs. 21, 69, and 240, Stats of 2021) for the State Water Efficiency and Enhancement Program shall be extended until June 30, 2027.*
- Up to \$335,000 of the amount appropriated in Provision 4 of Item 8570-002-0001 Budget Act of 2021 (Chs. 21, 69, and 240, Stats of 2021) for the California Underserved and Small Producers Program shall be extended until June 30, 2027.*
- Up to \$2,457,000 of the amount appropriated in Provision 4 of Item 8570-002-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for Fairs and Expositions Resiliency Support shall be extended until June 30, 2028.*
- Up to \$2,457,000 of the amount appropriated in Item 8570-0021-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for Animal Blood Banks shall be extended until June 30, 2027.*

- *Up to \$2,197,000 of the amount appropriated in Provision 9 of Item 8570-102-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for the California Underserved and Small Producers Program shall be extended to June 30, 2027.*
- *Up to \$3,632,000 of the amount appropriated in Item 8570-589-0001, Budget Act of 2022 (Chs. 43, 45, and 245, Stats of 2022) for the Alternative Manure Management Program and Dairy Digester Research and Development Program shall be extended until June 30, 2028.*
- *(Up to \$1,002,000 of the amount appropriated in Item 8570-588-0001 Budget Act of 2022 (Chs. 43, 45, and 245, Stats of 2022) for the State Water Efficiency and Enhancement Program shall be extended until June 30, 2027.*
- *Up to \$4,212,000 of the amount appropriated in Item 8570-0017-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023) for the Emerging Threats 2 IT Project shall be extended until June 30, 2028.*
- *Up to \$2,949,000 of the amount appropriated in Provision 3 Item 8570-102-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023) for the California Nutrition Incentive Program shall be extended until June 30, 2028.*
- *Up to \$1,427,000 of the amount appropriated in Provision 3 of Item 8570-589-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023) for the California Nutrition Incentive Program shall be extended until June 30, 2028.*
- *Up to \$7,009,000 of the amount appropriated in Item 8570-001-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) for the Emerging Threats 2 IT Project shall be extended until June 30, 2028.*
- *Up to \$885,000 of the amount appropriated in Item 8570-588-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) for the California Underserved and Small Producers Program shall be extended until June 30, 2028.*
- *Up to \$2,653,000 of the amount appropriated in Item 8570-001-0001, Budget Act of 2025 (Chs. 4 and 5, Stats. 2025) for the Emerging Threats 2 IT Project shall be extended until June 30, 2028.*

3398 - California Emergency Relief Fund

- *Up to \$10,000 of the amount appropriated in Item 8570-101-3398, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for the Water Efficiency Technical Assistance Program shall be extended until June 30, 2027.*
- *Up to \$622,000 of the amount appropriated in Item 8570-509-3398, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for the California Underserved and Small Producers Program shall be extended until June 30, 2028.*
- *Up to \$152,000 of the amount appropriated in Item 8570-590-3398, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for the Water Efficiency Technical Assistance Program shall be extended until June 30, 2028.”*

3228 - Greenhouse Gas Reduction Fund

- *Up to \$775,000 of the amount appropriated in Item 8570-101-3228, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023) for the Healthy Soils Program shall be extended until June 30, 2028.*

- *Up to \$1,970,000 of the amount appropriated in Item 8570-594-3228, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023) for the Healthy Soils Program shall be extended until June 30, 2028.*
- *Up to \$2,651,000 of the amount appropriated in Item 8570-101-3228, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) for the Alternative Manure Management Program and Dairy Digester Research and Development Program shall be extended until June 30, 2028.*
- *Up to \$840,000 of the amount appropriated in Item 8570-594-3228, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) for the Alternative Manure Management Program and Dairy Digester Research and Development Program, shall be extended until June 30, 2028.*

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted for General Fund (0001) items and California Emergency Relief Fund Items (3398). Withhold action as to Greenhouse Gas Reduction Fund (3228) items, conforming with actions taken in Senate Budget Subcommittee #2.

Item #125: Plant Health and Pest Prevention Program Funding

Request: The Governor's May Revision budget requests, for the Department of Food and Agriculture (CDFA), \$10,500,000 General Fund in 2026-27 and ongoing to maintain pest detection activities for the Invasive Fruit Fly (IFF) program. This program has historically received federal funds, but the United States Department of Agriculture (USDA) has notified CDFA these funds are being reduced.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #126: Biological Control Facility Repairs

Request: The Governor's May Revision budget requests, for the Department of Food and Agriculture (CDFA), \$900,000 General Fund in 2026-27 to perform repairs at its Biological Control Facility in Sacramento.

This item was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted.

8615 PRIVACY PROTECTION AGENCY**Item #127: Delete Request Opt-Out Platform Expenditure Authority**

Request: The Governor's May Revision Budget requests, for the Privacy Protection Agency (CPPA), an increase in expenditure authority of \$2.2 million Data Brokers' Registry Fund in 2026-27 and 2.0 positions to address increased costs and workload from the release of the Delete Request Opt-Out Platform (DROP) pursuant to Chapter 709, Statutes of 2023 (SB 362).

Staff Recommendation: Approve as budgeted.

8860 Department of Finance**Item #128: Office of State Audits and Evaluations**

Budget Proposal. Provide \$625,000 one-time General Fund to the Office of State Audits and Evaluations under the Department of Finance for audit workload related to an audit on the effectiveness of administration of the Statewide Imagination Library by the California State Library and Strong Reader Partnership

Staff Recommendation: Approve as proposed.

8885 COMMISSION ON STATE MANDATES**Item #129: State Mandate—Disclosure Requirements and Deferral of Property Taxation**

Request: The Governor’s budget requests to suspend a state mandate associated with certain costs that the Commission on State Mandates determined to be reimbursable related to SB 989 (Hertzberg), Chapter 712 of Statutes of 2022.

This item was heard on May 7, 2026 and held open.

Staff Recommendation: Approve \$26,572.00 general fund one-time for the reimbursement of Los Angeles County for costs incurred in connection with Chapter 712, Statutes of 2022 and adopt placeholder trailer bill language removing the disclosure requirement related to Chapter 712, Statutes of 2022.

Item #130: Lease Costs

Request: The Governor’s May Revision budget requests, for the Commission on State Mandates (Commission), \$20,000 one-time to support the Commission’s increased lease costs associated with the expiration of a prior concession that provided a rent-free month.

Staff Recommendation: Approve as budgeted.

Item #131: Reimbursement for State Mandates

Request: The Governor’s May Revision budget requests, for the Commission on State Mandates (Commission), a decrease of \$1,108,000 General Fund, one-time, an increase of \$477,000 Motor Vehicle Account, ongoing, and an increase of \$1,000 Department of Pesticide Regulation Fund, ongoing, to reflect revised state mandate estimates.

Staff Recommendation: Approve as budgeted.

8940 MILITARY DEPARTMENT (CALGUARD)**Item #132: Drug Interdiction Continuation**

Request: The Governor's budget requests, for the California Military Department (CMD), \$30 million General Fund (\$15 million in 2026-27 and \$15 Million in 2027-28) to provide continued support for the CMD's state funded drug interdiction efforts.

This item was heard on May 7, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #133: State Active-Duty Salary and Benefits Adjustment

Request: The Governor's budget requests, for the California Military Department (CMD), \$4,006,000 (\$1,853,000 General Fund (GF), \$1,969,000 Federal Trust Fund (FTF), \$64,000 Behavioral Health Services Fund (BHSF), and \$120,000 Reimbursement to align the pay and allowances of its State Active Duty (SAD) service members to those of service members of similar grade in the federal armed forces, and to provide funding for salary driven benefits (SDB) adjustments.

The Governor's May Revision budget further requested a total budget reduction of \$407,000 (\$95,000 General Fund, \$303,000 Federal Trust Fund, and \$9,000 Behavioral Health Services Fund) ongoing to adjust the calculation for pay, allowances, cost-of-living, and pay-driven benefits for State Active Duty (SAD) servicemembers included in the 2026-27 Governor's Budget.

This item was heard on May 7, 2026 and held open and the May Revision proposal was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted in May Revision.

Item #134: Task Force Rattlesnake Pay Adjustment

Request: The Governor's budget requests, for the California Military Department (CMD), \$1,858,000 ongoing general fund to address annual salary adjustments for existing positions and resources to support increased costs of disability leave entitled to Service Members wounded, injured, or disabled in the active service of the state in the line of duty in accordance with California Military Veteran Code 340.1 for Task Force Rattlesnake (TF-RS).

The Governor's May Revision budget further requested a budget increase of \$30,000 General Fund ongoing to adjust the calculations for annual salary adjustments for existing positions, resources to support increased costs of disability leave, and supplemental stipends previously included in the 2026-27 Governor's Budget. CMD also requests a reimbursement authority increase of \$1 million ongoing to recover costs for expenditures incurred from fire suppression activities.

This item was heard on May 7, 2026 and held open and the May Revision proposal was heard on May 21, 2026 and held open.

Staff Recommendation: Approve as budgeted in May Revision.

Item #135: Utility Baseline and Federal Trust Fund Authority Increase

Request: The Governor’s budget requests, for the California Military Department (CMD), an increase of \$25,000,000 in additional baseline Federal Trust Fund spending authority for CMD’s facilities program, as well as a new utility baseline of \$2,406,000 (General Fund).

Staff Recommendation: Approve as budgeted and approve modified placeholder budget bill language similar in form and substance to the following:

“Upon approval and order of the Department of Finance, for the period from July 1 to September 30 of each year, the amount available for expenditure in Schedule (1) and Schedule (2) may be augmented by an amount sufficient to cover the costs associated with the California Military Department entering into unanticipated agreements made with the National Guard Bureau. The Director of Finance must notify the chairperson of the Joint Legislative Budget Committee in writing within 10 days of adjusting any amount under this provision. Any notification made pursuant to this provision shall include a spending plan listing the intended projects to be supported by the additional funds.”

Item #136: Deferred Maintenance (Facilities and Infrastructure)

Request: The Governor’s budget requests, for the California Military Department (CMD), \$2,750,000 General Fund one-time to allow for a state match to address safety issues at the Fresno-Dakota, Oroville, and San Diego armories for roof replacements, and at the Azusa, Lancaster, and Long Beach armories for fire alarm control panel and system repairs.

This item was heard on May 7, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #137: Los Alamitos: Battalion Headquarters Readiness Center

Request: The Governor’s May Revision budget requests, for the California Military Department (CMD), \$7,808,000 from the Armory Fund for the preliminary plans phase of a project to provide a new readiness center for the 1-160th Infantry Battalion Headquarters and Headquarters Company (1-160 HHC) at the Joint Forces Training Base in Los Alamitos, California.

Staff Recommendation: Approve as budgeted.

Item #138: Critical Roof Replacement and Exterior Repairs (Facilities and Infrastructure)

Request: The Governor’s May Revision budget requests, for the California Military Department (CMD), \$2.76 million (one-time General Fund) to complete three roof replacement projects at the Inglewood, Roseville, and Santa Ana armories, and an exterior restoration of the Santa Rosa armory.

Staff Recommendation: Approve as budgeted.

Item #139: Channel Islands Electrical System Repair

Request: The Governor’s May Revision budget requests, for the California Military Department (CMD), \$4.981 million in Federal Trust Fund authority, one-time, in 2026–27 to support emergency power generation and immediate electrical system repairs at Channel Islands Air National Guard Station.

Background: An augmentation for this Budget Change Proposal was received on May 21, 2026, after the May Revise hearing for Budget Subcommittee #4 and therefore the augmentation was not heard in the subcommittee. According to the Administration, CMD’s May Revision request for this item was based off estimates CMD had at the time and since then has received actual quotes from various contractors which came in higher than anticipated. As such, The Administration is requesting that this item be increased by \$52,000 for a total of \$4.981 million. The current item reflects the increased appropriation caused by this augmentation.

The original item requesting \$4.929 in Federal Trust Fund authority was heard on May 21, 2026.

Staff Recommendation: Approve as budgeted.

Item #140: Reappropriation and Liquidation Extension

Request: The Governor’s May Revise Budget requests, for the California Military Department (CMD), the extension of the liquidation period for \$50,000 in Provision 9 of Item 8940-001-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) to June 30, 2028.

Background: This augmentation request was received on May 21, 2026, after the May Revise hearing for Budget Subcommittee #4, and therefore the augmentation was not heard in the subcommittee.

Staff Recommendation: Approve as budgeted.

8955 DEPARTMENT OF VETERAN'S AFFAIRS (CALVET)**Item #141: Veterans Home of California, Yountville: Skilled Nursing Facility**

Request: The Governor's budget requests, for the California Department of Veterans Affairs (CalVet), \$209,342,000 Federal Funds authority to receive a federal grant award for allowable costs for the Veterans Home of California (VHC), Yountville: Skilled Nursing Facility project.

This item was heard on May 7, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #142: Elimination of Vacant Positions

Request: The Governor's budget assumes on-going savings associated with the permanent elimination of vacant positions across all state agencies and departments. In total, [6,002.4 vacant positions were proposed for elimination](#), including 178.4 FTEs at CalVet, beginning in 2025-26, with savings totaling \$478.1 million (\$182.3 million General Fund) and \$487.1 million (\$191.3 million General Fund) in 2026-27, ongoing. Control Section 4.12 of the 2025 Budget Act gave the Joint Legislative Budget Committee (JLBC) until January 1, 2026, to review and express nonconcurrency to the elimination of a subset of vacant positions. Specifically, JLBC had the authority to review and non-concur with the proposed elimination of positions authorized to implement legislation passed in 2022 and 2023 and positions at nine specified departments. The nine departments included the Office of Inspector General, Department of Fish and Wildlife, Department of Parks and Recreation, Department of Pesticide Regulation, State Water Resources Control Board, Department of Toxic Substances Control, Department of Industrial Relations, Department of Food and Agriculture, and the Department of Veteran Affairs. After reviewing responses from the various departments to questions posed by the JLBC, the committee identified 650.1 positions, including 149.9 FTEs at CalVet, that merited additional review by the Legislature and issued a [response letter](#) on December 29, 2025 non-concurring with their elimination. The Governor's budget continues to assume savings associated with the elimination of the 650.1 positions, including the 149.9 FTEs at CalVet, in fiscal year 2026-27

This item was heard on May 7, 2026 and held open

Staff Recommendation. Approve as budgeted.

Item #143: Administrative Services Staffing

Request: The Governor's budget requests, for the California Department of Veterans Affairs (CalVet), two positions and \$285,000 General Fund in 2025-26 and ongoing to augment staffing resources within the Administrative Services Division related to Budget Office workload.

This item was heard on May 7, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #144: CalVet Electronic Health Record (CEHR) Project: Phase 3

Request: The Governor's budget requests, for the California Department of Veterans Affairs (CalVet), \$1.6 million General Fund in 2026-27 and \$590,000 General Fund in 2027-28 and ongoing for the final implementation of Phase 3 of a new CEHR system.

This item was heard on May 7, 2026 and held open.

Staff Recommendation: Approve as budgeted.

Item #145: CalVet Electronic Health Record Project

The Governor's May Revision budget requests, for the California Department of Veterans Affairs (CalVet), \$2.4 million General Fund in 2026-27 to support the remaining Homes and final implementation of Phase 3 of the California Electronic Health Records Project in the Veterans Homes of California and Headquarters.

Staff Recommendation: Approve as budgeted.

Item #146: Reappropriation for CalVet Electronic Health Record Project

The Governor's May Revision budget requests, for the California Department of Veterans Affairs (CalVet), Reappropriation of \$2.3 million in 2026-27 from the 2023 Budget Act to extend the liquidation date until June 30, 2027 to fulfil contractual obligations and pay invoices related to the completion of the CalVet Electronic Health Record Project.

Staff Recommendation: Approve as budgeted.

VARIOUS DEPARTMENTS**Item #147: AB 91 (Harabedian), Chapter 357, Statutes of 2025 Cleanup**

Request: The Governor’s budget proposes trailer bill language associated with AB 91 (Harabedian), Chapter 357, Statutes of 2025.

This item was heard on May 7, 2026 and held open.

Staff Recommendation: Approve placeholder budget bill language.

Item #148: State Leadership Accountability Act Trailer Bill Language

Request: The Administration requests trailer bill language associated with the State Leadership Accountability Act.

Staff Recommendation: Approve placeholder trailer bill language.

Item #149: Control Section 7.20 – Governors’ Legacies

Request: The May Revision proposes to add Control Section 7.20 to appropriate \$20 million and authorize the Department of Finance to augment a department’s budget for the purpose of recognizing the history and legacy of California’s living Governors, who are not serving in the office of Governor as of the effective date of this Budget Act.

Staff Recommendation: Defer action to final three-party agreement.

Item #150: Bill Control Section 11.94 – Coronavirus Capital Projects

Request: The Governor’s May Revision Budget requests the addition of Budget Bill Control Section 11.94 relating to expenditure and allocation authority of the American Rescue Plan Act and Coronavirus Capitol Projects Fund.

Background: The Administration requests the addition of Control Section 11.94 be added to provide necessary flexibility for administrative adjustments to fully spend the \$540.2 million in federal funds allocated from the Coronavirus Capital Projects Fund (CPF) as authorized by the federal American Rescue Plan Act of 2021 that supports last mile broadband infrastructure projects

Staff Recommendation: Approve modified budget bill language adding the following provision, or a provision substantially similar in form and substance, to the Control Section, at section (d):

“The Director of Finance must increase a California Public Utilities Commission item for last-mile broadband infrastructure by an amount equal to the reduction under this Control Section of Item 7502-001-0001, with such funds being used exclusively for the purpose of last-mile broadband infrastructure; if no item currently exists to allow for such an allocation, an item may be created for this purpose.”