

CLIMATE CHANGE

In 2020, 9,000 wildfires burned over four million acres across the state, more than the 2017 and 2018 fire seasons combined and significantly higher than the most recent five-year average of acres burned. Hotter, drier conditions in the state's forests, driven by climate change and the consequences of a century-old legacy of fire suppression, have generated unparalleled fuel conditions that result in significant wildfire risk.

A second consecutive year of below-average precipitation has created drought or near-drought conditions throughout many portions of the state, and the 2021 fire season is on pace to rival last year's scale of wildfires. In addition to widespread drought, the below-normal snowpack is expected to melt off earlier than usual, leaving middle and upper elevations susceptible to fire spread earlier in the season.

The Budget includes \$15 billion in investments over multiple years to address and reduce the state's multi-faceted climate risks.

DROUGHT RESPONSE AND WATER RESILIENCE

Severe drought afflicts much of the American West and warm temperatures are exacerbating drought impacts. Runoff this year in key California watersheds tracked that of 2014 and 2015, the two warmest and driest years of California's last drought. On April 1, snowpack in the Cascade and Sierra mountains was nearly 60 percent of average, but that snowpack has failed to run off and collect as expected in major

Northern California reservoirs. Instead, the snowmelt absorbed into dry soils and evaporated into warm air.

The Governor proclaimed a drought emergency on April 21 for the Russian River watershed in Sonoma and Mendocino counties, expanded the drought emergency proclamation to cover the Klamath River, Sacramento-San Joaquin Delta, and Tulare Lake watershed counties on May 10, and subsequently expanded the drought proclamation to cover nine additional counties on July 8, bringing a total of 50 out of the 58 counties under the drought state of emergency. The proclamations enable water rights administrators to take action to preserve reservoir storage, and direct state agencies to take immediate action to help communities struggling with diminished or disrupted supplies, respond to deteriorating ecological conditions, and address likely impacts to communities, businesses, and fish and wildlife if dry conditions extend to a third consecutive year.

Policy changes and investments made during and after the 2012-16 drought have put California in a better position to address the return of severely dry conditions. For example, Californians enter this drought using on average 15 percent less water per capita as they did before the 2012-16 drought; a program is underway to support safe drinking water supplies for the estimated one million Californians who lack it; and local agencies are implementing plans to manage groundwater basins for long-term sustainability. Connecting all of these efforts is the Governor's Water Resilience Portfolio, which delineates actions by state agencies to support the capacity of local water managers to respond to and recover from drought and flood. The Budget reflects lessons learned in the 2012-16 drought, including a need to prepare and respond sooner to multi-year dry conditions, address environmental needs, and improve water data systems that allow managers to make better informed decisions.

The Budget includes a total of \$5.1 billion over four years to support immediate drought response and long-term water resilience, which includes \$2.1 billion that will be allocated in the summer pending additional discussions with the Legislature. Current investments include:

- **Immediate Drought Support**—\$727.7 million (\$718.7 million General Fund, \$7 million bond funds, \$2 million special funds) to meet current and anticipated future water supply needs while building regional capacity to endure dry conditions. These investments will fund emergency drought relief projects that help secure and expand water supplies; small supplier and rural community drought contingency planning and preparedness projects; and local water resilience capacity building

that includes outreach to disadvantaged communities. In addition, funding will support the repair and enhancement of the state's water data infrastructure; the state cost-share of a federal desalination research hub; equipment; resources to help address drought impacts on state wildlife areas; and address the increased need for species monitoring and project permitting.

- **Drinking Water, Wastewater, and Water Supply Reliability**—\$1.4 billion General Fund and special funds over five years to expand and protect water supplies by protecting drinking water and wastewater infrastructure, supporting local water recycling and groundwater supply projects, and modernizing water rights data infrastructure.
- **Flood Management**—\$365.2 million from various fund sources across four years to leverage \$1.8 billion in federal funds for the American River Common Features flood control project, the maintenance and strengthening of levees, the support of emergency flood response activities in the Sacramento-San Joaquin Delta, and the support of collaborative flood risk management.
- **Restoration of Natural Areas and Ecosystems**—\$236.4 million from various fund sources to support multi-benefit ecosystem and watershed protection and restoration projects; ecosystem enhancements in the Delta; watershed resilience; address drought impacts on fish and wildlife and to support removal of impediments to fish passage; study rehabilitation strategies at Clear Lake; and support projects that improve biodiversity and climate resilience by increasing coastal and marine ecosystem health.
- **Groundwater Sustainability and Water Conveyance**—\$200 million General Fund to support major canals damaged by subsidence in order to facilitate movement of water across and within regions and Sustainable Groundwater Management Act implementation through groundwater projects and the State Water Efficiency and Enhancement Program.

WILDFIRE AND FOREST RESILIENCE

As California enters a second consecutive year of dry fuel conditions, resulting in drought or near-drought throughout many portions of the state, the 2021 fire season is on pace to rival last year's record number of acres burned.

To address the scale and urgency of these wildfire risks, the Budget includes \$458 million in 2021-22 and \$500 million in 2022-23, to support the Forest Management Task Force's

CLIMATE CHANGE

Wildfire and Forest Resilience Action Plan. The Budget authorizes acceleration of the \$500 million General Fund (currently scheduled for 2022-23) to 2021-22, if authorized activities progress at a rate that indicates additional funding is necessary. The Administration will be working with the Legislature over the summer to allocate this funding across priority wildfire prevention and forest resilience activities. The Budget builds on the \$536 million adopted in early action as part of Chapter 14, Statutes of 2021 (SB 85).

These investments result in a total \$1.5 billion in wildfire and forest resilience funding over up to three years to improve public safety across California's most wildfire-vulnerable communities and significantly increase the pace and scale of forest management projects. This investment will also enable regional efforts to build a pipeline of wildfire resilience projects, expand fire-adapted homes and communities, improve stewardship on state lands, and create high-road jobs while jumpstarting small businesses that meet California's climate objectives.

The Budget also augments resources for the Department of Forestry and Fire Protection (CAL FIRE) to support additional fire crews, provide a surge in firefighter staffing, and continue supporting the phasing in of firefighting aircrafts (See Emergency Response Chapter for additional details).

CLIMATE RESILIENCE

Climate policies and programs in California have cut carbon emissions, created jobs, catalyzed innovation, and spurred partnerships across the United States and around the world, all while prioritizing public health and equity. As California drives toward carbon neutrality, the state is committed to protecting people and nature from the impacts of climate change such as catastrophic wildfire, sea level rise, drought, extreme heat and flooding. However, climate-related disasters are occurring at an increasing speed and scale, and require additional strategic investments.

The Budget includes a commitment for \$3.7 billion General Fund over three years for climate resilience investments. The Administration's goals for this investment continue to be addressing the state's multi-faceted climate risks, investing in best-available climate science to inform decisions, and building community resilience and capacity where resources are most needed. The Administration will be working with the Legislature over the summer to develop a climate resilience package that reflects a shared commitment to building a climate resilient California.

ZERO-EMISSION VEHICLE ACCELERATION

California is committed to developing the zero-emission vehicle (ZEV) market equitably, not only as a foundational tool to protect public health and combat climate change, but as an engine of economic development and job creation. Today, California is home to 34 ZEV-related manufacturers and over 360 unique ZEV-related companies. In 2020, ZEVs became the state's number one export.

The Budget accelerates the state toward meeting its climate and transportation goals established in Executive Order N-79-20 and is consistent with California's Zero-Emission Vehicle Market Development Strategy. The Strategy is designed to galvanize all relevant stakeholders—from industry and non-governmental organizations to all levels of government and academia—around the four pillars of the ZEV market: Vehicles, Infrastructure, End Users, and Workforce.

Totaling \$2.7 billion in 2021-22, and \$3.9 billion over three years, the ZEV investments in the Budget not only push progress in each market pillar, but increase private sector confidence and enable increased participation in the market, allowing the zero-emission industry to capitalize on scale. These investments create economic development and job opportunities in a sector primed for rapid expansion and to fuel California's recovery—helping to bring down the cost of deployments globally—while maintaining California's competitive advantage as the hub of zero-emission manufacturing and deployment.

Significant investments include:

- **Heavy-Duty Zero-Emission Vehicles and Supporting Infrastructure**—\$2 billion one-time General Fund and special funds over three years for heavy-duty zero-emission vehicles. This includes \$1.3 billion over three years to deploy over 1,000 zero-emission drayage trucks, 1,000 zero-emission transit buses, and 1,000 zero-emission school buses in underserved rural school districts. These investments will prioritize projects that directly benefit priority populations and improve air quality in low-income and disadvantaged communities. In addition, \$500 million is included for zero emission clean truck, buses, and off-road equipment, plus an approximately \$200 million investment in medium-and heavy-duty ZEV fueling and charging infrastructure to further catalyze the market. Furthermore, the Budget includes \$45 million for local air districts in severe and extreme nonattainment areas to deploy non-diesel, low nitrogen oxide heavy-duty vehicles.

- **Light-Duty Zero-Emission Vehicle Adoption and Transportation Equity**—\$1.2 billion one-time General Fund and special funds over three years to invest in consumer adoption of ZEVs and in clean mobility for disadvantaged and low-income communities. This includes \$400 million over three years for the statewide expansion of Clean Cars 4 All and for a suite of clean transportation equity projects. The Budget also includes \$525 million for the Clean Vehicles Rebate Project, with \$10 million for electric bike incentives. These vehicle incentives are complemented by an approximately \$300 million General Fund investment designed to close the projected 2025 light duty charging and fueling infrastructure gap.
- **Zero-Emission Rail and Transit Equipment Purchases and Infrastructure**—\$407 million one-time General Fund and special funds to demonstrate and purchase or lease state-of-the-art, clean bus and rail equipment and infrastructure that eliminate fossil fuel emissions and increase intercity rail and intercity bus frequencies.
- **Zero-Emission Vehicle and Infrastructure Manufacturing**—\$250 million General Fund one-time over two years for manufacturing and supply chain grants to expand California's nation leading ZEV manufacturing footprint, administered through the Clean Transportation Program. This investment complements those investments made in California's High Road Training Partnerships, increasing access to high-quality jobs for workers, and the level of highly-skilled employees for employers.
- **ZEV Market Development Strategy Implementation**—\$5 million one-time General Fund to accelerate implementation of the ZEV Market Development Strategy's focus on increasing awareness and access to ZEVs in the hardest to reach communities and expanding tools that help convert this awareness into decisions to drive or ride in ZEVs.

ENERGY

California has long led the nation and the world in setting ambitious renewable energy and climate policies, working toward a clean economy that is healthier and more equitable. Achieving its energy goals will improve public health so that the benefits of cleaner, more efficient energy are enjoyed by all Californians, and support economic growth and job creation.

INVESTMENTS TO ACCELERATE PROGRESS ON THE STATE'S CLEAN ENERGY GOALS

The Budget includes \$812 million (\$805 million General Fund, \$5 million reimbursements, and \$2 million special funds) over two years to accelerate California's progress on meeting its clean energy goals and better position California as a leader in advancing clean technologies and as a leading partner with the federal administration in tackling climate change and stimulating the economy.

Major investments include:

- \$735 million General Fund over two years, pursuant to subsequent legislation, to support pre-commercial long duration storage projects that are critical to the success of California's efforts to decarbonize the electricity system; energy efficiency in the industrial sector; the Food Production Investment Program to reduce energy use at food production facilities; and green hydrogen production to accelerate the transition away from using fossil fuels to produce hydrogen and displace the use of gas at power plants,
- \$35 million General Fund to carry out critical resource and transmission planning to support the unprecedented levels of clean energy buildout needed to meet the state's energy and climate goals,
- \$20 million General Fund to spur environmentally responsible development of offshore wind energy, and
- \$15 million General Fund to support emergency planning and preparedness.