

BUDGET ADDENDUM

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In the final weeks of the 2021 California State Legislature's session several additional changes were made to the 2021 Budget Act. Most notably, the 2021 Budget Act set aside billions for several natural resources packages including wildfire prevention, water resiliency, climate resilience, sustainable agriculture, and the circular economy, and the funding for these packages was allocated to specific strategies in the final weeks of the session. In addition to the natural resources packages, additional actions were taken to implement funding for student housing, homelessness, and regional economic development. Two packages related to energy and transportation were deferred until 2022.

NATURAL RESOURCES PACKAGES

The 2021 Budget Act includes over \$15 billion (\$13.1 billion General Fund) over the next three years allocated to specific priorities in Chapters 21 and 69, Statutes of 2021 (AB 128 and SB 129 respectively) and SB 170, to support various natural resources packages, including for wildfire and forest resilience, water and drought, climate resilience, zero-emission vehicles, sustainable agriculture, and the circular economy. Collectively, these packages will protect Californians and critical habitats from the impacts of climate change.

WILDFIRE AND FOREST RESILIENCE PACKAGE

In April, the Legislature passed and the Governor signed an early action package totaling \$536 million (\$411 million General Fund; \$125 million Cap and Trade) for a broad set of investments that support a statewide strategy on forest health and fire prevention. This funding was designed to start critical projects before the upcoming fire season and launch several new programs. To date, over 85 percent of this funding has been awarded.

An additional \$988 million is also allocated for fiscal year 2021-22 (\$758 million General Fund; \$230 million Cap and Trade) in additional wildfire and forest resilience projects and programs. This includes, but is not limited to, funding to create resilient wildlands, support wildfire fuel breaks, advance science-based management and streamlined permitting, and support community hardening. The figure below includes a table that details the Wildfire and Forest Resilience Package.

Wildfire Resilience Expenditure Plan
(Dollars in Millions)

Investment Category	Department	Program	Early Action 2020-21	2021-22	Total
Resilient Forests and Landscapes	CAL FIRE	Forest Health Program	\$155	\$160	\$315
		Forest Improvement Program for Small Landowners	\$10	\$40	\$50
		Forest Legacy & Demonstration Forests	\$8	\$19	\$27
		Urban Forestry	\$10	\$20	\$30
		Tribal Engagement	\$1	\$19	\$20
	State Parks, Fish & Wildlife	Stewardship of State-Owned Land	\$30	\$145	\$175
	Conservancies	Project Implementation in High-Risk Regions	\$69	\$139	\$208
Wildfire Fuel Breaks	CAL FIRE	CAL FIRE Unit Fire Prevention Projects	\$10	\$40	\$50
		Fire Prevention Grants	\$123	\$120	\$243
		Prescribed Fire & Hand Crews & Contract Counties	\$15	\$49	\$64
	California Conservation Corps	Fuel Reduction Crews & Residential Centers	\$0	\$27	\$27
	Department of Conservation	Regional Forest Capacity	\$50	\$60	\$110
Community Hardening	CalOES & CAL FIRE	Home Hardening	\$25	\$0	\$25
	CAL FIRE	Defensible Space Inspectors	\$2	\$13	\$15
	CAL FIRE & University of California	Land Use Planning & Public Education Outreach	\$0	\$7	\$7
Science-Based Management	CAL FIRE	California Vegetation Treatment Program	\$3	\$20	\$23
	Natural Resources Agency	LiDAR Remote Sensing	\$0	\$25	\$25
	CAL FIRE	Interagency Forest Data Hub	\$0	\$10	\$10
	CAL FIRE	Prescribed Fire Liability Pilot	\$0	\$20	\$20
	Air Resources Board and Water Board	Prescribed Fire Permitting	\$0	\$4	\$4
Economic Development of the Forest Sector	I Bank	Climate Catalyst Fund	\$16	\$33	\$49
	CAL FIRE	Workforce Training	\$6	\$18	\$24
	Office of Planning & Research	Market Development	\$3	\$0	\$3
Total			\$536	\$988	\$1,524

In total, California is committing \$1.5 billion to support Wildfire and Forest Resilience, which represents the largest investment in state history for these activities. These investments are critical to changing the state's approach to managing wildfire and will build upon the early action investments that are already giving the state a chance to complete critical projects ahead of the 2022 fire season.

Additionally, the Budget includes statutory changes that establish a \$200 million annual continuous appropriation from the Greenhouse Gas Reduction Fund for wildfire and forest resilience activities, from 2022-23 through 2028-29 to support a sustained commitment to these efforts.

WATER AND DROUGHT RESILIENCE PACKAGE

The Budget includes \$5.2 billion (\$4.7 billion General Fund) over three years to support immediate drought response and long-term water resilience. This includes funding to support drought response; drinking water, wastewater, and water supply reliability; water recycling and groundwater clean up; flood management; restoration of natural areas and ecosystems; Salton Sea; groundwater sustainability; water conveyance; and water and habitat improvement for environmental flows. Of this amount, approximately \$2.9 billion was allocated toward projects in SB 129 and the remaining \$2.3 billion was determined during the final week of the legislative session to support additional water resilience strategies.

Together, these investments advance actions outlined to provide immediate drought support and address long-term water resilience. The following Figure details the total allocations in the Water and Drought Resilience Package.

Water Resilience Package
(Dollars in Millions)

Investment Category	Department	Program	2021-22	2022-23	2023-24	Total
Drinking Water, Water Supply and Reliability, Flood	State Water Resources Control Board	Drinking Water/Wastewater Infrastructure	\$1,300	\$0	\$0	\$1,300
		PFA's Support	\$30	\$50	\$20	\$100
		Water Recycling/Groundwater Cleanup	\$200	\$100	\$100	\$400
	Department of Water Resources	Salton Sea	\$40	\$100	\$80	\$220
		SGMA Implementation	\$180	\$60	\$60	\$300
		Water Conveyance	\$100	\$100	\$0	\$200
		Flood	\$313	\$237	\$88	\$638
		Watershed Climate Studies	\$25	\$0	\$0	\$25
	Department of Food and Agriculture	Aqueduct Solar Panel Pilot Study	\$20	\$0	\$0	\$20
		State Water Efficiency and Enhancement Program	\$50	\$50	\$0	\$100
Natural Resources Agency	Clear Lake Rehabilitation	\$5.7	\$0.0	\$0.0	\$6	
Immediate Drought Support	Various	Data, Research, and Communications	\$127	\$0	\$0	\$127
	Various	Drought Technical Assistance, Emergency Water Supplies, & Control Section	\$52	\$0	\$0	\$52
	Department of Conservation	Multi-benefit Land Repurposing	\$50	\$0	\$0	\$50
	Department of Water Resources	Small Water Suppliers Drought Relief & Urban Water Management Grants	\$500	\$0	\$0	\$500
	Various	Drought Permitting, Compliance, and Enforcement	\$36	\$3.5	\$3.5	\$43
	Department of Fish and Wildlife	Drought Fisheries and Wildlife Support	\$43	\$0	\$0	\$43
Nature Based Solutions	Natural Resources Agency	Water Resilience Projects	\$165	\$100	\$180	\$445
	Wildlife Conservation Board	Wildlife Corridors/Fish Passage	\$65	\$40	\$0	\$105
		Stream Flow Enhancement Program	\$100	\$150	\$0	\$250
	State Water Resources Control Board	Border Rivers	\$20	\$0	\$0	\$20
	Various	Restoration of Natural Areas and Ecosystems	\$130.1	\$24.4	\$8.9	\$163
	Various	Urban Streams	\$30	\$20	\$0	\$50
Total			\$3,582	\$1,035	\$541	\$5,157

CLIMATE RESILIENCE PACKAGE

The Budget includes \$3.69 billion General Fund over three years to support investments that address the state's multi-faceted climate risks. These funds will build community resilience and capacity where resources are most needed. Investments will support multi-benefit and nature-based solutions, which includes funding to support climate change impacts on fish and wildlife, habitat restoration, and activities that accelerate climate smart management of California's natural and working lands. Funds are also included to address the impacts of extreme heat, build ocean and coastal resilience, and support California's fifth climate assessment. The figure below details the allocations for the Climate Resilience Package.

Climate Resilience Package
(Dollars in Millions)

Investment Category	Department	Program	2021-22	2022-23	2023-24	Total
Extreme Heat	California Natural Resources Agency	Urban Greening	\$50	\$100	\$100	\$250
	Department of Community Services and Development	Low Income Weatherization	\$0	\$25	\$25	\$50
	Strategic Growth Council	Community Resilience Centers/Extreme Heat and Community Resilience Program	\$0	\$50	\$150	\$200
	Various	Extreme Heat Set Aside	\$0	\$150	\$150	\$300
Multi-Benefit and Nature Based Solutions	Department of Fish and Wildlife	Climate Change Impacts on Wildlife	\$15	\$35	\$0	\$50
	Department of Water Resources	Habitat Restoration	\$0	\$125	\$75	\$200
	Wildlife Conservation Board	Protect Fish and Wildlife from Changing Conditions	\$31	\$222	\$100	\$353
	Various	Multi-Benefit and Nature Based Solutions Set Aside	\$0	\$593	\$175	\$768
Building Ocean and Coastal Resilience	Ocean Protection Council	Ocean Protection	\$0	\$50	\$50	\$100
	State Coastal Conservancy	Coastal Protection and Adaptation	\$0	\$350	\$150	\$500
	Department of Parks and Recreation	State Parks Sea Level Rise Adaptation Strategy	\$12	\$0	\$0	\$12
Community Resilience	Strategic Growth Council	Transformative Climate Communities	\$115	\$165	\$140	\$420
		Regional Climate Collaboratives	\$10	\$10	\$0	\$20
	Office of Planning and Research	Climate Adaptation & Resilience Planning Grants	\$10	\$10	\$5	\$25
		Vulnerable Communities Platform and CalAdapt Mapping	\$5	\$0	\$0	\$5
		Regional Climate Resilience	\$25	\$125	\$100	\$250
	Various	Conservancy Funding	\$60	\$0	\$0	\$60
	Cal Volunteers	California Climate Action Corps	\$5	\$5	\$5	\$14
	California Environmental Protection Agency	Environmental Justice Initiative	\$10	\$10	\$5	\$25
Other	Department of Conservation	Biomass to Hydrogen/Biofuels Pilot	\$0	\$50	\$0	\$50
	Various	Fifth Climate Assessment	\$22	\$0	\$0	\$22
	Air Resources Board	Fluorinated Gas Reduction Incentive Program	\$0	\$15	\$0	\$15
Total			\$369	\$2,090	\$1,230	\$3,689

SUSTAINABLE AGRICULTURE PACKAGE

The Budget appropriates \$1.1 billion (\$863 million General Fund) over two years in sustainable agriculture investments to support programs that include, but are not limited to: healthy soils, transition to safer sustainable pest management, alternatives to agricultural burning, technical assistance for underserved farmers, the Farm to School incubator program, livestock methane reduction, FARMER, Fresno-Merced Future of Food (F3) Innovation Initiative, and the Climate Catalyst Fund. Of this amount, \$247 million was allocated in SB 129 and the remainder was allocated during the final week of the legislative session.

In total, these investments support the agriculture sector and create a healthy, resilient, and equitable food system; create climate smart agriculture to support long term sustainability and resilience; and address economic recovery and high-road job growth. The following figure details the total allocations in the Sustainable Agriculture Package.

Sustainable Agriculture
(Dollars in Millions)

Investment Category	Program	2021-22	2022-23	Total
Healthy, Resilient, and Equitable Food Systems	California Farm to School Incubator Grant Program	\$30	\$30	\$60
	Farm to Community Food Hubs Program	\$15	\$0	\$15
	California Nutrition Incentive Program	\$10	\$10	\$20
	Healthy Refrigeration Grant Program	\$10	\$10	\$20
	Senior Farmers Market Nutrition Program	\$0.5	\$0.0	\$0.5
	Urban Agriculture Program	\$12	\$0	\$12
Climate Smart Agriculture for Sustainability and Resiliency	Agricultural Diesel Engine Replacement and Upgrades	\$213	\$150	\$363
	Healthy Soils	\$75	\$85	\$160
	Sustainable California Grown Cannabis Pilot Program	\$9	\$0	\$9
	Livestock Methane Reduction	\$32	\$48	\$80
	Pollinator Habitat Program	\$15	\$15	\$30
	Technical Assistance and Conservation Management Plans	\$17	\$22	\$39
	Transition to Safer, Sustainable Pest Management	\$9.8	\$0	\$10
	Incentives for Alternatives to Agricultural Burning in the San Joaquin Valley	\$180	\$0	\$180
	Research in GHG Reduction	\$5	\$5	\$10
	Invasive Species Council	\$5	\$5	\$10
Climate Catalyst Fund	\$0	\$25	\$25	
Economic Recovery & High-Road Job Growth	Technical Assistance Program for Underserved Farmers	\$5.4	\$5	\$10
	Impact Assessment and Alignment of Regulatory Reporting Requirements for Agriculture	\$4	\$2	\$6
	Fresno-Merced Future of Food Innovation Initiative	\$30	\$0	\$30
	New and Beginning Farmer Training and Farm Manager Apprenticeships Program	\$5	\$5	\$10
	Canine Blood Bank	\$1	\$0	\$1
Total		\$683	\$417	\$1,100

CIRCULAR ECONOMY PACKAGE

The Budget includes \$270 million (\$130 million General Fund) to support a circular economy that recognizes waste as a resource shifting the state's focus to a more resilient and renewable economy in California. These funds will support implementation of goals to reduce short lived climate pollutants, including advancing organic waste infrastructure, edible food recovery, and composting opportunities; and support other non-organic recycling opportunities. The figure below details the total allocations in the Circular Economy Package.

Circular Economy Package (Dollars in Millions)

Investment Category	Department	Program	2021-22	2022-23	Total
Organic Waste Infrastructure and Implementation	Cal Recycle	Edible Food Recovery	\$3	\$2	\$5
		Composting Opportunities	\$5	\$0	\$5
		Organic Infrastructure Grants	\$90	\$15	\$105
		Co-Digestion Capacity	\$10	\$10	\$20
		SB 1383 Local Jurisdiction Implementation Grants	\$60	\$0	\$60
Non-Organic Waste	Cal Recycle	Recycling Feasibility Grants	\$2	\$13	\$15
		Recycling Market Development Zone Loan Program	\$25	\$25	\$50
		Quality Incentive Payments for PET Thermoform-Free Beverage Container Loads	\$10	\$0	\$10
Total			\$205	\$65	\$270

CAP AND TRADE ALLOCATIONS

The Budget includes \$1.5 billion Greenhouse Gas Reduction Fund to support investments primarily related to the Zero Emission Vehicles, AB 617 implementation, wildfire and forest resilience, sustainable agriculture, and SB 1383 organic waste infrastructure investments. The Cap and Trade Expenditure Plan reflects approximately \$180 million of additional funding associated with higher than projected revenue from the August 2021 auction. The following figure details the total allocations in the Cap and Trade Package.

Cap and Trade Expenditure Plan (Dollars in Millions)

Investment Category	Department	Program	2021-22
Equity Programs	Air Resources Board	AB 617 - Community Air Protection	\$260
		AB 617 - Local Air District Implementation	\$50
		AB 617 - Technical Assistance to Community Groups	\$10
	Community Services and Development	Low-Income Weatherization Program	\$15
	Water Board	Safe and Affordable Drinking Water (\$130 million total)	\$44
Low Carbon Transportation & ZEV Strategy	Air Resources Board	Clean Trucks, Buses, & Off-Road Freight Equipment	\$315
		Agricultural Diesel Engine Replacement and Upgrades	\$170
		Clean Vehicle Rebate Program	\$100
		Clean Cars 4 All & Transportation Equity Projects	\$150
Natural and Working Lands	CAL FIRE	Healthy & Resilient Forests (SB 901)	\$230
	Department of Food and Agriculture	Healthy Soils	\$25
Other	Cal Recycle	Waste Diversion/Recycling Infrastructure	\$130
	Air Resources Board	Woodstove Replacement	\$5
		Small Off Road Engines	\$30
Total			\$1,534

PARKS

The Budget sets aside funds for the development and creation of state and local parks. Approximately \$150 million will support urban waterfront parks with a priority for under-resourced, underserved, or park-poor urban communities. Additional legislative actions made a determination to protect the Tesla property from off-highway vehicle use. This property is currently part of the Carnegie State Vehicular Recreation Area. An

additional \$30.8 million will support the development of a new Off-Highway Vehicle park and reimburse the Off-Highway Vehicle Trust Fund that was used to purchase and develop the Tesla property.

DEFERRED PACKAGES

The energy package and transportation package included in the Budget were deferred until next year. Discussions surrounding both priority packages will continue through the fall and the Administration and Legislature expect to address them in early 2022.

ENERGY PACKAGE

The \$735 million energy package includes investments to accelerate progress on meeting the state's clean energy goals and better position California as a leader in advancing clean technologies. The allocation of this package along with other policy changes and projects has been deferred to 2022. With regard to policy changes included in the 2021 legislative session, SB 155 includes a two-year extension for the Fuel Cell Net-Energy Metering program. This program supports the installation of fuel cells that help reduce greenhouse gas emissions, enhance electric grid reliability, and reduce electric grid infrastructure costs. It allows customers to meet their energy needs with energy produced on-site and provides bill credit for excess electricity exported to the electric grid.

TRANSPORTATION PACKAGE

The Budget conditionally appropriated \$3.4 billion General Fund for a variety of transportation projects, including \$1 billion to deliver critical projects in advance of the 2028 Olympic games and \$1 billion to enhance connectivity through clean transportation investment in priority transit and rail projects to improve rail and transit connectivity throughout the state. These transportation funds in the 2021 Budget Act were contingent on an allocation schedule being set in legislation by October 10, 2021. While no agreement was reached regarding these allocations, further discussions are ongoing as to these funds and for the \$4.2 billion in bond funds that are specifically set aside for California's High Speed Rail project.

STUDENT HOUSING

The 2021 Budget Act includes \$2 billion for student housing with the goal of expanding the availability of affordable student housing, thereby relieving one of the largest financial pressures students face and supporting timely degree completion among California students. The Budget establishes the Higher Education Student Housing Grant program that will provide one-time grants for the California Community Colleges, California State University, and University of California to construct student housing or to acquire and renovate commercial properties into student housing for low-income students. In 2021-22, \$500 million one-time General Fund will support grants for student housing projects and California Community College planning grants for student housing, with specific projects and planning grants to be identified in subsequent legislation. Additional General Fund resources are allocated in 2022-23 and 2023-24, for a total of \$2 billion for student housing over the three-year period.

The Budget also establishes the Higher Education Capacity Expansion Grant program to provide one-time grants, subject to appropriation, for capacity expansion projects to support future California resident enrollment growth at the University of California and the California State University.

HOMELESSNESS

The Budget appropriated an historic homelessness package of approximately \$12 billion over two years, notably \$2.75 billion for Homekey, \$2.2 billion for housing along the behavioral health continuum, and \$2 billion in flexible local homelessness aid. Additionally, the Budget set aside \$805 million for the Department of Social Services to establish the Community Care Expansion (CCE) program. The CCE program will provide funding for construction, acquisition or rehabilitation of adult and senior care facilities to preserve or expand service to SSI/SSP individuals experiencing homelessness or who are at risk of becoming homeless.

Additionally, the Budget adds the authority to provide emergency homelessness shelter and services at Cal Expo as well as appropriates \$30 million one-time Labor and Workforce Development Funds for the Department of Industrial Relations' strategic enforcement efforts focused on Homekey construction, alteration, and repair projects.

ECONOMIC DEVELOPMENT

The Budget establishes the Community Economic Resilience Fund (CERF) program appropriating \$600 million one-time federal funds to build an equitable and sustainable economic recovery for California's industries, workers, and communities that have been impacted by the COVID-19 Pandemic.

The Fund will provide financial support to regional stakeholder collaboratives to plan and implement region- and industry-specific economic recovery and transition strategies, with a specific focus on supporting high road jobs. These collaboratives will be supported by and linked directly to community capacity building programs, ensuring broad participation in planning and decision-making. By bringing communities together through an inclusive process, these collaboratives will produce a roadmap for economic growth that prioritizes the creation of accessible, high-quality jobs in sustainable industries.

ACCESS TO JUSTICE

Added to the Budget are investments that support equal access to justice including \$30 million for courts to cover the employment costs of court interpreters and to increase language access, \$30 million to increase the number of court reporters in family and civil law cases, and \$7 million for the Judicial Council to allocate to all courts to cover the costs associated with increased transcript rates. The Budget includes a corresponding increase of \$500,000 to the Court Reporter Board of California within the Department of Consumer Affairs for the Transcript Reimbursement Fund to reimburse low income litigants in civil cases. The Budget also codifies the Governor's Executive Order which provides the judicial branch the necessary authority to continue offering remote civil proceedings until January 31, 2022. Remote civil proceedings allow the trial courts to balance the health and safety risks created by the pandemic with essential court services and further promotes access to justice for court users.

The Budget also eliminates various types of criminal administrative fees charged by local government for individuals who are arrested, prosecuted, or convicted of a crime and eliminates administrative fees for felony or misdemeanor diversion, restitution collection, and substance abuse testing, effective January 1, 2022. The Budget also makes the unpaid balance of many court-imposed costs for these fee types unenforceable and uncollectible and provides \$25 million in 2021-22 and \$50 million annually thereafter to back fill local governments for lost revenue.

K-12 EDUCATION

While schools across the country are closing due to COVID-19, California is doing everything possible to keep children safe and in school. Universal masking, widespread testing, and high ratios of staff vaccination make California's schools some of the safest in the country.

In many areas of the state, the surge of COVID-19 infections linked to the Delta variant has caused disruptions to the start of the school year. While schools continue to be open for in-person instruction, a significant number of students have been subject to quarantine due to exposure or infection. School staff have also been impacted by community spread. This has made maintaining instructional continuity more important than ever; quarantine days should not be missed instructional days.

To support instructional continuity for students in quarantine, the Budget clarifies and strengthens student learning during quarantine. Specifically, the Budget:

- Clarifies that schools will receive state funding for students learning at home while subject to COVID-19 quarantine.
- Fiscally penalizes schools that do not provide instruction to students while they are in quarantine.
- Provides additional time for parents to complete independent study agreements for quarantined students.
- Extends the amount of time a substitute teacher can provide instruction in a class, from 30 days to 60 days.