

CALIFORNIA STATE BUDGET

Gavin Newsom, Governor
State of California



2023-24

This page intentionally blank to facilitate double-sided printing.

TABLE OF CONTENTS

Introduction	1
Summary Charts	5
K-12 Education	9
Higher Education	19
Climate Change	29
Health and Human Services	43
Housing and Homelessness	61
Criminal Justice and Judicial Branch	67
Labor and Workforce Development	81
General Government and Statewide Issues	85
Infrastructure	95
Staff Assignments	99

This page intentionally blank to facilitate double-sided printing.

INTRODUCTION

After two years of unprecedented General Fund revenue growth, California faces a downturn in revenues driven by a declining stock market and persistently high inflation in 2022, rising interest rates, and job losses in high-wage sectors—all of which have led to slower revenue growth than previously projected. Through prudent planning and budget resilience built into previous budgets, the state is in its best fiscal position in recent history to address this downturn. By paying down the state's debt and using one-time surplus funds on one-time commitments, the Budget is able to address the shortfall with balanced solutions that protect core state programs and services. Importantly, the Budget avoids new significant ongoing commitments, and maintains fiscal discipline by setting aside a record \$37.8 billion in total budgetary reserves. Together, these factors put California on strong fiscal footing to better withstand future economic downturns or revenue declines.

The Budget preserves investments in the programs that are essential to millions of Californians while closing a shortfall of more than \$30 billion through a balanced package of solutions that avoids deep program cuts. It protects investments in education, health care, climate, public safety and social service programs that are relied on by millions of Californians. Additionally, it is paired with the Governor's streamlining proposals that accelerate construction of water, transportation, and clean energy projects to advance the state's ambitious economic, climate, and social goals.

BALANCED SOLUTIONS

The Budget includes a balanced package of solutions to bridge an approximately \$31.7 billion shortfall while avoiding deep and damaging program cuts. The categories of these solutions are:

- **Fund Shifts**—\$9.3 billion in shifts of spending commitments from the General Fund to other funds.
- **Reductions and Pullbacks**—\$8.1 billion in General Fund spending reductions or pullbacks of previously approved spending.
- **Delays**—\$7.9 billion in delayed spending across multiple years—without reducing the total amount of funding over the same period.
- **Revenue and Internal Borrowing**—\$6.1 billion in revenue, primarily from the Managed Care Organization tax, and internal borrowing from special fund balances not projected for programmatic purposes.
- **Trigger Reductions**—\$340 million in reductions that will be restored in the January 2024 Governor's Budget if there are sufficient resources to do so at that time.

PROTECTING PRIORITIES

The Budget protects commitments to increase funding for K-12 schools and higher education, as well as to create more available and affordable housing, continue to address homelessness, and combat the impacts of climate change—while also expanding and enhancing health care, maintaining services for Californians most in need, and funding multiple programs to combat crime and improve public safety.

K-12 Education—The Proposition 98 Guarantee reflects a total of \$110.6 billion in 2021-22, \$107.3 billion in 2022-23, and roughly \$108.3 billion in 2023-24. It also includes \$3.4 billion in additional discretionary resources for the Local Control Funding Formula and an additional \$300 million ongoing for the Equity Multiplier to accelerate learning gains and close opportunity gaps of historically underserved students. Funds are also maintained for universal school meals, transitional kindergarten, community schools, and before- and after-school and summer programs.

Higher Education—The Budget maintains compacts with both the University of California and the California State University systems, providing base budget increases of five percent for each system—approximately \$216 million for UC and \$227 million for

CSU—and also provides \$678 million for a Student-Centered Funding Formula cost-of-living adjustment, which will assist the California Community Colleges in meeting the goals of the multi-year Roadmap.

Health Care—The Budget maintains the commitment to increase access to health care for all Californians, regardless of their immigration status and especially for low-income Californians. It also maintains key investments—including more than \$10 billion for California Advancing and Innovating Medi-Cal and over \$8 billion for behavioral health.

Homelessness—The Budget couples the Administration's \$15.3 billion investment to address homelessness with new accountability measures that hold cities, counties, and continuums of care more accountable by requiring coordinated regional plans—identifying each jurisdiction's role, outcome goals, and how local entities are using various state, local, and federal funding sources to reduce homelessness.

Transit—The Budget provides \$5.1 billion for public transit—\$4 billion in Transit and Intercity Rail Capital Program funding and \$1.1 billion in zero-emission vehicle transit funding—and pairs that funding with reporting and accountability requirements for transit agencies. Information from these requirements will guide a new task force, convened by the California State Transportation Agency, tasked with developing recommendations on increasing ridership; improving operations to provide safe, clean, and reliable transit service; and the information will help give local transit agencies guidance to become more fiscally sustainable.

Climate—The Budget includes over \$52 billion in multi-year climate investments. At the same time, the Administration and the Legislature are continuing to discuss a potential climate bond that would allow for even more targeted climate investments. And with the Legislature's approval of the Administration's streamlining proposals, California's leadership is clearing the path to meet the state's ambitious climate goals by accelerating the clean energy projects that will create cleaner air for generations to come.

Public Safety—The Budget maintains commitments of more than \$800 million in multiple programs to improve public safety—including task forces fighting the spread of fentanyl and combatting retail theft—as well as local law enforcement grants totaling \$255 million over three years.

Infrastructure—Approval of the Administration's streamlining proposals has strengthened California's ability to secure federal infrastructure funds that will accelerate the

construction of transportation, clean water, and clean energy projects. Over the next ten years, California has the potential to invest as much as \$180 billion in infrastructure projects that would create an estimated 400,000 direct and indirect jobs.

RECORD RESERVES

The Budget reflects a historic level of reserves, setting aside a total of \$37.8 billion—a level \$600 million higher than the May Revision. This includes \$22.3 billion in the Budget Stabilization Account (BSA) or Rainy Day Fund—a balance that meets the state constitution's maximum mandatory deposit limit of 10 percent of General Fund tax proceeds.

The other components of the combined reserves are:

- **Public School System Stabilization Account**—\$10.8 billion
- **Safety Net Reserve**—\$900 million
- **Special Fund for Economic Uncertainties (the state's discretionary reserve)**—\$3.8 billion

Maintaining this level of reserves provides a prudent insurance policy as the state continues to face revenue risks and uncertainties—significantly, this year's unprecedented storms caused a tax filing delay by the Internal Revenue Service (and a conforming state delay) affecting over 99 percent of California's tax filers in 55 of the state's 58 counties. This delay has pushed the projected receipt of \$42 billion in state tax receipts into October—\$28.4 billion from personal income tax and \$13.3 billion from corporation tax—representing nearly one-fourth of the 2022-23 fiscal year's total projected personal income tax, and nearly one-third of the 2022-23 fiscal year's corporation tax.

This uncertainty and other risks underscore the reason why the Budget does not draw from the state's reserves to close the shortfall. If revenues come in below the Budget's projections, these state reserves will be an important resiliency tool that will protect the state from having to make the kind of drastic reductions to core programs that marked the state's past efforts to close significant deficits.

SUMMARY CHARTS

This section provides various statewide budget charts and tables.

2023 Budget Act
General Fund Budget Summary
(Dollars in Millions)

	2022-23	2023-24
Prior Year Balance	\$55,810	\$26,352
Revenues and Transfers	\$205,134	\$208,688
Total Resources Available	\$260,944	\$235,040
Non-Proposition 98 Expenditures	\$156,475	\$147,533
Proposition 98 Expenditures	\$78,117	\$78,395
Total Expenditures	\$234,592	\$225,928
Fund Balance	\$26,352	\$9,112
Reserve for Liquidation of Encumbrances	\$5,272	\$5,272
Special Fund for Economic Uncertainties	\$21,080	\$3,840
Public School System Stabilization Account	\$9,929	\$10,831
Safety Net Reserve	\$900	\$900
Budget Stabilization Account/Rainy Day Fund	\$22,252	\$22,252
Note: Numbers may not add due to rounding.		

General Fund Expenditures by Agency
(Dollars in Millions)

	2022-23	2023-24	Change from 2022-23	
			Dollar Change	Percent Change
Legislative, Judicial, Executive	\$18,116	\$9,756	-\$8,360	-46.1%
Business, Consumer Services & Housing	3,984	2,739	-1,245	-31.3%
Transportation	1,986	1,390	-596	-30.0%
Natural Resources	15,738	7,474	-8,264	-52.5%
Environmental Protection	3,893	589	-3,304	-84.9%
Health and Human Services	61,590	73,852	12,262	19.9%
Corrections and Rehabilitation	15,696	14,750	-946	-6.0%
K-12 Education	77,038	79,100	2,062	2.7%
Higher Education	22,102	22,715	613	2.8%
Labor and Workforce Development	1,274	864	-410	-32.2%
Government Operations	6,892	4,010	-2,882	-41.8%
General Government:				
Non-Agency Departments	2,551	1,822	-729	-28.6%
Tax Relief/Local Government	668	595	-73	-10.9%
Statewide Expenditures	3,064	6,272	3,208	104.7%
Total	\$234,592	\$225,928	-\$8,664	-3.7%

Note: Numbers may not add due to rounding.

2023-24 Total State Expenditures by Agency
(Dollars in Millions)

	General Fund	Special Funds	Bond Funds	Totals
Legislative, Judicial, Executive	\$9,756	\$4,766	\$287	\$14,809
Business, Consumer Services & Housing	2,739	1,215	536	4,490
Transportation	1,390	16,479	95	17,964
Natural Resources	7,474	2,840	714	11,027
Environmental Protection	589	4,600	12	5,201
Health and Human Services	73,852	39,668	-	113,520
Corrections and Rehabilitation	14,750	3,793	-	18,543
K-12 Education	79,100	470	629	80,199
Higher Education	22,715	139	634	23,488
Labor and Workforce Development	864	1,150	-	2,014
Government Operations	4,010	196	7	4,214
General Government:				
Non-Agency Departments	1,822	2,326	2	4,150
Tax Relief/Local Government	595	3,453	-	4,048
Statewide Expenditures	6,272	865	-	7,137
Total	\$225,928	\$81,961	\$2,916	\$310,804

Note: Numbers may not add due to rounding.

General Fund Revenue Sources
(Dollars in Millions)

	2022-23	2023-24	Change from 2022-23	
			Dollar Change	Percent Change
Personal Income Tax	\$122,769	\$118,161	-\$4,608	-3.8%
Sales and Use Tax	33,072	33,366	294	0.9%
Corporation Tax	42,091	42,081	-10	0.0%
Insurance Tax	3,673	3,881	208	5.7%
Alcoholic Beverage Taxes and Fees	433	438	5	1.2%
Cigarette Tax	47	43	-4	-8.5%
Motor Vehicle Fees	37	37	0	0.0%
Other	3,556	10,681	7,125	200.4%
Subtotal	\$205,678	\$208,688	\$3,010	1.5%
Transfer to the Budget Stabilization Account/Rainy Day Fund	-544	-	544	-100.0%
Total	\$205,134	\$208,688	\$3,554	1.7%

Note: Numbers may not add due to rounding.

2023-24 Revenue Sources
(Dollars in Millions)

	General Fund	Special Funds	Total	Change From 2022-23
Personal Income Tax	\$118,161	\$2,741	\$120,902	-\$5,071
Sales and Use Tax	33,366	15,458	48,824	214
Corporation Tax	42,081	-	42,081	-10
Highway Users Taxes	-	9,370	9,370	669
Insurance Tax	3,881	-	3,881	208
Alcoholic Beverage Taxes and Fees	438	-	438	5
Cigarette Tax	43	1,449	1,492	-147
Motor Vehicle Fees	37	11,741	11,778	502
Other	10,681	33,970	44,651	14,235
Subtotal	\$208,688	\$74,729	\$283,417	\$10,605
Transfer to the Budget Stabilization Account/Rainy Day Fund	-	-	-	-
Total	\$208,688	\$74,729	\$283,417	\$10,605

Note: Numbers may not add due to rounding.

K-12 EDUCATION

California provides instruction and support services to roughly 5.9 million students in grades kindergarten through twelve in more than 10,000 schools throughout the state. A system of 58 county offices of education, more than 1,000 local school districts, and more than 1,200 charter schools provides instruction in English, mathematics, history, science, and other core competencies to provide students with the skills they will need upon graduation to either enter the workforce or pursue higher education.

The Budget includes total funding of \$129.2 billion (\$79.5 billion General Fund and \$49.7 billion other funds) for all K-12 education programs. The Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the Local Control Funding Formula (LCFF), special education, transitional kindergarten, nutrition, and preschool.

PROPOSITION 98

Proposition 98 is a voter-approved constitutional amendment that guarantees minimum funding levels for K-12 schools and community colleges (collectively referred to as K-14 schools). The Guarantee, which went into effect in the 1988-89 fiscal year, determines funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, per capita personal income, and school attendance growth or decline. The Local Control Funding Formula is the primary mechanism for distributing these funds to support students attending K-12 public schools in California.

K-12 EDUCATION

The Budget projects the Guarantee to be in Test 1 for 2021-22, 2022-23, and 2023-24. This means that the funding level of the Guarantee is equal to approximately 38.5 percent of General Fund revenues, plus local property tax revenues. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Budget rebenchmarks the Test 1 percentage, from approximately 38.2 percent to approximately 38.5 percent, to increase the percentage of General Fund revenues due to the Guarantee.

The Budget reflects Proposition 98 funding levels of \$110.6 billion in 2021-22, \$107.4 billion in 2022-23, and \$108.3 billion in 2023-24.

PROPOSITION 98 RAINY DAY FUND

The Budget includes 2021-22, 2022-23, and 2023-24 payments of approximately \$4.8 billion, \$1.8 billion, and \$902 million (respectively) into the Public School System Stabilization Account, for a balance of more than \$10.8 billion at the end of 2023-24. Under current law, there is a cap of 10 percent on school district reserves in fiscal years immediately succeeding those in which the balance in the Account is equal to or greater than 3 percent of the total K-12 share of the Guarantee. The balance of \$9.9 billion in 2022-23 triggers school district reserve caps beginning in 2023-24.

LOCAL CONTROL FUNDING FORMULA

The Budget provides an LCFF cost-of-living adjustment of 8.22 percent—the largest cost-of-living adjustment in the history of LCFF. This adjustment, when combined with declining enrollment adjustments, increases year-over-year discretionary funds available to local educational agencies (LEAs) by approximately \$3.4 billion. The Budget also reflects the utilization of approximately \$1.6 billion one-time Proposition 98 General Fund to support the overall costs of the LCFF in 2023-24, and provides an increase of \$80 million ongoing Proposition 98 General Fund to support county offices of education serving students in juvenile court and other alternative school settings.

ACCOUNTABILITY IMPROVEMENTS AND EQUITY MULTIPLIER

The Budget reflects a comprehensive package of amendments to the K-12 accountability and continuous improvement system to ensure student group and school site equity gaps within an LEA are identified and addressed through the Local Control and Accountability Plan and differentiated assistance processes. To

complement these efforts, the Budget provides \$300 million ongoing Proposition 98 General Fund to establish an Equity Multiplier as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps, and \$2 million ongoing Proposition 98 General Fund to support the critical work of the new Equity Leads within the statewide system of support.

LITERACY

The Budget provides \$250 million one-time Proposition 98 General Fund to build upon the existing Literacy Coaches and Reading Specialists Grant Program, which funds high-poverty schools to train (using evidence-based practices) and hire literacy coaches and reading specialists for one-on-one and small group intervention for struggling readers.

The Budget also requires LEAs to begin screening students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year. To support this effort, the Budget provides \$1 million one-time Proposition 98 General Fund to convene an independent panel of experts to create a list of approved screening instruments for LEAs to use.

Finally, the Budget provides \$1 million one-time General Fund to create a Literacy Roadmap to help educators navigate literacy resources provided by the state and effectively and efficiently use them in their classrooms.

EDUCATOR WORKFORCE

To further reduce barriers for those interested in entering the teaching profession, including spouses of military personnel, the Budget reflects statutory changes to:

- Increase the Teacher and School Counselor Residency Grant Program per-candidate allocation to grantee local educational agencies from twenty-five thousand dollars to forty thousand dollars to better support the successful implementation of this program and require a minimum stipend or salary of twenty thousand dollars be provided to residents to better enable them to afford to pursue this exemplary pathway.
- Allow residency candidates to complete their service requirements in eight years instead of five years, and provide flexibility for candidates to fulfill their service requirement by allowing them to teach in schools outside of their sponsoring district.

K-12 EDUCATION

- Allow teachers who were unable to finish their credential because they could not take the Teaching Performance Assessment during the COVID-19 Pandemic to meet this requirement through completion of a Commission-approved induction program, or through two years of satisfactory teacher evaluations.
- Authorize the Commission on Teacher Credentialing to issue a comparable California credential to any U.S. military servicemember or their spouse who possesses a valid out-of-state teaching or services credential to provide instruction or services in California public schools when the candidate is relocated to California on military orders.
- Require the Commission to evaluate how transcript reviews can be conducted to assess basic skills and subject matter competence for teaching candidates to complete their credentialing requirements without the need to take state-mandated exams to prove competence.
- Establish the Diverse Educators Pipeline Initiative and provide \$10 million one-time Proposition 98 General Fund for grants to LEAs to provide culturally relevant support and mentorship for educators to become school administrators.

EARLY EDUCATION

STATE PRESCHOOL

To fund any adjustments related to reimbursement for preschool providers, subject to a ratified agreement, the Budget sets aside the following amounts: (1) \$343.1 million Proposition 98 General Fund and \$20,000 non-Proposition 98 General Fund from the 2022-23 fiscal year, (2) \$369.3 million Proposition 98 General Fund and \$126.1 million General Fund from the 2023-24 fiscal year, and (3) \$445.7 million Proposition 98 General Fund and \$186.5 million General Fund from the 2024-25 fiscal year. Consistent with this approach, the Budget suspends the annual cost-of-living adjustment applicable to the State Preschool Program in fiscal years 2023-24 and 2024-25.

SIGNIFICANT ADJUSTMENTS

- **2023-24 State Preschool Family Fee Reform**—The Budget revises the family fee schedule for the State Preschool Program beginning October 1, 2023, to: (1) limit family fees to one percent of a family's monthly income, and (2) prohibit the assessment of a fee for families with an adjusted monthly income below 75 percent

of the state median income. Additionally, the Budget authorizes State Preschool Program family fee debt that accrued but remained uncollected prior to October 1, 2023 to be forgiven.

- **State Preschool Program Inclusivity Adjustments**—The 2022 Budget Act reflected a multiyear approach to incrementally require State Preschool Program providers to serve at least 10 percent students with disabilities over the 2022-23, 2023-24, and 2024-25 fiscal years. The Budget delays the planned ramp up for the 2023-24 and 2024-25 fiscal years to the 2025-26 and 2026-27 fiscal years.
- **State Preschool Family Fee Waivers and 2022-23 Stipends**—The Budget reallocates \$4.4 million non-Proposition 98 General Fund and \$5.3 million Proposition 98 General Fund from the 2022 Budget Act to continue to waive family fees from July 1, 2023 through September 30, 2023, and provides roughly \$112 million in available federal funds to provide temporary stipends for State Preschool Program employees.
- **State Preschool Funding Hold Harmless: Reimbursement for Authorized Hours of Care**—The Budget authorizes State Preschool Program providers to be reimbursed for each child's maximum authorized care, instead of their utilized care, from July 1, 2023 to September 30, 2023.

TRANSITIONAL KINDERGARTEN

The Budget reflects approximately \$357 million ongoing Proposition 98 General Fund to support the first year (the 2022-23 school year) of expanded eligibility for transitional kindergarten, shifting age eligibility from all children turning five-years-old between September 2 and December 2 to all children turning five-years-old between September 2 and February 2 (roughly 29,000 children). Additionally, the Budget reflects \$283 million Proposition 98 General Fund to support the first year of adding one additional certificated or classified staff person to every transitional kindergarten class.

The Budget also provides approximately \$597 million ongoing Proposition 98 General Fund to support the second year (the 2023-24 school year) of expanded eligibility for transitional kindergarten, shifting age eligibility from all children turning five-years-old between September 2 and February 2 to all children turning five-years-old between September 2 and April 2 (roughly 42,000 additional children). Additionally, the Budget provides \$165 million Proposition 98 General Fund to support the second year of adding one additional certificated or classified staff person to every transitional kindergarten class.

SIGNIFICANT ADJUSTMENTS

- **Adult-to-Student Ratio**—Commencing with the 2025-26 fiscal year, the Budget requires transitional kindergarten classrooms to maintain a 1:10 adult-to student ratio.
- **Summer Transitional Kindergarten Enrollment**—For the 2023-24 and 2024-25 fiscal years, the Budget enables LEAs to enroll children whose fourth birthday falls between June 2 and September 1, referred to as early enrollment children, in transitional kindergarten if classrooms including early enrollment children meet a 1:10 adult-to-student ratio and maintain a class size that is at, or below, 20 students. Additionally, to the extent possible, LEAs are expected to prioritize assigning teachers that have specified early education college credits or experience to classrooms including early enrollment children.
- **Transitional Kindergarten Educator Requirements**—The Budget also extends the deadline for credentialed teachers to have earned 24 units, or its equivalent, or a child development teacher permit or an early childhood education specialist credential, from August 1, 2023 to August 1, 2025.

SPECIAL EDUCATION

The Budget reflects the state's ongoing commitment to invest in and improve instruction and services for students with disabilities. Specifically, the Budget reflects the following statutory changes:

- Limits the amount of additional funding that Special Education Local Plan Areas (SELPAs) are allowed to retain for non-direct student services before allocating special education base funding to their member local educational agencies.
- Stabilizes current SELPA membership by extending the moratorium on the creation of new single-district SELPAs by two years from June 30, 2024 to June 30, 2026.
- Increases fiscal transparency by requiring the California Department of Education to post each SELPA's annual local plan, including their governance, budget and services plans, on its website.

ADJUSTING ONE-TIME RESOURCES

The Budget reduces or delays support for the following one-time investments:

- **Arts, Music, and Instructional Materials Discretionary Block Grant**—The Budget decreases one-time Proposition 98 General Fund support for the Arts, Music, and Instructional Materials Block Grant by \$200 million, taking total one-time program support from approximately \$3.5 billion to approximately \$3.3 billion. The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28) will provide approximately \$938 million ongoing Proposition 98 General Fund beginning in 2023-24.
- **Learning Recovery Emergency Block Grant**—The Budget delays approximately \$1.1 billion one-time Proposition 98 General Fund for the Learning Recovery Emergency Block Grant to the 2025-26, 2026-27, and 2027-28 fiscal years.
- **Zero-Emission School Buses**—The Budget delays \$1 billion one-time Proposition 98 General Fund to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission to the 2024-25 and 2025-26 fiscal years.
- **California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (FDK Program)**—The 2022 Budget Act included \$100 million one-time General Fund and reflected an additional \$550 million in 2023-24 to support the FDK Program. The Budget delays the 2023-24 planned \$550 million investment for this program to 2024-25.
- **School Facility Program**—The Budget provides approximately \$2 billion one-time General Fund, which is \$100 million less than previously planned, to support the School Facility Program in 2023-24.

OTHER K-12 BUDGET ADJUSTMENTS

SIGNIFICANT ADJUSTMENTS

- **The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28)**—As noted above, the Budget provides approximately \$938 million to support the implementation of Proposition 28, which requires an amount equal to

one percent of the Proposition 98 Guarantee to be allocated to schools to increase arts instruction and/or arts programs in public education.

- **Categorical Program Cost-of-Living Adjustments**—The Budget provides approximately \$556.3 million ongoing Proposition 98 General Fund to reflect an 8.22-percent cost-of living adjustment for specified categorical programs.
- **Nutrition**—The Budget provides an additional \$154 million ongoing Proposition 98 General Fund and an additional \$110 million one-time Proposition 98 General Fund to fully fund the universal school meals program in the 2022-23 and 2023-24 fiscal years. Roughly 800 million meals are projected to be served through this program in 2023-24.
- **Bipartisan Safer Communities Act, Stronger Connections Program**—The Budget provides \$119.6 million one-time federal funds to support LEA activities related to improving school climate and safety through the Stronger Connections Program.
- **Charter School Facility Grant Program**—Consistent with the 2022 Budget Act agreement, the Budget provides a one-time investment of \$30 million Proposition 98 General Fund to support eligible facilities costs.
- **Bilingual Teacher Professional Development Program**—The Budget provides \$20 million one-time Proposition 98 General Fund, to be available through the 2028-29 fiscal year, to support the Bilingual Teacher Professional Development Program.
- **Commercial Dishwasher Grants**—The Budget provides \$15 million one-time Proposition 98 General Fund to support grants to LEAs to acquire and install commercial dishwashers.
- **Restorative Justice Practices**—The Budget provides \$7 million one-time Proposition 98 General Fund to provide support for local educational agencies opting to implement the restorative justice best practices that will be developed and posted on the Department of Education's website by June 1, 2024, pursuant to Chapter 914, Statutes of 2022 (AB 2598).
- **Golden State Teacher Grant Program**—As referenced in the Higher Education Chapter, the Budget provides \$6 million one-time federal funds to support grants to teacher candidates enrolled in a special education teacher preparation program who agree to teach at a high-need school site.
- **K-12 High Speed Network**—The Budget provides \$3.8 million ongoing Proposition 98 General Fund to support the K-12 High Speed Network program.

- **Reversing Opioid Overdoses**—The Budget provides \$3.5 million ongoing Proposition 98 General Fund for all middle schools, high schools, and adult school sites to maintain at least two doses of naloxone hydrochloride or another medication to reverse an opioid overdose on campus for emergency aid.
- **After School Education and Safety Programs**—The Budget provides \$3 million one-time federal funds for Save the Children, which supports after school programs in rural districts.
- **Student Friendly Services**—The Budget provides \$2 million ongoing Proposition 98 General Fund to support the California College Guidance Initiative.
- **California School for the Deaf in Fremont**—The Budget provides \$2 million one-time Proposition 98 General Fund to support the California School for the Deaf in Fremont.
- **Professional Development and Leadership Training**—The Budget provides \$1 million ongoing Proposition 98 General Fund for the Los Angeles County Office of Education to support professional development and leadership training for education professionals related to antibias education and the creation of inclusive and equitable schools, pursuant to Chapter 13, Statutes of 2015 (AB 104).
- **Social Emotional Learning Resources**—The Budget provides \$1 million one-time General Fund for the community-based organization Beyond Differences to support local educational agencies in implementing social-emotional learning practices.
- **Basic Aid Wildfire Property Tax Backfill**—The Budget provides \$632,000 one-time Proposition 98 General Fund to backfill reduced property tax revenues for certain school districts that were impacted by the Kincadee Fire.
- **Local Control and Accountability Plan Query Tool and eTemplate**—The Budget provides \$148,000 ongoing Proposition 98 General Fund to maintain the Local Control and Accountability Plan Query Tool and eTemplate.
- **Abuse of Discretion Clarification**—Consistent with State Board of Education implementation of current law, the Budget includes statute clarifying and confirming that the State Board of Education may reverse the decisions of a school district governing board and county board of education to deny a charter petition only upon a determination that there was an abuse of discretion by each of the school district governing board and the county board of education.

This page intentionally blank to facilitate double-sided printing.

HIGHER EDUCATION

The Budget reflects the second year of the multi-year compacts with the University of California (UC) and the California State University (CSU), and the multi-year roadmap with the California Community Colleges (CCCs), which focus on shared priorities benefitting students. The shared goals of the compacts include increasing access to the UC and CSU, improving student success while advancing equity, increasing the affordability of higher education, increasing intersegmental collaboration, and supporting workforce preparedness in high-demand career pipelines.

The Budget includes total funding of \$40 billion (\$27 billion General Fund and local property tax and \$13 billion other funds) for all higher education entities in 2023-24. The state's three public segments—the UC, the CSU, and the CCCs—each receive substantive ongoing base augmentations, and the Budget reflects continued support toward making postsecondary education more affordable.

UNIVERSITY OF CALIFORNIA

The UC offers formal undergraduate and graduate education. The UC is the public segment authorized to independently award doctoral degrees and is designated as the state's primary academic agency for research. Its ten campuses enroll approximately 294,000 students and the UC extension centers register an additional 500,000 participants in continuing education programs. In 2021-22, the UC awarded more than 84,000 degrees, including more than 62,000 undergraduate degrees.

The Budget maintains the multi-year compact that reflects substantial and sustained funding increases for the UC, in exchange for clear commitments to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities.

SIGNIFICANT ADJUSTMENTS

- **Base Growth**—An increase of approximately \$215.5 million ongoing General Fund for operating costs, representing a five-percent base increase in ongoing General Fund resources.
- **Resident Undergraduate Enrollment Growth**—Consistent with the 2021-22 Budget and section 68 of Chapter 68 of the Statutes of 2021, an increase of \$30 million ongoing General Fund to offset revenue reductions associated with the replacement of 902 nonresident undergraduate students enrolled at three campuses with an equivalent number of California resident undergraduate students at these campuses in 2023-24.
- **Shift Financing Approach for the UC Berkeley Clean Energy Campus Project and UC Merced and UC Riverside Campus Expansion Projects**—Shifting \$498 million in current and planned General Fund support for the UC Berkeley clean energy campus project and UC Merced and UC Riverside campus expansion projects from General Fund to UC-issued bonds, and providing \$33.3 million ongoing General Fund to support these projects.
- **Shift Financing Approach for UC Affordable Student Housing Grants**—Shifting approximately \$490 million in current and planned General Fund support for UC affordable student housing grants from General Fund to UC-issued bonds, and providing \$33.5 million ongoing General Fund to support these projects.
- **Medical School Project at UC Riverside**—Consistent with the 2019 Budget, an increase of \$6.5 million ongoing General Fund to support the Medical School Project at UC Riverside. Consistent with the 2019 Budget, the Administration's fiscal plan also includes an additional \$14.5 million ongoing General Fund to support the Medical School Project at UC Merced beginning in 2024-25.
- **Ralph J. Bunche Center**—An increase of \$5 million General Fund, of which \$2 million is one-time to support the Ralph J. Bunche Center for African-American Studies at UCLA.
- **UC Riverside School of Medicine**—An increase of \$2 million ongoing General Fund to support the UC Riverside School of Medicine.

- **Graduate Medical Education Backfill**—An increase of \$5.1 million ongoing General Fund to offset declining Proposition 56 revenue for a statewide grant program and maintain \$40 million in total ongoing for graduate medical residency slots.
- **Additional Investments**—An increase of approximately \$3.5 million General Fund to support various programs and services at UC campuses.
- **Delayed Capital Outlay Support**—The Budget delays support for Institute for Immunology and Immunotherapy project at UCLA as follows: (1) \$100 million in 2022-23 and \$100 million in 2023-24 of the support for the construction of an Institute for Immunology and Immunotherapy is delayed to the 2024-25 fiscal year.
- **UC Global Entrepreneurs**—An increase of \$2 million one-time General Fund to pilot an entrepreneur in residence project for foreign-born entrepreneurs and UC students in support of job creation and fostering global talent for innovation in areas of need.
- **Additional Investments**—An increase of approximately \$23.1 million one-time General Fund to support various programs, services, and research at UC campuses.

CALIFORNIA STATE UNIVERSITY

The CSU provides undergraduate and graduate instruction generally up to the master's degree. The CSU serves approximately 458,000 undergraduate and graduate students across 23 campuses, and also provides opportunities for students to enroll in professional and continuing education programs. In 2021-22, the CSU awarded more than 132,000 degrees.

The Budget maintains the multi-year compact that reflects substantial and sustained funding increases for the CSU in exchange for clear commitments to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities.

SIGNIFICANT ADJUSTMENTS

- **Base Growth**—An increase of \$227.3 million ongoing General Fund to support a 5-percent base increase as part of the second year of the multi-year compact agreement for CSU's continuing commitment towards student access, equity, and affordability, and creating pathways to high-demand career pathways.

- **Shift Financing Approach for CSU Affordable Student Housing Grants**—A shift of approximately \$655 million in current and planned General Fund support for CSU affordable student housing grants from General Fund to CSU-issued bonds and an increase of \$52 million ongoing General Fund to support these projects.
- **Shift in Capital Support Funding**—The Budget proposes shifting \$329.8 million appropriated for the upfront support of various capital projects on CSU campuses to being supported by CSU-issued bonds. The Budget includes \$43 million ongoing General Fund to support these projects.
- **Shift Financing Approach for Cal Poly Humboldt Infrastructure Projects**—A shift of approximately \$201 million General Fund support provided in the 2021 Budget Act to support Cal Poly Humboldt Infrastructure projects from General Fund to CSU-issued bonds, and reflect an increase of \$16 million ongoing General Fund to support these projects.
- **CSU Chico Human Identification Laboratory**—An increase of \$4.4 million ongoing General Fund to support the construction of the Human Identification Laboratory at the CSU Chico campus through the issuance of CSU bonds.
- **Additional Investments**—An increase of approximately \$3.7 million ongoing General Fund and \$19 million one-time General Fund to support various programs and services at CSU campuses.

CALIFORNIA COMMUNITY COLLEGES

The CCCs are the largest system of higher education in the country, serving roughly one out of every four of the nation's community college students, or approximately 1.8 million students. The CCCs provide basic skills, vocational, and undergraduate transfer education with 73 districts, 116 campuses, and 78 educational centers. In 2021-22, the CCCs awarded over 110,000 certificates and 198,000 degrees and transferred over 107,000 students to four-year institutions. The Budget maintains a continued focus on the CCC multi-year roadmap, which focuses on equity, student success, and enhancing the system's ability to prepare students for California's future.

SIGNIFICANT ADJUSTMENTS

- **CCC Apportionments**—An increase of \$678 million ongoing Proposition 98 General Fund to provide an 8.22-percent cost-of-living adjustment (COLA) for

apportionments and \$26.4 million ongoing Proposition 98 General Fund for 0.5-percent enrollment growth.

- **Shift Financing Approach for CCC Affordable Student Housing Grants**—A shift of approximately \$1.1 billion in current and planned General Fund support for CCC affordable student housing grants from General Fund to CCC-issued bonds and an increase of \$78.5 million ongoing General Fund to support these projects.
- **CCC Categorical Program COLA**—An increase of \$112.5 million ongoing Proposition 98 General Fund to provide an 8.22-percent COLA for select categorical programs and the Adult Education Program.
- **Fund Budget Year Apportionments with One-Time Resources**—An increase of approximately \$290 million one-time Proposition 98 General Fund to support Student-Centered Funding Formula costs for 2023-24.
- **Nursing Program Support**—An increase of \$60 million one-time Proposition 98 General Fund per year for five years, starting in the 2024-25 fiscal year, to expand nursing programs and Bachelor of Science in Nursing partnerships to develop, educate, and maintain the next generation of registered nurses through the community college system, subject to future legislation.
- **Online Education Study**—An increase of \$500,000 one-time Proposition 98 General Fund for a comprehensive study of online education at the community colleges.
- **Student Success Completion Grant Program**—Authorizes a specific award of the Student Success Completion Grant of \$5,250 per semester for specified current and former foster youth at the community colleges, to cover these students' total cost of attendance. Also, a decrease of \$50 million one-time Proposition 98 General Fund to reflect revised program participation estimates, bringing the cumulative 2023-24 support for this program to a total of approximately \$362.6 million Proposition 98 General Fund.
- **Community College Reporting**—Requires reporting on full-time faculty by community colleges and the California Community Colleges Chancellor's Office, to measure the progress in increasing the percentage of instruction by full-time faculty and diversifying faculty.
- **Flexible Block Grant**—The Budget reflects statutory changes to consolidate 2022-23 investments for deferred maintenance, retention and enrollment, and a COVID-19 response block grant to create a flexible block grant that can be spent for any of the purposes of the grants involved. In addition, the Budget decreases one-time Proposition 98 General Fund by approximately \$500 million for these programs,

which was comprised of a decrease of \$494 million for deferred maintenance and a net decrease of retention and enrollment by \$5 million.

- **LGBTQ+ Pilot Project**—An increase of \$10 million a year for three years one-time Proposition 98 General Fund to support the Los Angeles Community College District LGBTQ+ Pilot Project.
- **East Los Angeles College Entrepreneurship and Innovation Center**—An increase of \$2.5 million one-time Proposition 98 General Fund for the East Los Angeles College Entrepreneurship and Innovation Center.
- **Local Property Tax Adjustment**—A decrease of \$355 million ongoing Proposition 98 General Fund as a result of increased offsetting local property tax revenues.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission administers financial aid programs, including the Cal Grant program and the Middle Class Scholarship Program. The state's Cal Grant program is estimated to provide nearly 393,000 financial aid awards to students who meet specified eligibility criteria in fiscal year 2023-24.

SIGNIFICANT ADJUSTMENTS

- **Cal Grant Program Caseload Adjustments**—The Budget reflects estimated Cal Grant expenditures of approximately \$2.2 billion in 2021-22, \$2.3 billion in 2022-23, and \$2.3 billion in 2023-24.
- **Middle Class Scholarship**—Pursuant to the 2022 Budget, an increase of \$227 million one-time General Fund to support a modified version of the Middle Class Scholarship that will focus resources toward reducing a student's total cost of attendance. The Budget also reflects an additional one-time \$289 million in 2024-25 to supplement funding available for the program and provides \$5.2 million ongoing General Fund to expand eligibility for Middle Class Scholarship Program awards to UC and CSU students who are current or former foster youth.
- **Golden State Education and Training Program**—The Budget reflects a decrease of \$480 million one-time General Fund to wind down the Golden State Education and Training Program at the end of the 2022-23 fiscal year.

SCHOLARSHARE INVESTMENT BOARD

The ScholarShare Investment Board administers the Golden State ScholarShare College Savings Trust Program (ScholarShare 529), the California Memorial Scholarship Program (CMS), and the California Kids Investment and Development Savings Program (CaKIDS). CaKIDS funds college savings accounts targeted to low-income and underrepresented public-school students, in addition to establishing college savings accounts for all newborns.

SIGNIFICANT ADJUSTMENTS

- **Child Savings Accounts**—The Budget utilizes available resources within the CaKIDS program, created by reduced cost estimates in the program, to increase the ongoing incentive payments to parents choosing to open accounts for their newborn child from \$25 to \$100.
- **Media Campaign**—The Budget reappropriates \$8 million Special Fund provided for administrative purposes in the 2021 Budget Act to support a statewide media campaign for the CaKIDS Program.

COLLEGE OF THE LAW SAN FRANCISCO

College of the Law, San Francisco is affiliated with the UC system, but is governed by its own Board of Directors. Located in San Francisco, it primarily serves students seeking a Juris Doctor degree, but also offers programs leading to Master of Laws; Master of Studies in Law; and Master of Science, Health Policy and Law degrees. In 2021-22, UC College of the Law, San Francisco enrolled 1,101 full-time equivalent students. Of these, 1,065 were Juris Doctor students.

SIGNIFICANT ADJUSTMENTS

- **Base Growth**—An increase of \$2.2 million ongoing General Fund to support operating costs. This represents a 3-percent base increase.
- **Safety Program, Urban Alchemy**—An increase of \$3 million, available over three years, to continue supporting a campus safety program that employs formerly incarcerated individuals and/or those who have experienced homelessness.

CALIFORNIA STATE LIBRARY

The California State Library serves as the central reference and research library for the Governor and the Legislature. The Library collects, preserves, generates, and disseminates information, and provides critical assistance to libraries across the state. The Library administers programs funded by state and federal funds to support local and public library programs.

SIGNIFICANT ADJUSTMENTS

- **Support for Local Library Infrastructure**—The 2021 Budget Act provided \$439 million one-time General Fund to support local library infrastructure projects. The 2022 Budget Act provided an additional \$50 million and assumed an additional \$100 million in 2023-24 to support local library infrastructure projects. The Budget proposes delaying the \$100 million to the 2024-25 (\$33 million), 2025-26 (\$33 million), and 2026-27 (\$34 million) fiscal years. The Budget also reappropriates approximately \$128.7 million General Fund to support an amended version of the Local Library Infrastructure Grants program.
- **Support for Law Library**—An increase of \$462,000 ongoing General Fund to support and expand the Witkin State Law Library and its personnel.
- **California History Room**—An increase of \$597,000 General Fund, \$357,000 of which is ongoing, to expand the California History Room Special Collections and provide personnel support.
- **Internal Audit**—An increase of \$168,000 ongoing General Fund to support a State Library Audit Program.

STUDENT HOUSING

The 2021 Budget Act established the Higher Education Student Housing Grant Program to provide grants for the CCCs, CSU, and UC to construct student housing or to acquire and renovate commercial properties into student housing for low-income students. The 2022 Budget Act allocated approximately \$1.4 billion one-time General Fund to CCC, CSU, and UC campuses for this program and the state planned to provide an additional \$750 million in 2023-24.

The Budget instead shifts the prior and planned General Fund support for UC, CSU, and CCC affordable student housing grants from General Fund to UC-, CSU-, and

CCC-issued bonds, and reflects an increase of \$164 million ongoing General Fund to support the affordable student housing projects.

The Budget also appropriates \$200 million one-time General Fund and reflects a plan to provide an additional \$1.5 billion one-time General Fund, over the next five years, to support the California Student Housing Revolving Loan Fund.

This page intentionally blank to facilitate double-sided printing.

CLIMATE CHANGE

California is on the frontline of the global climate crisis with record-breaking heat, extreme flooding, and devastating wildfires impacting communities across the state. The summer months of 2022 included extreme heat waves and drought conditions, and 2023 began with statewide flood events in the winter and spring.

The 2021 and 2022 Budget Acts allocated approximately \$54 billion over five years and delivered a climate agenda to fully integrate climate solutions with equity and economic opportunity. With critical investments in health, education, and jobs the state's climate agenda is simultaneously confronting the crisis while building a more resilient, just, and equitable future for all Californians.

The Budget maintains approximately \$51.4 billion (95 percent) of these investments. The Budget prioritizes equity and investments in populations facing disproportionate harm from pollution and the climate crisis. Further, the Budget includes an additional \$890 million in new climate expenditures for a total approximately \$52.3 billion over six years. The Administration also continues to pursue available federal climate funding, including the Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA) and will also engage the Legislature to explore a climate resilience bond.

CLIMATE PILLAR LEGISLATION IMPLEMENTATION

In 2022, California enacted landmark legislation to advance the Administration's climate goals of cutting pollution, advancing carbon neutrality, developing a carbon

removal target date for natural and working lands, and accelerating the state's transition to clean energy. The Administration has begun these initiatives and the Budget includes resources to continue their implementation.

- **Nature-Based Solutions**—Chapter 341, Statutes of 2022 (AB 1757) outlined a comprehensive portfolio of initiatives that include setting targets, quantifying and reporting progress, updating the state strategy, and engaging with experts, to develop an ambitious range of targets for natural and working lands. The Budget includes \$7.6 million General Fund and Cost of Implementation Account in 2023-24 and \$5 million ongoing to support implementation.
- **Clean Electric Grid**—Chapter 361, Statutes of 2022 (SB 1020) advances new interim clean energy targets for California while increasing community engagement. The bill requires eligible renewable energy resources and zero-carbon resources supply 90 percent of all retail sales of electricity to California end-use customers by December 31, 2035; 95 percent of all retail sales of electricity to California end-use customers by December 31, 2040; and 100 percent of electricity procured to serve all state agencies by December 31, 2035. SB 1020 accelerates Chapter 312, Statutes of 2018 (SB 100) requirements for state agencies by ten years. The Budget includes \$4 million from various funds (General Fund, Cost of Implementation Account, Greenhouse Gas Reduction Fund, and Public Utilities Commission Utilities Reimbursement Account) in 2023-24, and additional ongoing funds, across multiple agencies to support implementation.
- **Carbon Sequestration**—Chapter 359, Statutes of 2022 (SB 905) establishes a framework for capture, utilization, and storage of compressed carbon dioxide and created the Carbon Capture, Removal, Utilization, and Storage Program. The Budget includes \$7.8 million Cost of Implementation Account for the State Air Resources Board (\$3.6 million), Department of Conservation (\$3.7 million), and State Water Resources Control Board (\$280,000) in 2023-24 and ongoing to support implementation.

WESTERN JOSHUA TREE CONSERVATION ACT

The western Joshua tree is an iconic, ecologically and culturally important species that is an irreplaceable component of California's natural heritage. The impacts of climate change are occurring with more intensity and frequency than previously anticipated and are threatening the western Joshua tree. At the same time, achieving a clean

energy future and providing housing for all Californians are among the highest of state priorities.

The Western Joshua Tree Conservation Act provides for the conservation of this universally important species at a landscape scale, while establishing an efficient process to permit incidental take of the western Joshua tree subject to conditions for avoidance, minimization, and mitigation through payment of in-lieu fees. The Act thus protects and conserves the western Joshua tree while facilitating much-needed renewable energy projects to reduce the impacts of climate change and critical housing needs.

For the first time, the Act establishes a requirement for the Department of Fish and Wildlife to directly advance Tribal co-management, include Tribal knowledge in management of the species, and relocate trees onto Tribal lands upon request. The Act provides for development and adoption of a range-wide conservation plan for the western Joshua tree that will guide conservation efforts, permitting conditions, relocation of trees, and expenditures of in-lieu fees for the conservation of the species.

Recent budgets have included billions of dollars for clean energy and housing program investments. The Western Joshua Tree Conservation Act will facilitate permitting processes to help advance clean energy and housing projects in the region that align with these investments. The Budget includes \$5 million one-time General Fund to convene stakeholders to provide input to the Department of Fish and Wildlife in its western Joshua tree conservation efforts.

CLIMATE INVESTMENTS

ZERO EMISSION VEHICLES

With nearly half of the nation's Zero Emission Vehicles (ZEVs), and with recently adopted mandates for moving to clean trucks and buses, California is demonstrating to the world that a zero-emission transportation future is possible. The state recently achieved its goal of 1.5 million ZEVs on the road—two years ahead of schedule.

The 2021 and 2022 Budget Acts committed \$10 billion over five years in investments to the state's ZEV agenda—ranging from cleaning up short-haul trucks and school buses to accelerating equitable electrification of passenger vehicles—coupled with infrastructure and incentives for in-state manufacturing.

The Budget maintains \$10.1 billion (100 percent) over six years in investments to the state's ZEV agenda—including targeted investments in disadvantaged and low-income communities by increasing access to the benefits of clean transportation and by continuing to decarbonize California's transportation sector and improve public health. The Budget offsets \$3.2 billion of General Fund reductions across various ZEV programs with approximately \$3.2 billion in fund shifts to the Greenhouse Gas Reduction Fund to specified programs. The Budget also includes an additional \$2.3 million General Fund investment to support a zero-emission jobs roadmap.

TRANSPORTATION

As the largest contributor of California's greenhouse gas emissions, the transportation sector must align project delivery with climate change considerations. The Budget demonstrates a continued commitment to address transportation-related climate issues.

The Budget includes \$14.9 billion in various funds—an increase of \$1.1 billion from the 2022 Budget Act for transportation programs and projects that align with the state's climate goals.

In addition to the 2022 funding levels, the Budget includes \$1.1 billion Greenhouse Gas Reduction Fund and Public Transportation Account funding for the new Zero-Emission Transit Capital Program. This program will fund zero emission vehicles and associated infrastructure or transit operations. Given the projected decline in General Fund revenues, the Budget also includes a \$500 million fund shift from General Fund to state transportation funds.

This considerable investment puts California in a competitive position as it pursues substantial federal funding from the IIJA and other programs by leveraging funding from both state and local sources.

SIGNIFICANT ADJUSTMENTS

- **Transit Intercity Rail Capital & Zero-Emission Transit Capital Programs**—The Budget provides \$5.1 billion in additional program funding as part of the \$8.8 billion multi-year augmentation for local transit capital infrastructure and zero emission vehicle projects. These funds will be allocated by formula, with additional flexibility for transit operators to make capital improvements or address operational shortfalls

as ridership remains below pre-pandemic figures. This additional flexibility in funding is accompanied by new statutory accountability and reporting requirements.

- **Active Transportation Program**—The Budget includes \$500 million for the Active Transportation Program as part of a \$1.05 billion total package. The program provides funding for projects that increase the proportion of trips accomplished by walking or biking, and increases the safety and mobility of non-motorized users.
- **Climate Adaptation Program**—The Budget replaces \$200 million General Fund with \$200 million State Highway Account funding for the Climate Adaptation Program. Matched with \$200 million federal IIJA funding, this results in \$400 million for projects that support climate resiliency and reduces infrastructure risk.
- **High-Priority Grade Separations**—The Budget contains a delay of \$350 million in funding originally planned for these projects to be available in 2023-24, which will instead be made available in 2025-26. Given the multi-year nature of these types of projects, this shift should not significantly impact the ability to deliver the same number of projects that will improve safety for people walking, biking, and driving at rail crossings.

WILDFIRE AND FOREST RESILIENCE

The ongoing impact of climate change on California's wildlands continues to drive critically dry fuel conditions and longer, more severe fire seasons. The 2021 and 2022 Budget Acts committed \$2.8 billion over four years to continue strengthening forest and wildfire resilience statewide.

The Budget maintains \$2.7 billion (98 percent) of these investments over four years to advance critical investments in restoring forest and wildland health to continue to reduce the risk of catastrophic wildfires in the face of extreme climate conditions. The Budget includes \$61 million in General Fund reductions across various programs, which include, but are not limited to, Climate Catalyst Fund, Stewardship of State-Owned Lands, and Workforce Training. These reductions are offset in part by a \$14 million shift to Proposition 98.

WATER

The past five years have been marked by weather extremes—a wet 2019 followed by three years of drought conditions. At the outset of the current water year, which began last October, about 90 percent of the state was gripped by drought conditions, major

reservoirs held 69 percent of average storage, hundreds of thousands of acres of farmland had been fallowed for lack of irrigation water surface supplies, and wells were going dry.

Over three weeks in late December 2022 and early January 2023, a series of atmospheric river storms brought record flooding to several locations. A series of cold storms then brought record-breaking snowfall, followed by another series of warm atmospheric river storms. By April 1, the San Joaquin region recorded its wettest October-March in the observed record since 1896. In addition, the Southern Sierra Nevada recorded its largest snowpack for April 1 since 1950. This set the stage for additional spring flooding in the San Joaquin Basin and the lakebed of the former Tulare Lake.

The 2021 and 2022 Budget Acts committed \$8.7 billion over multiple years to support drought resilience and response programs to help communities and fish and wildlife avoid immediate impacts from extreme drought, while advancing projects and programs that will improve the state's resilience to future droughts and floods.

The Budget maintains \$8.1 billion (93 percent) of these investments over multiple years in programs and projects to bolster the capacity of communities and ecosystems to endure droughts and floods. The Budget reflects \$632 million in General Fund reductions and \$455 million in delays across various programs which include, but are not limited to, water recycling, Salton Sea restoration, and water conservation programs. At the same time, the Budget includes new strategic investments to continue supporting the state's drought response, accelerate implementation of the state's Water Supply Strategy, and increase flood preparedness and response.

SIGNIFICANT ADJUSTMENTS

- **Water and Wastewater Arrearages**—Shifts \$200 million Coronavirus Fiscal Recovery Fund of 2021 from the Department of Community Services and Development to the State Water Resources Control Board to extend the California Water and Wastewater Arrearage Payment Program supported by the American Rescue Plan Act of 2021. The Budget extends the end date of the eligible period of arrearage forgiveness from June 15, 2021, to December 31, 2022. These funds are in addition to approximately \$400 million already available to support the Program.
- **Lead in Schools**—An increase of \$25 million one-time General Fund for the State Water Resources Control Board to support work associated with lead in schools, contingent on enactment of associated legislation.

- **High Priority Stream Gages**—An increase of \$23.9 million General Fund in 2023-24 and \$2.8 million in 2024-25 to support reactivation and deployment of priority stream gages consistent with the SB 19 Stream Gaging Prioritization Plan.
- **Monterey Fish Screens**—An increase of \$17 million one-time General Fund to backfill for previously reverted funds for installation of fish screens.

TULARE BASIN AND STATEWIDE FLOOD RESPONSE AND SUPPORT

Many communities across the state have been significantly affected by the historic atmospheric rivers from recent storms. The Tulare Basin and other areas of the state prepared for and responded to additional flooding due to the snowmelt from the historic levels of snowpack.

Flooding impacts in the Tulare region worsened through the spring and into the early summer as snowmelt escalated due to higher temperatures in the Sierra Nevada. State, local, and federal partners worked collaboratively through the spring on snowmelt forecasting, reservoir operations, flooding assessments, and flood response support to best position the region to respond to and lessen flooding impacts on communities.

As a result of the Governor's Executive Order N-6-23 on March 31, the state was able to expedite levee repairs, floodwater diversion and other emergency response activities. California also secured a Presidential Major Disaster Declaration to support storm response and recovery in Tulare County and other impacted counties.

Building on the Administration's continuing commitment to address statewide flood impacts, the Budget includes \$436 million one-time General Fund to support various at-risk communities, including those in the Tulare Basin, from these impacts and to better withstand future flood events. These include:

- **Urban Flood Risk Reduction**—\$135.5 million General Fund over two years to support local agencies working to reduce urban flood risk.
- **Delta Levees**—\$40.6 million General Fund and bond funds for ongoing Delta projects that reduce risk of levee failure and flooding, provide habitat benefits, and reduce the risk of saltwater intrusion contaminating water supplies.
- **Central Valley Flood Protection**—\$25 million General Fund to support projects that will reduce the risk of flooding for Central Valley communities while contributing to ecosystem restoration and agricultural sustainability.

- **Flood Contingency**—\$135 million one-time General Fund as a flood contingency set aside to support costs associated with preparedness, response, recovery, and other associated activities related to the 2023 storms, the resulting snowmelt, and other flooding risks, including, but not limited to, supporting communities and vulnerable populations, such as farmworkers, from these impacts and to better withstand future flood events. This includes \$20 million to support flood relief in the community of Pajaro and \$20 million to support flood relief in the community of Planada.
- **Flood Control Subventions**—\$75 million one-time General Fund to support local flood control projects, including in communities impacted by recent storms, such as the Pajaro River Flood Risk Management Project.
- **Small Agricultural Business Relief Grants and California Underserved and Small Producer Farmer Program (CUSP)**—An increase of \$20 million one-time General Fund for the California Small Agricultural Business Drought Relief Grant Program and \$5 million for CUSP to provide direct assistance to eligible agriculture-related businesses that have been affected by the recent storms.

The Budget also includes legislation that streamlines regulatory requirements to allow for diversion of flood flows for underground storage, subject to screening and other conditions to protect water quality, infrastructure, and wildlife habitats. Recognizing the extreme drought gripping the Colorado River, the legislation also extends certain streamlining efforts related to water conservation in that basin.

NATURE-BASED SOLUTIONS

California's natural and working lands are essential to combating climate change and protecting the state's world-renowned biodiversity. Trees, plants, grasses, and soils remove and store carbon dioxide from the atmosphere. Healthy landscapes can provide a powerful "sink" to absorb greenhouse gases and help achieve the state's 2045 carbon neutrality goal.

In 2022, over 190 countries joined the 30x30 Initiative, following California's lead in committing to conserve 30 percent of the state's lands and coastal water by 2030 to protect biodiversity, expand equitable access to nature and its benefits, combat climate change, and build resilience to climate impacts.

The 2021 and 2022 Budget Acts committed \$1.6 billion for nature-based solutions. The Budget maintains \$1.4 billion (90 percent) of these investments over multiple years in program that support nature-based solutions. The Budget includes \$155 million in

General Fund reductions across various programs which include, but are not limited to, state conservancy programs, Natural Community Conservation Program, and Climate Smart Land Management Program. The Budget also includes a new investment of \$9.5 million one-time General Fund for the Ocean Protection Council to support the Intertidal Biodiversity DNA Barcode Library.

EXTREME HEAT

Extreme heat ranks amongst the deadliest of all climate change hazards. Projections indicate all regions of California will be affected in the years and decades ahead by higher average temperatures and more frequent and life-threatening heat waves, disproportionately impacting the most vulnerable communities. The Administration is aggressively implementing actions in the Extreme Heat Action Plan, finalized in 2022.

The 2021 and 2022 Budget Acts committed \$649 million for extreme heat. The Budget maintains \$404 million (62 percent) of these investments over multiple years in programs and projects to support extreme heat. The Budget includes \$303 million of General Fund reductions across various programs, which include, but are not limited to, Urban Greening, the Low-Income Weatherization Program, and the Extreme Heat and Community Resilience Program. These reductions are offset in part by \$58 million in fund shifts to the Greenhouse Gas Reduction Fund.

COMMUNITY RESILIENCE

California's communities face complex challenges from climate change—both from its direct impacts, and from its compounding effects on existing stressors and inequities—which is why California's Climate Adaptation Strategy prioritizes the protection of vulnerable communities.

The 2021 and 2022 Budget Acts committed \$1.9 billion for community resilience investments over multiple years to advance climate resilience in low-income and underrepresented communities. The Budget maintains \$1.5 billion (79 percent) of these investments over multiple years in programs and projects to promote community resilience. The Budget reflects \$630 million of General Fund reductions and \$85 million in delays across various program, which include but are not limited to, Community Resilience Centers, Regional Climate Resilience, and Transformative Climate Communities Programs. These reductions are offset in part by \$250 million in fund shifts to the Greenhouse Gas Reduction Fund.

COASTAL RESILIENCE

The impacts of climate change on the coast and ocean include sea-level rise, more extreme storm events, coastal erosion, increased water temperatures, and ocean acidification. These impacts affect public and private property and infrastructure, public access to and along the coast, ecosystem health, and California's coastal economy, including tourism and fishing.

The 2021 and 2022 Budget Acts committed \$1.3 billion for coastal resilience over multiple years. The Budget maintains \$1.1 billion (86 percent) of these investments over multiple years in programs and projects for coastal resilience. The Budget reflects \$184 million in General Fund reductions across several coastal protection and adaptation programs.

SUSTAINABLE AGRICULTURE

California's agricultural industry is where unrivaled innovation meets world-renowned output. In the face of mounting climate change-driven challenges like drought and extreme heat, California's farmers continue to produce food that improves nutritional outcomes in historically underserved communities and feeds households across the state, across the country, and around the world. California agriculture is also on the frontline of fighting climate change by pioneering climate smart agriculture that fosters innovation in carbon sequestration, emissions reduction, and ecosystem resilience improvements.

The 2021 and 2022 Budget Acts committed \$1.1 billion over multiple years for climate smart agriculture investments and to help foster a healthy, resilient, and equitable food system.

The Budget maintains \$1.1 billion (92 percent) of these investments. The Budget includes \$144 million in General Fund reductions across various programs, which include but are not limited to, Healthy Soils Program, Pollinator Habitat Program, and Conservation Agriculture Planning Grant Program. These reductions are offset in part by a shift of \$50 million to the Greenhouse Gas Reduction Fund. The Budget also includes an additional \$140 million of new investments for the CalFresh Market Match Program, Funding Agricultural Replacement Measures for Emission Reductions Program, Enteric Fermentation Incentive Program, and Organic Transition Pilot Program.

CIRCULAR ECONOMY

Building the circular economy will help California combat climate change and move to a carbon neutral future by reducing methane pollution and plastic waste. The 2021 and 2022 Budget Acts included \$468 million over two years for programs supporting a circular economy that recognizes waste as a resource, shifting the state's focus to a more resilient and renewable economy.

The Budget maintains \$443 million (95 percent) of these investments to support implementation of goals to reduce short-lived climate pollutants and advance organic waste infrastructure. The Budget includes \$25 million in General Fund reductions across several programs which include, but are not limited to, Composting, and Recycling Feasibility Grant Programs.

Successfully building California's circular economy will require innovative solutions and approaches to waste. To this end, the Budget also includes \$2.3 million from various special funds for the Department of Resource Recycling and Recovery to develop a zero-waste plan that serves as a roadmap for the transition to a true circular economy that reduces use of natural resources, brings new remanufacturing industries and jobs to the state, and enhances the ability of Californians to recycle.

ENERGY

California is experiencing a substantial shift in conditions affecting its transition to a clean energy future from climate change. This is creating new and compounding challenges to electric service reliability and affordability for all Californians, especially in disadvantaged and low-income communities.

The 2022 Budget Act provided a total of \$7.9 billion in energy budget investments and legislative actions to expedite the state's transition to clean energy, and funded important reliability programs that provided critical support to the grid during last September's record-breaking heat event. In addition, Chapter 239, Statutes of 2022 (SB 846) proposed \$1 billion over three years beginning in 2023-24 for a Clean Energy Reliability Investment Plan, subject to future appropriation.

The Budget maintains approximately \$7 billion (88 percent) of last year's historic \$7.9 billion investment in a clean energy agenda including investments in areas such as building decarbonization, transmission development, and long duration energy storage. The Budget continues to support building a clean, reliable, affordable, and safe electric

grid by appropriating \$100 million of the one-time \$1 billion investment in programs and projects as proposed by the Clean Energy Reliability Investment Plan, pursuant to Chapter 239, Statutes of 2022 (SB 846). The Administration is committed to continuing discussion with the Legislature on the remaining \$900 million in funding available for the Plan, subject to appropriation.

The state will continue to prioritize affordability, reliability and safety as it encourages efforts to decarbonize the electric grid and scale the deployment of clean electric generation and energy storage projects—evidenced by the historic level of General Fund investment in the 2022 Budget Act that is maintained in the 2023 Budget.

With more definitive guidance from federal agencies, the state agencies are also pursuing IJA and IRA funding through formula and competitive grant opportunities. The state is positioning itself to secure large amounts of this federal funding and direct it toward California's energy priorities.

The Budget includes \$2.9 billion General Fund in reductions and \$863 million General Fund in delays to future years. Affected programs impacted include, but are not limited to, residential solar and storage, long duration energy storage, and equitable building decarbonization. These are offset in part by a \$1.1 billion fund shift to Greenhouse Gas Reduction Fund.

OTHER ENERGY-RELATED ADJUSTMENT

- **Climate Innovation Program**—A reduction of \$48 million in 2022-23 and a delay of \$150 million of funds in the current year and the budget year to 2026-27 for the Climate Innovation Program at the California Energy Commission (CEC).

TRANSPORTATION FUELS—CONSUMER PRICE GOUGING PROTECTIONS

The Budget supports the implementation of Chapter 1, Statutes of 2023, First Extraordinary Session (SB x1-2), to protect Californians from experiencing price gouging at the pump by oil companies. From August to October 2022, Californians paid some of the highest gasoline prices ever recorded in the state—reaching a record \$6.42 per gallon—even though the price of crude oil was declining, state taxes and fees remained unchanged, and gasoline prices did not increase outside the western United States.

Recognizing the need for greater transparency in the pricing, contracting, and marketing practices of the transportation fuels industry participants, SB x1-2 was

enacted in March and became effective in June 2023. The legislation authorizes the CEC to establish a maximum gross refining margin of profit that refiners can make above the costs of doing business. The law also includes provisions that require greater transparency into the petroleum supply chain by requiring increased reporting and by creating a new, independent division within the CEC to oversee the adequate, affordable, and reliable supply of this resource. This is especially important to manage petroleum supply price volatility as the state transitions from petroleum-based fuels toward cleaner fuels to meet transportation needs. To implement the bill's measures, the Budget includes the following resources to several state agencies so that they may carry out their new tasks and responsibilities:

- \$5.9 million Energy Resources Programs Account and 14 positions on an ongoing basis for the CEC to collect new data, analyze and track trends in the petroleum supply chain and pricing, produce required reports, and establish a new oversight division, which will collectively help maintain a reliable supply of affordable and safe transportation fuels in California. Additionally, the Commission will redirect 10 existing positions internally to support the new Division of Petroleum Market Oversight.
- \$1 million one-time Cost of Implementation Account for the California Air Resources Board to support development of the Transportation Fuels Transition Plan.
- \$286,000 Occupational Safety and Health Fund and 1 position for the Department of Industrial Relations to support analysis on managing refinery turnaround and maintenance schedules to prevent price spikes.

CLIMATE HEALTH

Climate change affects the health of every Californian, but some communities experience disproportionate public health impacts from climate change more than others. The 2022 Budget allocated \$346 million General Fund over multiple years for investments to address the health impacts of climate change.

The Budget maintains \$321 million (93 percent) of these investments in recognition of the continuing statewide goal of mitigating the health impacts of climate change. The Budget includes \$25 million of General Fund reductions and \$115 million in delays, affecting programs that include the Community Health Worker Program and Climate Health Resilience Planning Program. If there is sufficient General Fund in January 2024, reductions not otherwise offset by other funds or delayed will be restored. See the Introduction Chapter for further information on this trigger.

This page intentionally blank to facilitate double-sided printing.

HEALTH AND HUMAN SERVICES

The Health and Human Services Agency oversees departments and other state entities that provide health and social services to California's vulnerable and at-risk residents. The Budget includes total funding of \$248.1 billion (\$74 billion General Fund and \$174.1 billion other funds) for all programs overseen by this Agency.

DEPARTMENT OF HEALTH CARE SERVICES

Medi-Cal, California's Medicaid program, is administered by the Department of Health Care Services. Medi-Cal is a public health care coverage program that provides comprehensive health care services at no or low cost for low-income individuals. The Department also administers programs for special populations and several other non-Medi-Cal programs as well as county-operated community mental health and substance use disorder programs.

MANAGED CARE ORGANIZATION PROVIDER TAX

The Budget reflects a new Managed Care Organization (MCO) Provider Tax effective April 1, 2023 through December 31, 2026. The MCO tax provides a benefit of \$19.4 billion in funding to the state over the period of the tax, resulting in a total of \$8.3 billion to support the Medi-Cal Program and achieve a balanced budget and \$11.1 billion Medi-Cal Provider Payment Reserve Fund to support investments in Medi-Cal that maintain and expand access and quality of care. Specifically, these funds will:

- Preserve eligibility and benefit expansions in the Medi-Cal program;
- Strengthen Medi-Cal's foundation by providing long-term certainty for provider rate increases to drive greater Medi-Cal provider participation especially in underserved areas and in primary and preventive care and advance equity in the Medi-Cal program; and
- Maximize opportunities to draw additional federal matching funds to the Medi-Cal program.

The Budget includes the following investments supported by the Medi-Cal Provider Payment Reserve Fund:

- **Rate Increases in the Medi-Cal Program**—\$237.4 million (\$98.2 million Medi-Cal Provider Payment Reserve Fund) in 2023-24 and \$580.5 million (\$240.1 million Medi-Cal Provider Payment Reserve Fund) annually thereafter to increase provider rates to at least 87.5 percent of Medicare for primary care (including those provided by physicians or nonphysician health professionals); maternity care (including doulas); and non-specialty mental health services, effective January 1, 2024.
- **Future Targeted Rate Increases and Investments**—As part of the 2024-25 Governor's Budget, the Administration will return with a subsequent set of targeted investments to support the Medi-Cal program. The targeted investments which are anticipated to be effective January 1, 2025 will be designed to further advance access, quality, and equity for Medi-Cal beneficiaries and promote provider participation in the Medi-Cal program. Specifically, in addition to the primary care, maternity care, and non-specialty mental health rate increases effective January 1, 2024, DHCS will submit detailed proposals for rate increases and investments in services and supports in primary care, maternity care, and non-specialty mental health services, specialty care services, community or hospital outpatient procedures and services, family planning services and women's health providers, hospital-based emergency and emergency physician services, ground emergency transport services, designated public hospitals, behavioral health care for members in hospital/emergency departments and institutional long-term care settings, and investments to maintain and grow the health care workforce.
- **Distressed Hospital Loan Program**—\$300 million Distressed Hospital Loan Program Fund supported by one-time loan of up to \$150 million from the Medi-Cal Provider Payment Reserve Fund in 2023-24 and a one-time loan of up to \$150 million from the General Fund in 2022-23 for the Department of Health Care Access and Information (HCAI) and California Health Facilities Financing Authority to provide interest-free

cashflow loans to not-for-profit hospitals and public hospitals in significant financial distress (or to governmental entities representing a closed hospital, for purposes of preventing the closure of, or facilitating the reopening of, those hospitals).

- **Small and Rural Hospital Relief Program**—\$52.2 million (\$50 million one-time Medi-Cal Provider Payment Reserve Fund, and \$2.2 million Small and Rural Hospital Relief Fund) for seismic assessment and construction at HCAI.
- **Graduate Medical Education Program**—\$75 million annually for the University of California to expand graduate medical education programs, in order to achieve the goal of increasing the number of primary care and specialty care physicians in the state based on demonstrated workforce needs and priorities.

SIGNIFICANT ADJUSTMENTS

- **Designated State Health Program**—In 2023-24 through 2026-27, for total General Fund savings of \$646.4 million, from the Designated State Health Program funding to cover Providing Access and Transforming Health Initiative costs.
- **Indian Health Program**—\$11 million General Fund in 2023-24, for total funding of \$23 million General Fund in 2023-24, and \$23 million ongoing General Fund for the Indian Health Program, which provides grants to improve the health status of American Indians living in urban, rural, and reservation or rancheria communities throughout California.
- **Pediatric Subacute Facilities**—\$836,000 General Fund in 2023-24 and \$227,000 General Fund in 2024-25 to maintain reimbursement rates at 2022-23 fiscal year levels for freestanding pediatric subacute facilities.
- **CalAIM Transitional Rent Waiver Amendment**—\$17.9 million (\$6.3 million General Fund) in 2025-26 increasing to \$116.6 million (\$40.8 million General Fund) at full implementation to allow up to six months of rent or temporary housing to individuals experiencing homelessness or at risk of homelessness and transitioning out of institutional levels of care, a correctional facility, or the foster care system and who are at risk of inpatient hospitalization or emergency department visits.
- **Reproductive Health Services 1115 Waiver**—\$200 million (\$15 million General Fund) in 2024-25 for a one-time grant program through an 1115 federal demonstration waiver focused on supporting access to family planning and related services, system transformation, capacity, and sustainability of California's safety net. This funding builds on the 2022 Budget Act investments for reproductive health services

and continues California's progress to provide comprehensive family planning and related services as California responds to the effects of recent federal actions.

- **CalAIM Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment**—\$6.1 billion (\$306.2 million General Fund, \$87.5 million Mental Health Services Fund, \$2.1 billion Medi-Cal County Behavioral Health Fund, and \$3.6 billion federal funds) over five years for the Department of Health Care Services and the Department of Social Services to implement the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment Demonstration, effective January 1, 2024. A critical part of CalAIM, the Demonstration includes statewide and county opt-in components, including, but not limited to, rent and temporary housing for up to six months for certain high-needs beneficiaries and a behavioral health workforce initiative, to expand behavioral health services and strengthen the continuum of mental health services for Medi-Cal beneficiaries living with serious mental illness and serious emotional disturbance, with a focus on children and youth, individuals experiencing or at risk of homelessness, and justice-involved individuals.
- **CalAIM Behavioral Health Payment Reform**—\$250 million one-time General Fund to support the non-federal share of behavioral health-related services at the start of the CalAIM Behavioral Health Payment Reform.
- **Naloxone Distribution Project Expansion**—\$74.8 million in 2023-24, \$35.8 million in 2024-25, \$24.8 million in 2025-26, and \$24.1 million in 2026-27 from the Opioid Settlements Fund to expand the Naloxone Distribution Project to increase distribution to first responders, law enforcement, community-based organizations, and county agencies.

CLOSING THE BUDGET SHORTFALL

- **MCO Provider Tax**—\$8.3 billion over the MCO Tax period in net General Fund offset to support the Medi-Cal Program and achieve a balanced budget.
- **Behavioral Health Continuum Infrastructure Program Delay**—Delay of \$480.7 million General Fund appropriated in the 2022 Budget Act for 2023-24 for the final round of behavioral health continuum capacity funding to \$240.4 million General Fund in 2024-25 and \$240.3 million General Fund in 2025-26.
- **Behavioral Health Bridge Housing Program**—\$265 million one-time Mental Health Services Fund in 2023-24 in lieu of General Fund for the Behavioral Health Bridge Housing Program. The Budget also delays \$235 million General Fund to 2024-25.

- **Medi-Cal Drug Rebate Fund**—\$222 million in General Fund savings in 2023-24 by bringing the reserve in the Medi-Cal Drug Rebate Fund to \$0.
- **Two-Week Checkwrite Hold Buyback**—Delays the elimination of the two-week checkwrite hold buyback that was planned for 2022-23 to 2024-25, reducing 2022-23 costs by \$1.1 billion (\$377.7 million General Fund).

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

SIGNIFICANT ADJUSTMENTS

- **CalWORKs Grant Increase**—\$111.2 million for an ongoing 3.6-percent increase to CalWORKs grants, effective October 1, 2023. This increased grant cost is funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund.
- **2022 CalWORKs Grant Increase Sunset Elimination**—Makes permanent the temporary 10-percent CalWORKs grant increase included in the 2022 Budget Act.
- **California Food Assistance Program (CFAP) Expansion**—\$40 million one-time General Fund to begin automation and outreach efforts beginning July 2023 for expanding CFAP to income-eligible individuals aged 55 years or older, regardless of their immigration status. Issuance of food benefits is anticipated to begin in October 2025.
- **County CalFresh Administration Rebase**—\$406.5 million (\$159.5 million General Fund) to reflect a revised budgeting methodology for county CalFresh administration activities, pursuant to Chapter 537, Statutes of 2022 (AB 207).
- **Summer Electronic Benefit Transfer (EBT) Program**—\$47 million one-time (\$23.5 million General Fund) for outreach and automation costs to phase in a new federal Summer EBT program for children who qualify for free or reduced-price school meals.
- **Federal Reimbursement of Food Benefit Theft**—\$42.9 million federal funds for administration and automation activities to comply with the federal Consolidated

Appropriation Act of 2023, which requires federal reimbursement of Supplemental Nutrition Assistance Program food benefit theft.

- **Food Benefit Pilot Programs**—\$16.8 million one-time General Fund in 2023-24 to extend the sunset dates for the CalFresh Fruit and Vegetable Pilot program and CalFresh Safe Drinking Water Program, and for automation necessary to begin a CalFresh Minimum Nutrition Benefit Pilot Program to provide eligible pilot households with a minimum monthly CalFresh benefit of \$50 beginning in 2024-25. The Budget assumes \$15 million one-time General Fund in 2024-25 to implement the CalFresh Minimum Nutrition Benefit Pilot.
- **California Statewide Automated Welfare System (CalSAWS) Interface**—\$25 million one-time General Fund, available over two years, to develop a bi-directional interface between CalSAWS and CWS-CARES that allows for data exchange necessary to make federal Title IV-E eligibility determinations.
- **Services for Survivors and Victims of Hate Crimes Augmentation**—\$40 million one-time General Fund augmentation to support services for victims and survivors of hate crimes and their families and facilitate hate crime prevention measures in consultation with the Commission on Asian and Pacific Islander American Affairs. Total funding for the program in 2023-24 is \$80 million General Fund.
- **Unaccompanied Undocumented Minors (UUM)**—\$5 million one-time General Fund, available over three years, for administration and to provide additional support for UUMs through the Opportunities for Youth program.
- **Rapid Response Program**—\$150 million one-time General Fund to continue humanitarian support efforts in partnership with local providers at the Southern California Border.
- **In-Home Supportive Services (IHSS) Collective Bargaining**—\$1.5 million one-time General Fund to analyze the costs and benefits of a statewide or regional approach to IHSS collective bargaining, and statutory changes to amend the current penalty structure for counties that fail to reach an IHSS collective bargaining agreement from 7 percent one-time to 10 percent ongoing.
- **IHSS Minor Recipient Provider Eligibility**—\$60.7 million ongoing (\$27.9 million General Fund) and statutory changes to eliminate provider eligibility requirements that only apply to minor recipients and allow all minor children to have access to their provider of choice.
- **Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) Project**—\$130.2 million one-time (\$66.6 million General Fund) to

support continued project development costs, and an additional \$70.1 million (\$35 million General Fund) in one-time provisional authority. The CWS-CARES will replace the existing case management system to benefit state, local and tribal child welfare agencies and will align with state and federal requirements.

- **Housing Supplement for Foster Youth in Supervised Independent Living Placements (SILPs)**—\$909,000 General Fund in 2023-24 for first-year state operations and automation funding to implement a housing supplement for foster youth living in SILPs at an ongoing cost of \$25.5 million (\$18.8 million General Fund) beginning in 2025-26.
- **Foster Family Agency Bridge Funding**—\$10.1 million one-time (\$8 million General Fund) to provide an increase to the current rates paid to foster family agencies.
- **Adoption Facilitator Oversight**—The Budget includes statutory changes to eliminate the classification of “adoption facilitator” beginning January 1, 2024, and, instead, regulate these activities under the definition of a “full-service adoption agency” and enforced by DSS’ Community Care Licensing Division.

CLOSING THE BUDGET SHORTFALL

- **CalWORKs Single Allocation: 2021-22 Partial Reversion**—\$288 million General Fund savings derived from a partial reversion of unspent funding to the CalWORKs Single Allocation for the 2021-22 fiscal year.

CHILD CARE AND DEVELOPMENT PROGRAMS

The Department of Social Services assumed responsibility for the administration of child care and nutrition programs from the California Department of Education (CDE) on July 1, 2021—aligning all child care programs within a single department. The Budget maintains historic investments to expand child care access and increase support to the system that were initiated as part of the 2021 Budget Act.

SIGNIFICANT ADJUSTMENTS

- **Child Care and Preschool Funding**—\$2.8 billion (\$1.7 billion General Fund and \$1.1 billion Prop 98 General Fund) for reimbursements to preschool and child care and development program providers over two years subject to a ratified agreement, between the Administration and Child Care Providers

United – California (CCPU), and future statutory changes. See the K-12 Education Chapter for additional information.

- **Cost-of-Living Adjustments (COLA)**—The Budget suspends the statutorily required COLA in fiscal years 2023-24 and 2024-25, and declares legislative intent to make any adjustments in those years related to reimbursement for preschool and child care and development programs, subject to a ratified agreement and future statutory changes. See the K-12 Education Chapter for additional information.
- **Reimbursement Flexibilities**—\$22 million General Fund to extend current reimbursement flexibilities until September 30, 2023 to allow contract-based child care and development and preschool program providers to be reimbursed at the maximum contract rate rather than actual costs and voucher-based child care program providers to be reimbursed based on enrollment rather than attendance. See the K-12 Education Chapter for additional information.
- **Family Fees Reform**—\$29.4 million federal funds to waive family fees for child care programs through September 30, 2023, and \$56 million General Fund to revise the family fee schedule for child care and development programs beginning October 1, 2023 to limit fees to one percent of families' monthly income and prohibit fee assessment for families with an adjusted monthly income below 75 percent of state median income. See the K-12 Education Chapter for additional information.

CLOSING THE BUDGET SHORTFALL

- **Child Care Slot Expansion Timing**—The Budget maintains the commitment initiated as part of the 2021 Budget Act to continue funding 110,500 new subsidized child care slots added in 2021-22 and another 36,000 new slots added in 2022-23, with the goal of eventually funding over 200,000 expanded slots. However, thousands of newly available slots since 2021-22 have not yet been filled. To accommodate the time necessary to utilize recent slot expansions, the Budget projects that 20,000 new slots that would have been funded in 2023-24 will instead be funded in 2024-25, resulting in an estimated \$136 million General Fund savings in 2023-24.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) provides a variety of services to individuals with developmental disabilities that allow them to live and work

independently or in supported environments. California is the only state that provides developmental services as an individual entitlement.

SIGNIFICANT ADJUSTMENTS

- **Service Provider Rate Reform: Implementation**—The Budget maintains an estimated annual \$1.2 billion General Fund by 2024-25 to fully implement service provider rate reform with a focus on improving outcomes and quality of services and to address disparities within the system. The Budget also makes various program modifications that focus on promoting stability and predictability for service providers, including by allowing rate models to be adjusted when the statewide minimum wage increases.
- **Service Provider Rate Reform: Independent Living Services**—\$15 million (\$8.5 million General Fund) in 2023-24 and \$60 million (\$34 million General Fund) in 2024-25 and ongoing to adjust Independent Living Services rate assumptions to align the types of services provided with more equivalent occupations, such as teachers, social and human service assistants, and rehabilitation counselors.
- **Safety Net Plan Update**—\$28.7 million ongoing (\$22.1 million General Fund) to expand safety net services to further support individuals with complex needs. The updated Safety Net Plan includes the development of a residential program in the community for adolescents and adults with high-intensity co-occurring developmental disabilities and mental health diagnoses, conversion of two Stabilization Training Assistance Reintegration homes to Intermediate Care Facility-licensed homes, adjustments to Crisis Assessment Stabilization Teams staffing, expansion of supports for foster youth who are eligible for regional center services, and establishment of an Autism Services Branch to support a statewide focus on addressing the needs of the growing population of individuals diagnosed with autism spectrum disorder.
- **Reduced Service Coordinator Caseload Ratios for Children Ages 0-5**—\$85.1 million ongoing (\$57.9 million General Fund), for a total of \$153.2 million ongoing (\$100.5 million General Fund), to update and continue supporting the reduction of service coordinator-to-child caseload ratios for children ages 0-5 as initiated through the 2022 Budget Act.
- **Coordinated Family Support Services**—\$18 million one-time (\$10.8 million General Fund) to continue funding the Coordinated Family Support pilot program through June 2024, which is currently funded through the Home and Community-Based Services Spending Plan. The program is designed to assist adults living with their

families in coordinating the receipt and delivery of multiple services, including generic services.

- **Regional Center Consistency**—\$7.8 million one-time (\$6.2 million General Fund) to support statewide consistency efforts at regional centers, including the development and implementation of standardized procedures at regional centers for initial intake, individual program planning, and vendorization.
- **Compliance with Federal Home and Community-Based Services Requirements**—\$5.4 million (\$3.8 million General Fund) in 2023-24 and \$6.7 million (\$4.6 million General Fund) in 2024-25 and ongoing to address and sustain new and ongoing efforts that align California's developmental services with federal Home and Community-Based Services requirements.
- **Access to Generic Resources**—The Budget clarifies that a regional center will pay for a medical service if either an Individualized Family Service Plan or Individual Program Plan team determines that a medical service identified in a plan is not readily available within 60 days through either private health insurance or Medi-Cal. Regional centers shall also pay for these services during plan service-approval delays, including appeal processes.
- **Access to Social Recreation Services, Camping Services, and Non-Medical Therapies**—The Budget aims to improve access to social recreation services, camping services, and non-medical therapies by granting DDS directive authority to designate these services as participant-directed services, which allow greater flexibility for consumers in identifying and choosing service providers.

CLOSING THE BUDGET SHORTFALL

- **Preschool Inclusion Grants**—Delays in 2022-23 and 2023-24 the implementation of an annual \$10 million General Fund grant program to support preschool inclusion efforts such as facility modifications or staff training. The Budget maintains the grant program on an ongoing basis beginning in 2024-25.

DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

The Department of Community Services and Development reduces poverty for Californians by leading the development and coordination of effective and innovative programs for low-income individuals, families, and their communities.

SIGNIFICANT ADJUSTMENT

- **Water and Wastewater Arrearages 2022-23 Reversion**—\$200 million Coronavirus Fiscal Recovery Fund of 2021 in 2022-23 from the Department of Community Services and Development's Low-Income Household Water Assistance Program shifted to the State Water Resources Control Board's California Water and Wastewater Arrearage Payment program in 2023-24. See the Climate Change Chapter for additional information.

CLOSING THE BUDGET SHORTFALL

- **California Arrearage Payment Program 2022-23 Partial Reversion**—\$549.4 million California Emergency Relief Funds reverted to the General Fund in 2022-23 derived from California Arrearage Payment Program savings based on actual applications received and approved for funding.
- **Low-Income Weatherization Program Fund Source Shift**—\$25 million fund source shift in 2023-24 from the General Fund to Cap and Trade funds. See the Climate Change Chapter for additional information.

DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health is charged with protecting and promoting the health and well-being of the people of California through health quality, health emergency response, and population health programs.

SIGNIFICANT ADJUSTMENTS

- **COVID-19 Response**—\$126.6 million one-time General Fund to continue the state's efforts to protect the public's health against COVID-19 and maintain significant information technology systems, including the California COVID Reporting System for laboratory data management and CalCONNECT for case and outbreak investigation.
- **Hepatitis C Virus Equity**—\$10 million one-time General Fund, available over five years, to expand Hepatitis C Virus services, including outreach, testing, linkage, and engagement in care to priority populations, including young people who use drugs, indigenous communities, communities of color, and people experiencing homelessness.

- **Overdose Prevention and Harm Reduction Initiative**—\$61 million one-time Opioid Settlements Fund over four years to provide grants to local health jurisdictions and community-based organizations to support syringe exchange and disposal program activities, including treatment navigators.
- **Opioid and Fentanyl Response**—\$14 million one-time Opioid Settlements Fund over four years for fentanyl program grants to increase local efforts in education, testing, recovery, and support services to implement Chapter 783, Statutes of 2022 (AB 2365), and to support innovative approaches to make fentanyl test strips and naloxone more widely available.
- **Public Health Workforce**—Maintains \$97.5 million General Fund over four years, beginning in 2022-23, for various public health workforce training and development programs.

CLOSING THE BUDGET SHORTFALL

- **Public Health Climate and Health Resilience Planning**—\$25 million General Fund reduction in 2022-23 for climate and health resilience planning grants. If there is sufficient General Fund in January 2024, this reduction will be restored. See the Introduction and Climate Change Chapters for additional information.
- **AIDS Drug Assistance Program Rebate Fund Loan**—\$400 million budgetary loan, as part of Control Section 13.40, from the AIDS Drug Assistance Program Rebate Fund to the General Fund from idle resources not required for currently projected operational or programmatic purposes.

DEPARTMENT OF AGING

The California Department of Aging helps transform aging for individuals, families, and communities by leading innovative programs, planning, policies, and partnerships that increase choices, equity, and well-being for all Californians as we age.

SIGNIFICANT ADJUSTMENT

- **Advancing Older Adult Behavioral Health**—\$20 million General Fund in 2023-24, \$20 million General Fund in 2024-25, and \$10 million General Fund in 2025-26 at the California Department of Aging to support the continuation of the Older Adult Friendship Line, a targeted ethnic media campaign for older adults, and

competitive grants to local jurisdictions to build organizational capacity to identify and address older adult behavioral health and substance use disorder needs.

CLOSING THE BUDGET SHORTFALL

- **Mello-Granlund Older Californians Act Modernization Pilot Program**—\$37.2 million General Fund annually across five years starting in 2022-23 for pilot programs supporting community-based services programs, senior nutrition support, family and caregiver supports, senior volunteer development, and/or aging in place. This reflects \$186 million General Fund spent over five years instead of three years as originally planned in the 2022 Budget Act.

DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

HCAI, formerly the Office of Statewide Health Planning and Development, is committed to expanding equitable access to health care for all Californians—improving the health workforce, safe and reliable health care facilities, and health information that can help make care more effective and affordable.

SIGNIFICANT ADJUSTMENTS

- **California Medicine Scholars Program**—\$14 million one-time General Fund over five years to support the California Medicine Scholars Program intended to increase the number of underrepresented primary care physicians in diverse and underserved communities.
- **Promotoras de Salud Program**—\$10 million one-time General Fund to provide community health, behavioral health, and social services support in local communities.
- **CalRX and Reappropriation**—\$2 million one-time General Fund reappropriation and the permissive use of these funds for reproductive health care if necessary. This includes statutory changes to provide flexibility for the CalRx program to procure various pharmaceutical drugs, such as Mifepristone or Misoprostol, if necessary, to address urgent and emerging reproductive health care needs.
- **CalRX Naloxone Access Initiative**—\$30 million one-time Opioid Settlements Fund to support the development or procurement of a lower cost, generic version of a naloxone nasal product. This partnership will enable the state to make naloxone more accessible statewide.

CLOSING THE BUDGET SHORTFALL

- **Healthcare Workforce Fund Shift**—\$196.4 million fund shift from the General Fund to the Mental Health Services Fund for various behavioral health workforce initiatives. See the Labor and Workforce Development Chapter for additional information.
- **Community Health Worker Reallocations**—\$115 million General Fund reallocated from 2023-24 to 2024-25 and 2025-26 by \$57.5 million for each year. See the Labor and Workforce Development Chapter for additional information.
- **HCAI Special Fund Loans to the General Fund**—\$200 million budgetary loan from the Hospital Building Fund and \$30 million budgetary loan from the California Health Data and Planning Fund to the General Fund, as part of the Control Section 13.40, from idle resources not required for currently projected operational or programmatic purposes.

COVERED CALIFORNIA

Covered California increases the number of insured Californians, improves health care equity, lowers costs, and reduces health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give them the best value.

SIGNIFICANT ADJUSTMENTS

- **Individual Shared Responsibility Mandate Penalty Collections**—\$361.7 million in 2023-24, increasing in future years, in revenue from penalty collections will be deposited into the Health Care Affordability Reserve Fund (HCARF), instead of the General Fund.
- **Reversion of 2022 Budget Act Appropriation**—\$304 million reversion from the 2022 Budget Act contingency appropriation, which returns these funds to the HCARF reserve.
- **Healthcare Affordability Program**—\$82.5 million in 2023-24 and \$165 million ongoing of new HCARF spending for healthcare affordability.
- **Healthcare Coverage for Striking Workers**—\$2 million ongoing HCARF to provide health care coverage to employees during labor disputes, pursuant to Chapter 695, Statutes of 2022 (AB 2530).

- **One-Dollar Premium Subsidy Program**—\$20.35 million ongoing General Fund to subsidize the cost of Covered California consumers for health plans due to federal policy concerning abortion coverage.

CLOSING THE BUDGET SHORTFALL

- **General Fund Loan**—\$600 million budgetary loan from the HCARF to the General Fund from idle resources not required for currently projected operational or programmatic purposes, to be repaid in 2025-26.

DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals (DSH) administers the state mental health hospital system, the Forensic Conditional Release Program, the Sex Offender Commitment Program, and the evaluation and treatment of judicially and civilly committed patients.

SIGNIFICANT ADJUSTMENTS

- **Electronic Health Records (EHR) Implementation**—\$21.5 million General Fund in 2023-24 and \$22.3 million ongoing General Fund to complete the planning phase and begin implementation of the enterprise Continuum Electronic Health Records project.
- **COVID-19 Impacts**—\$41.2 million one-time General Fund to protect patients and staff from COVID-19 and other infectious diseases.

CLOSING THE BUDGET SHORTFALL

- **Fund Shift**—\$29.4 million one-time from the General Fund to the Mental Health Facilities Fund (reimbursements in 2022-23) from available reserves for state operations.
- **COVID-19 Worker's Compensation Funds**—\$8 million General Fund decrease in 2022-23 to reflect unspent workers' compensation funding previously authorized for COVID-19-related claims.

OTHER HEALTH AND HUMAN SERVICES

SIGNIFICANT ADJUSTMENTS

- **End of the Public Health Emergency**—The Budget reflects the end of the federal Public Health Emergency effective May 11, 2023 across various Health and Human Services departments. Medi-Cal caseload redeterminations are underway and are expected to conclude in July of 2024.
- **Community Assistance, Recovery and Empowerment (CARE) Act**—\$128.9 million General Fund in 2023-24, \$234 million General Fund in 2024-25, \$290.6 million in 2025-26, and \$290.8 million General Fund in 2026-27 and annually thereafter for the Department of Health Care Services and Judicial Branch to implement the CARE Act (Chapter 319, Statutes of 2022). Of this amount, \$67.3 million General Fund in 2023-24, \$121 million General Fund in 2024-25, and \$151.5 million in 2025-26 and annually thereafter is to support estimated county behavioral health department costs for the CARE Act, including \$15 million one-time General Fund for Los Angeles County start-up funding. For Judicial Branch and legal services funding, see the Criminal Justice and Judicial Branch Chapter for additional information.
- **988 Suicide and Crisis Lifeline (AB 988)**—\$28.2 million (\$25.3 million 988 State Suicide and Behavioral Health Crisis Services Fund, \$2.2 million Managed Care Fund, and \$773,000 federal funds) in 2023-24, \$16 million (\$13.2 million 988 State Suicide and Behavioral Health Crisis Services Fund, \$2.1 million Managed Care Fund, and \$728,000 federal funds) in 2024-25, and \$16.3 million (\$13.2 million 988 State Suicide and Behavioral Health Crisis Services Fund, \$2.3 million Managed Care Fund, and \$728,000 federal funds) in 2025-26 and ongoing for the California Health and Human Services Agency, the Department of Managed Care, and the Department of Health Care Services. Of this funding, \$19 million in 2023-24 and \$12.5 million in 2024-25 and ongoing is to support eligible 988 call center behavioral health crisis services.
- **Health and Human Services Innovation Accelerator Initiative**—\$43 million in 2023-24 and \$32 million in 2024-25 one-time General Fund to pursue innovative opportunities for addressing major health challenges, such as diabetes-related morbidity and mortality, disparities in maternal and infant mortality, and preventing and mitigating infectious disease.
- **Child Support Pass-Through to Formerly Assisted Families**—Pursuant to existing law, implementation of the Child Support Pass-Through to Formerly Assisted Families is

contingent upon completing necessary automation changes in the Child Support Enforcement System. The Department of Child Support Services estimates an implementation date of April 2024. The additional time is necessary due to a greater degree of system change complexity than previously anticipated. The revised implementation date results in approximately \$70 million of General Fund revenue in 2023-24.

- **Local Child Support Agency Basic Costs**—\$35.8 million ongoing (\$12.2 million General Fund) for Local Child Support Agencies to help mitigate increased staffing costs, caseload, and call volumes, to maintain current service levels.
- **Home and Community-Based Services (HCBS) Spending Plan Extension**—The Budget includes an extension for all HCBS initiatives to fully spend allocated funding until December 31, 2024.

This page intentionally blank to facilitate double-sided printing.

HOUSING AND HOMELESSNESS

HOUSING

Decades of housing underproduction have contributed to a supply and demand imbalance, resulting in limited housing options available for renters and homeowners, and contributing to millions of households paying a disproportionate share of their income toward housing. These issues contribute to growing numbers of people who are either experiencing or are at risk of homelessness. While there are many causes of homelessness, a consistent and notable factor is the lack of available and affordable housing.

The Budget commits to investments in housing strategies, improving community resiliency, contributing to achieving the state's housing and climate goals, and promoting racial and economic equity. The 2021 and 2022 Budget Acts invested a combined \$21.5 billion over multiple years to advance the greater availability of housing throughout California. The 2023 Budget largely maintains these commitments and includes a housing package of \$14.7 billion for 2023-24.

AFFORDABLE HOUSING PRODUCTION AND HOMEOWNERSHIP

Affordable housing continues to be a priority for the Administration. Despite budgetary constraints, the Budget continues to make investments in affordable housing production and homeownership.

Multifamily Housing Program—The Budget includes an additional \$100 million in 2023-24 for the Multifamily Housing Program for a total of \$325 million in 2023-24.

Dream For All—The 2022 Budget Act included \$500 million one-time General Fund to the California Housing Finance Agency for the Dream for All program, which provides shared-appreciation loans to help low- and moderate-income first-time homebuyers achieve homeownership. The Budget maintains this investment of \$500 million one-time General Fund.

CalHome—The 2022 Budget Act included \$350 million one-time General Fund (\$250 million in the 2022 Budget Act and \$100 million committed for 2023-24) for the Department of Housing and Community Development's CalHome program, to provide local agencies and nonprofit agencies with grants to assist low- and very-low-income first-time homebuyers with housing assistance, counseling and technical assistance. The Budget withdraws \$50 million one-time General Fund in 2023-24, leaving \$300 million for this program.

Foreclosure Intervention Housing Prevention Program—The 2021 Budget Act included \$500 million one-time General Fund for the Foreclosure Intervention Housing Prevention Program, which provides funds to various non-profit organizations to acquire foreclosed property and operate as affordable housing. The Budget defers \$330 million of the \$500 million one-time General Fund over four fiscal years—for a revised allocation of: \$82.5 million in 2023-24, \$85 million in 2024-25, \$100 million in 2025-26, and \$62.5 million in 2026-27.

Downtown Rebound Program—The 2000 Budget Act included \$25 million one-time General Fund for the Department of Housing and Community Development to provide funding for adaptive reuse of commercial and industrial structures to residential housing. The Budget reverts \$17.5 million in unexpended funding that remained in this program after the Notice of Funding Availability.

HOMELESSNESS

Since 2019, the state has invested more than \$17 billion to aid local governments in addressing homelessness. This funding has had far-reaching impacts, including financing tens of thousands of units of permanent affordable housing. These long-term capital investments have been complemented by flexible homelessness aid that provides services and supports that result in effective, long-term housing outcomes.

The 2023 Budget builds on these prior investments with \$3.5 billion in new funding for homelessness programs. These funds will supplement allocations made in prior years to allow ongoing and planned efforts and investments to make a meaningful impact.

HOMELESS HOUSING, ASSISTANCE AND PREVENTION PROGRAM

The Homeless Housing, Assistance, and Prevention (HHAP) Program was created in 2019 and has since provided large cities, counties, and continuums of care (CoCs) with \$2.95 billion General Fund in one-time flexible aid, through several rounds of multi-year grants, to address homelessness in their communities. The 2023 Budget includes an additional \$1 billion in one-time General Fund for a fifth round of HHAP grants.

Because homelessness is cross-jurisdictional, it can be most effectively addressed by strengthening collaboration between cities, counties, tribal communities and CoCs. The legislation authorizing the fifth round of HHAP grants also includes new statutory language focusing on regional coordination and accountability—requiring counties, large cities, and CoCs to develop and submit regionally coordinated plans that identify their respective roles and responsibilities, and outline the key actions each entity will undertake to collectively deploy their federal, state, and local resources to reduce homelessness.

The first half of the fifth round of HHAP grants will be released in mid-2024, after regional plans have been submitted and approved. The second half will be released in early 2026, after the regions report on their progress in carrying out the respective actions outlined in their regional plans. For planning purposes, each county constitutes a region. The fifth round of HHAP grants will also include supplemental Homekey funding to support the production of permanent supportive housing, including the requirement that HHAP-eligible cities and counties must have a compliant housing element at the time of application.

The 2023 Budget also supplements the fifth round of HHAP with \$360 million General Fund in reappropriated funds from prior (third and fourth) HHAP rounds. These funds, which were not previously obligated or awarded, were initially intended as bonus funds to supplement the base HHAP grants of local agencies that achieved specified outcome goals. Of the reappropriated funds, \$100 million will be provided in 2023-24, and \$260 million will be provided in 2024-25 to HHAP grantees, including a requirement that cities and counties must have a compliant Housing Elements to receive their proportionate share of funding.

ENCAMPMENT RESOLUTION FUNDING GRANTS

The 2023 Budget includes \$400 million in one-time General Fund for a third round of Encampment Resolution Funding grants. These grants are awarded on a competitive basis to counties, cities of any size, and CoCs to assist in moving persons from homeless encampments into safe and stable housing. These competitive grants were first available in 2021, and have so far provided over \$350 million in one-time General Fund to local jurisdictions.

SIGNIFICANT ADJUSTMENTS

- **Behavioral Health Continuum Infrastructure Program**—The Budget maintains \$2.2 billion total funds, over five years, for the Behavioral Health Continuum Infrastructure Program, of which \$50 million in 2022-23, appropriated in the 2022 Budget Act, is for the Department of General Services, with short-term statutory exemption, to deploy an estimated 1,200 small homes in the City of Los Angeles, County of Sacramento, City of San Jose, and County of San Diego as rapidly as possible. See the Health and Human Services Chapter for additional information.
- **Behavioral Health Bridge Housing Program**—The Budget maintains \$1.5 billion total funds, over three years, for the Behavioral Health Bridge Housing Program. See the Health and Human Services Chapter for additional information.
- **CalAIM Transitional Rent**—The Budget includes \$175.3 million (\$40.8 million General Fund, \$114.9 million federal funds, and \$19.6 million Medi-Cal County Behavioral Health Fund) at full implementation to allow up to six months of rent or temporary housing to eligible individuals experiencing homelessness or at risk of homelessness. See the Health and Human Services Chapter for additional information.

Affordable Housing Funding at 2023-24 Enactment

(Dollars in Millions)

Department	Program	Total Funding ^{1/}
Department of Housing and Community Development	Permanent Local Housing Allocation Program	\$193.0
	Housing Investment Program	\$14.0
	Farmworker Housing Program	\$28.0
	Infill Infrastructure Grant Program	\$225.0
	Veterans Housing and Homelessness Prevention	\$125.0
	Affordable Housing and Sustainable Communities Program	\$711.0 ^{2/}
	Adaptive Reuse	\$250.0
	Portfolio Reinvestment Program	\$100.0
	Excess Sites - Local Government Matching Grants Program	\$75.0
	Foreclosure Intervention Housing Preservation Program	\$82.5
	Community Development Block Grant Program	\$30.0
	HOME Investment Partnerships Program	\$47.0
	National Housing Trust Fund	\$131.0
	Multifamily Housing Program	\$643.0
	Mobilehome Park Rehabilitation and Resident Ownership Program	\$75.0
Office of Migrant Services	\$6.0	
California Housing Finance Agency	Single Family First Mortgage Lending	\$1,750.0
	Multifamily Conduit Lending	\$1,410.0
	Multifamily Permanent Lending	\$430.0
	Single Family Down Payment Assistance/Homeowner buyer Assistance	\$42.0
	Mixed Income Loan Program	\$50.0
California Tax Credit Allocation Committee	Low Income Housing Tax Credit	\$1,004.9 ^{3/}
California Debt Limit Allocation Committee	Qualified Tax-Exempt Private Activity Bonds	\$4,684.0 ^{4/}
Department of Veterans Affairs	CalVet Home Loans	\$150.0
Judicial Council	Legal Assistance for Renters and Homeowners	\$20.0
Department of Public Health	Housing Opportunities for Persons with AIDS	\$5.0
	Housing Plus Program	\$1.0
California Community Colleges	Higher Education Student Housing Grant Program	\$2,237.3 ^{5/}
California State University	California Student Housing Revolving Loan Fund	\$200.0 ^{6/}
University of California		
TOTAL		\$14,719.7

Notes:

1/ Does not reflect carryover or multi-year funding appropriated in prior fiscal years, unless specified. Funding includes General Fund, Special Funds, Federal Funds, and Bond Funds.

2/ The Affordable Housing and Sustainable Communities Program amount reflects 20 percent of the projected Cap and Trade revenues.

3/ Includes Federal Low Income Housing Tax Credit estimated for the 2023 calendar year.

4/ The amount reflects amount available for Qualified Residential Rental Projects for the 2023 calendar year; however, some amount may be awarded to exempt facilities.

5/ The 2023-24 funding for the Higher Education Student Housing Grant Program shifts the prior and planned General Fund support for UC, CSU, and CCC affordable student housing grants from General Fund to UC-, CSU-, and CCC-issued bonds. The UC-, CSU- and CCC-issued bonds reflect roughly \$2.2 billion of funding for these student housing projects.

6/ The 2023-24 funding for the California Student Housing Revolving Loan Fund reflects \$200 million one-time General Fund for zero-interest loans for the UC, CSU, and CCC to construct affordable student housing and affordable faculty and staff housing.

Homelessness Funding at 2023-24 Enactment
(Dollars in Millions)

Department	Program	Total Funding ^{1/}
Department of Housing and Community Development	Federal Funded Programs for Homelessness	\$15.0
	Foster Youth Housing Navigators	\$13.7
	Transitional Housing Program	\$42.3
California Interagency Council on Homelessness	Homeless Housing, Assistance and Prevention Grant Program	\$1,000.0
	Encampment Resolution Efforts	\$400.0
Office of Emergency Services	Various Homeless Youth Programs	\$0.7 ^{2/}
	Youth Emergency Telephone Network	\$0.6
	Domestic Violence Housing First Program	\$21.0
	Transitional Housing Program	\$17.0
	Specialized Emergency Housing	\$10.0
Department of Social Services	CalWORKs Housing Support Program	\$95.0
	CalWORKs Homeless Assistance Program	\$76.4
	Housing and Disability Advocacy Program	\$25.0
Department of Health Care Services	Behavioral Health Bridge Housing Program	\$265.0 ^{3/}
	Housing and Homelessness Incentive Program	\$644.0 ^{4/}
	Project for Assistance in the Transition from Homelessness	\$9.1
Department of State Hospitals	Incompetent to Stand Trial (IST) Solutions	\$482.2 ^{2/}
	Acute Bed Capacity Expansion	\$146.0 ^{2/}
	Community-Based Restoration (CBR)	\$28.9 ^{2/}
Department of Transportation	Encampment Relocation Coordinators and Homeless Services Liaisons	\$5.8
	Clean California Hazmat	\$15.0
	Other Costs (Encampment Clearing, Damage Repair, Maintenance Zone Enforcement)	\$25.1
	Hazardous Material Removal at Encampments	\$20.6
Department of Corrections and Rehabilitation	Returning Home Well	\$10.6
California Community Colleges	Basic Needs Funding - Student Hunger and Homelessness Programs	\$43.3 ^{5/}
	Rapid Rehousing	\$20.6 ^{5/}
California State University	Basic Needs Funding - Student Hunger and Homelessness Programs	\$26.3 ^{5/}
	Rapid Rehousing	\$6.8 ^{5/}
University of California	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15.8 ^{5/}
	Rapid Rehousing	\$3.7 ^{5/}
TOTAL		\$3,485.5

Notes:

1/ Does not reflect carryover or multi-year funding appropriated in prior fiscal years, unless specified. Funding includes General Fund, Special Funds, Federal Funds, and Bond Funds.

2/ The state provides a number of wrap-around supportive services through these programs, which cannot be separated from the balance of the program's general budget.

3/ This program includes \$1 billion General Fund in 2022-23 available until June 30, 2027, \$265 million Mental Health Services Fund in 2023-24 available until June 30, 2027, and \$235 million General Fund in 2024-25. Of the \$1.5 billion total funds, \$42.1 million is for state operations.

4/ A total of \$1.3 billion (\$583.8 million Home and Community-Based Services American Rescue Plan Fund and \$712.4 million Federal Funds) was appropriated in the 2021 Budget Act and is available to spend until December 31, 2023. The 2023-24 funding indicated for this program is planned funding from the 2021 Budget Act appropriation.

5/ These Basic Needs funding programs support basic needs partnerships for low-income students facing housing or food insecurity, and eligible expenditures in some cases may also include operational expenses for basic needs resource centers and hygiene products. These amounts exclude basic needs funding provided to address student mental health.

CRIMINAL JUSTICE AND JUDICIAL BRANCH

DEPARTMENT OF CORRECTIONS AND REHABILITATION

The California Department of Corrections and Rehabilitation (CDCR) incarcerates people convicted of the most serious and violent felonies, supervises those released to parole, and provides rehabilitative programs to help them reintegrate into the community. The Department strives to facilitate the successful reintegration of individuals in its care back to their communities equipped with the tools to be drug-free, healthy, and employable members of society by providing education, treatment, and rehabilitative and restorative justice programs. The Budget includes total funding for CDCR of \$14.4 billion (\$14 billion General Fund and \$365.5 million other funds) in 2023-24.

The average daily adult incarcerated population for 2022-23 was 95,560, a decrease of 0.6 percent since the fall 2022 projections. Spring projections indicate the adult incarcerated population will trend downward, decreasing by 2,678 between 2022-23 and 2023-24, from 95,560 to 92,882, respectively. On January 1, 2020, prior to the COVID-19 Pandemic, the CDCR population was 123,977. The population is projected to continue its long-term downward trend, declining to 89,946 in 2025-26.

The average parolee daily population is projected to decrease from 39,646 in 2022-23 to 37,222 in 2023-24. The parole population is projected to decline to 36,061 by June 30, 2027.

PRISON CAPACITY AND CLOSURE

The adult prison population has steadily declined in recent years, which has provided opportunities for CDCR to eliminate its reliance on contract prison capacity. CDCR terminated its final remaining contract to house incarcerated persons out-of-state in June 2019 and terminated its final in-state contract community correctional facility in May 2021. In total, the discontinuation of these contracts has saved the state hundreds of millions of dollars in annual expenditures.

In September 2021, CDCR closed the Deuel Vocational Institution in Tracy, achieving savings of \$150.3 million General Fund annually beginning in 2022-23. CDCR completed the closure of a second prison in June 2023, the California Correctional Center (CCC) in Susanville, which is expected to achieve an estimated \$144.1 million in annual ongoing savings.

On December 6, 2022, CDCR announced its plan to terminate the lease of the California City Correctional Facility, its last privately-owned prison facility, by March 2024, ending its use as a state prison. This is expected to achieve an estimated \$155.7 million in annual ongoing savings. CDCR also announced the planned closure of Chuckawalla Valley State Prison in Blythe by March 2025. To continue the flexibility required to meet the needs of the incarcerated populations, CDCR also announced the deactivation of specified facilities within six prisons by December 2023. The facilities are located within the California Rehabilitation Center, the California Institution for Men, the California Correctional Institution, Pelican Bay State Prison, the California Men's Colony, and the Folsom Women's Facility within Folsom State Prison. In total, CDCR estimates approximately \$170 million in ongoing General Fund savings from these facility deactivations.

The Administration remains committed to meeting the needs of staff and the incarcerated population while right-sizing California's prison system as the prison population declines, and to addressing space needs as the state transforms the carceral system to one more focused on rehabilitation. To this end, the Budget includes statutory changes requiring the Department to complete and provide to the Legislature a preliminary assessment by August 15, 2023, and a full assessment by November 15, 2023, of systemwide capacity, including an estimate of the department's overall housing needs based on its population projections. The assessment will include, among other things, information related to the operating capacity for each prison, taking into consideration space for educational and rehabilitative programming, health care services, and specialized and flexible bed needs.

SAN QUENTIN STATE PRISON

In March 2023, the Administration announced the state's plan to transform San Quentin from a maximum-security prison into a facility focused on improving public safety through rehabilitation and education. In May, the Governor formed a multidisciplinary San Quentin Transformation Advisory Council that is tasked with helping to create this one-of-a-kind facility and informing the California Model—intended to serve as a nationwide rehabilitation-focused model to advance a more effective justice system that builds safer communities and reduces recidivism.

The Budget includes statutory changes to rename the prison as the “San Quentin Rehabilitation Center.” The Budget also includes funding for two capital projects, consistent with the Administration's vision to support the California Model: (1) \$360.6 million Public Buildings Construction Fund for the Demolition of Building 38 and Construction of a New Educational and Vocational Center, and (2) \$20 million General Fund for various improvement projects. The final recommendations from the Advisory Council will closely inform the scope of the projects, which have planned completion dates in 2025.

MAINTAINING FAMILY AND COMMUNITY CONNECTIONS

A challenge faced by many incarcerated persons is the loss of family and community connections during their time of incarceration. To help foster ongoing family and community connections, the Budget includes the following:

- \$522,000 one-time General Fund in 2023-24 to support implementation of the Family Dignity Act, which will facilitate an easier process for family and friends to visit their loved ones. Statutory changes expand items that visitors may bring, including additional items for infants and young children. The resources will provide additional staff to process the allowable items visitors may bring. In addition, by July 1, 2024, the Department will save scans in the departmental database of certain records, which will eliminate the need for visitors to bring the documents to each visit.
- \$28.8 million ongoing General Fund to provide incarcerated individuals with access to free voice calling, consistent with the requirements of Chapter 827, Statutes of 2022 (SB 1008).
- Beginning January 1, 2024, an individual who will be paroled will be provided the opportunity to select a different county or city of residence, where they may have educational or vocational training opportunities, employment, housing, specified

treatment, and/or family. This change will assist with reducing recidivism by allowing family reconnection, training, and work opportunities, and will provide support to formerly incarcerated individuals in successfully reentering society and rebuilding their lives.

REENTRY AND REHABILITATION

Increasing access to rehabilitative and reentry programs is integral to improving post-release outcomes for incarcerated individuals and reducing recidivism.

CDCR operates community correctional reentry programs that allow participants to serve a portion of their term of incarceration in the community, providing a range of rehabilitative services with the goal of facilitating their successful transition into their communities following their release.

Given the important role these programs have in supporting CDCR's mission, the Budget redirects existing funding on a one-time basis for current reentry providers in recognition of increased costs associated with providing reentry services. Additionally, the Budget signals the Administration's commitment to address future cost increases through the addition of an annual cost-of-living adjustment in future contracts to sustain these important reentry programs.

The Budget also includes \$21 million one-time General Fund for the Rehabilitative Investment Grants for Healing and Transformation (RIGHT) 2.0 Grant Program to support the delivery of in-prison programming that focuses on trauma-informed, rehabilitative, and/or restorative justice programming by community-based nonprofit organizations.

SIGNIFICANT ADJUSTMENTS

- **Board of Parole Hearings Budget Augmentation to Support Core Functions—** \$4.2 million General Fund in 2023-24 and \$2.6 million ongoing to support several core Board of Parole Hearings functions. The Budget includes resources to increase the flat rate for state-appointed attorney fees with one-time funding in 2023-24 to remain competitive with market rates, a Supervising Administrative Law Judge position, the continuation of an attorney training and monitoring contract, and support for the Board's Information Technology System.

- **Sexual Assault Response and Prevention Working Group**—\$1 million one-time General Fund to establish a sexual assault response and prevention working group and ambassador program.
- **COVID-19 Prevention and Response Activities**—\$96.9 million one-time General Fund to support COVID-19-related prevention and mitigation activities.
- **Facility Improvements**—\$1.5 million General Fund in 2023-24 and \$62 million one-time General Fund in 2024-25 for the Richard J. Donovan Correctional Facility roof replacement, as part of a multi-year plan to address aging facility roofs.
- **COVID-19 Workers' Compensation**—A reduction of \$30.9 million General Fund annually over four years to account for staff vacancy-related savings and to adjust funding for COVID-19-related workers' compensation claims in accordance with projected need.
- **Deferred Maintenance**—A reduction of \$30 million General Fund in deferred maintenance funding. The 2021 Budget Act included \$100 million one-time General Fund, available through June 30, 2024, to address critical infrastructure needs, of which \$70 million General Fund has been either spent or encumbered.

HEALTH CARE SERVICES FOR INCARCERATED INDIVIDUALS

The Budget continues the state's commitment to the delivery of health care services to incarcerated individuals. The Budget includes \$3.9 billion General Fund in 2023-24 for health care programs, which provide incarcerated individuals with access to medical, mental health, and dental care services that are consistent with the standards and scope of care appropriate within a custodial environment.

THE JOINT COMMISSION ACCREDITATION

The Budget includes \$3.2 million General Fund and 15 positions in 2023-24, increasing to \$6.1 million and 38 positions in 2027-28 and ongoing, to support CDCR in working toward obtaining accreditation from The Joint Commission for all institutions statewide. To date, CDCR has achieved The Joint Commission accreditation for Psychiatric Inpatient Programs operating at two institutions and full accreditation at California Institute for Women and Folsom State Prison. The Joint Commission standards are based on a community standard of care that are updated annually and re-accreditation occurs every three years. Expanding accreditation efforts has the potential to improve the

delivery of health care services within prisons, while demonstrating CDCR's ability to deliver a systemwide community standard of care.

EXPANSION OF TELE-MENTAL HEALTH SERVICES

In recent years, the use of telehealth services has proven successful in enhancing the Department's ability to effectively deliver critical medical and mental health care services to patients while supporting staff recruitment and retention for clinical positions that have historically been hard to fill. Building on the success of these models, the Budget includes \$11 million General Fund and 85 positions in 2023-24 and \$17.3 million and 144 positions beginning in 2024-25 to expand the use of tele-mental health within the Statewide Mental Health Program. This will include psychology and social work disciplines, in addition to psychiatry, which will equip the Department with more tools to deliver timely and quality mental health care to patients, and will also increase its ability to recruit and retain clinicians during a nationwide shortage of mental health professionals.

SIGNIFICANT ADJUSTMENTS

- **Comprehensive Employee Health Program**—\$15 million General Fund in 2023-24, and \$14.7 million ongoing, to continue CDCR's Employee Health Program to address current and emerging employee health-related issues consistent with the SMARTER Plan, and to support CDCR in maintaining compliance with state and federal regulations.
- **Contract Medical Adjustments**—\$39.8 million one-time General Fund to address a projected deficit in the budget for Contract Medical services, which supports the provision of specialty care services for patients in prisons and community settings.
- **CalAIM Justice-Involved Initiative Medi-Cal Reimbursement System**—\$3.3 million one-time (\$200,000 General Fund and \$3.1 million in reimbursement authority) in 2023-24 to enable California Correctional Health Care Services to begin development of an information technology system to support the Medi-Cal billing process, which, in conjunction with implementation of the statewide CalAIM Justice-Involved Initiative, will enable the state to draw down federal reimbursements for certain health-related services provided to incarcerated individuals prior to their release.

DIVISION OF JUVENILE JUSTICE

The Division of Juvenile Justice (DJJ) closed and ceased operations June 30, 2023, pursuant to Chapter 18, Statutes of 2021 (SB 92).

Youth previously committed to DJJ have been transferred to the county probation department within their county of commitment.

Consistent with the closure of DJJ, the Budget reflects a decrease of \$92.1 million (\$89.3 million General Fund and \$2.8 million various funds) in 2023-24, and \$95.8 million beginning in 2025-26 (\$93 million General Fund and \$2.8 million various funds) associated with the closure of DJJ. These adjustments, in addition to those made in the 2022 Budget Act, eliminate funding for DJJ with the exception of certain activities that CDCR will continue, such as the operation of Pine Grove Youth Conservation Camp.

The Budget also reflects an estimated \$194 million General Fund in 2023-24, consistent with Chapter 337, Statutes of 2020 (SB 823) and inclusive of the required county floor, for the Juvenile Justice Realignment Block Grant to provide funding to counties to deliver appropriate rehabilitative housing and supervision services for realigned youth.

LOCAL PUBLIC SAFETY

CRIMINAL JUSTICE INVESTMENTS FOR SAFER COMMUNITIES

In recent years, the state has made investments in programs that promote safer communities, including a focus on positive policing strategies, and resources to support peace officer wellness and training. Additionally, the state has made substantial investments in programs to reduce organized retail theft, gun violence, illegal drugs, and other crimes, which are maintained in the Budget.

SIGNIFICANT ADJUSTMENTS

- **Nonprofit Security Grant Program**—\$20 million one-time General Fund to provide security assistance to nonprofit organizations at risk of hate-motivated violence, which includes members of the Asian American Pacific Islander, LGBTQIA+, Black, Latinx, and Jewish communities. Security enhancement projects include reinforced doors and gates, high-intensity lighting and alarms, and other security-related improvements.

- **Reducing Gun Violence**—The 2022 Budget Act established the Local Law Enforcement Gun Buyback Grant Program at the Board of State and Community Corrections, and included \$25 million one-time General Fund for that program to support competitive gun buyback grant programs structured to reduce firearm violence. Over the past year, there have been numerous mass shootings across the nation, including in Monterey Park and Half Moon Bay. The state is committed to getting firearms off the streets, and a competitive grant program is not conducive to quickly achieving this goal. Therefore, the Budget reallocates \$21 million one-time General Fund to the Office of Emergency Services (OES) to work directly with local law enforcement agencies to expedite targeted, coordinated gun buybacks. The Budget also includes \$4 million one-time General Fund for OES to conduct outreach and educate members of the public, law enforcement personnel, and others on how to obtain protective orders, such as gun violence restraining orders or domestic violence restraining orders to protect themselves and others from gun violence.
- **Grants for Missing and Murdered Indigenous Persons**—Indigenous persons experience crime and victimization at disproportionately higher rates than other populations. California has one of the largest and most diverse Native American populations in the United States. The 2022 Budget Act provided funding to address public safety on tribal lands by including \$12 million General Fund over three years for the Board of State and Community Corrections to establish a competitive grant program to help California tribes identify, collect case-level data, publicize, investigate, and solve cases involving missing Indigenous persons. These funds are available to provide resources for tribal police and prosecutors, counseling services, education, and other activities. The Budget includes an additional investment of \$12 million one-time General Fund for these purposes.
- **Public Defense Pilot Program**—The Budget restores \$40 million one-time General Fund to provide counties with funding for indigent defense providers, including public defenders, alternate defenders, and other qualifying entities that provide indigent defense for qualifying workload resulting from criminal matters. This funding is for the third year of a three-year pilot program, bringing the total three-year amount to \$140 million one-time General Fund.
- **Proposition 47 Savings**—The Budget includes \$112.9 million General Fund in savings for Proposition 47 in 2023-24. Proposition 47 invests savings from reduced prison utilization into prevention and support of community programs, and funds are allocated according to the formula specified in the voter-approved measure, which requires 65 percent be allocated for grants to public agencies to support various recidivism reduction programs (such as mental health and substance use

treatment services), 25 percent for grants to support truancy and dropout prevention programs, and 10 percent for grants for victims' services.

- **Post Release Community Supervision**—The Budget includes \$9.3 million General Fund for county probation departments to supervise the temporary increase of individuals on Post Release Community Supervision as a result of Proposition 57 credit-earning opportunities.

One-Time Investments—The Budget includes one-time General Fund for the following programs:

- \$5 million to purchase a site to co-locate a fire station and the Mobile Assistance Community Responders of Oakland.
- \$1 million for the Home After Harm program to provide services to prepare incarcerated people for parole hearings using therapeutic counseling methods.
- \$5 million to create the Southern California Reentry Hub in Los Angeles County.

CALIFORNIA HIGHWAY PATROL

The California Highway Patrol provides uniform traffic law enforcement throughout the state and serves the public by assuring the safe, convenient, and efficient transportation of people and goods on the state's highway system.

SIGNIFICANT ADJUSTMENT

- **Body-Worn Cameras**—The Budget provides \$9.8 million Motor Vehicle Account for the California Highway Patrol to implement a statewide body-worn camera program. Building on a pilot program in the Oakland and Stockton areas, the statewide body-worn camera program will enhance public safety, transparency, and accountability, and have a substantial positive impact on the successful prosecution of crimes.

DEPARTMENT OF JUSTICE

As chief law officer of the state, the Attorney General has the responsibility to see that the laws of California are uniformly and adequately enforced. This responsibility is fulfilled through the diverse programs of the Department of Justice (DOJ). The

Department provides legal services on behalf of the people of California; serves as legal counsel to state agencies; provides oversight, enforcement, education, and regulation of California's firearms laws; provides evaluation and analysis of physical evidence; and supports the data needs of California's criminal justice community. The Budget includes total funding of approximately \$1.3 billion, including \$487.4 million General Fund, in 2023-24 to support DOJ.

SIGNIFICANT ADJUSTMENTS

- **Litigation Deposit Fund Loan**—\$400 million budgetary loan from the Litigation Deposit Fund to the General Fund in 2023-24 to assist in closing the projected statewide budgetary shortfall. The Budget also includes statutory changes to authorize this budgetary loan from idle resources not required for currently projected operational or programmatic needs.
- **Bureau of Forensic Services**—\$53.4 million General Fund annually for three years to continue backfilling a decline in fine and fee revenue to the DNA Identification Fund. This is necessary to maintain current service levels related to processing forensic evidence, such as DNA, for local jurisdictions.
- **Office of General Counsel**—Net-zero transfer of existing resources totaling \$13.8 million General Fund in 2023-24 and ongoing to establish the Office of General Counsel within the Department. The Office will provide internal legal guidance, ensure compliance with data confidentiality and document retention policies, and oversee legal ethics and conflict-of-interest concerns.
- **Ammunition Authorization Program Fee Increase**—\$4.3 million General Fund loan to the Ammunition Safety and Enforcement Special Fund in 2023-24 and 2024-25 to support operating costs for the Ammunition Authorization Program. The Administration will work with the Legislature over the summer on statutory changes to adjust the fee to align with the reasonable costs for regulating ammunition transactions in California.
- **Firearms Information Technology System Modernization Project**—\$7.5 million Dealers Record of Sale Account in 2023-24 and \$2.6 million ongoing to continue the Project Approval Lifecycle process and address ongoing workload pertaining to the Firearms Information Technology System Modernization Project.
- **Various Firearm Proposals**—\$7.5 million (\$1.6 million General Fund and \$5.9 million Dealers Record of Sale Special Account) in 2023-24, decreasing to \$4.1 million (\$1.2 million General Fund and \$2.9 million Dealers Record of Sale Special Account)

in 2026-27 and ongoing to address workload related to regulating the sale, transfer, and purchase of firearms in California.

- **Carry Concealed Weapon Permit**—\$5 million (\$3 million General Fund and \$2 million Fingerprint Fees Account) in 2023-24, and \$3.2 million (\$2.7 million General Fund and \$519,000 Fingerprint Fees Account) in 2024-25, to process additional carry concealed weapon permit applications. A recent federal court ruling has resulted in an increase in the number of carry concealed weapon permits that are processed by the Department.
- **eDiscovery Storage and Review Platform Augmentation**—\$1.9 million (\$702,000 General Fund and \$1.2 million various Special Funds) in 2023-24, increasing to \$4 million (\$1.5 million General Fund and \$2.5 million various Special Funds) in 2026-27 and ongoing, to collect, store, and process electronic discovery information related to litigation.
- **Tenant Protection Workload**—\$3 million ongoing Unfair Competition Law Fund for the Consumer Protection Section to support tenant protection and enforcement of tenant rights.
- **Criminal Records Relief (SB 731)**—\$1.8 million Special Fund in 2023-24 and \$1.5 million in 2024-25 to make information technology modifications to existing systems to provide criminal record relief for eligible individuals pursuant to Chapter 814, Statutes of 2022 (SB 731). The Budget includes statutory changes to delay implementation by one year to provide DOJ sufficient time to implement system modifications.
- **Police Practices Division (AB 1506)**—\$1.8 million ongoing General Fund to establish the Police Practices Division to review the use of deadly force policies and make best practice recommendations pursuant to Chapter 326, Statutes of 2020 (AB 1506).
- **Sex Offender Registration (SB 384)**—\$1.7 million ongoing General Fund to process workload and provide system support and maintenance to implement Chapter 541, Statutes of 2017 (SB 384), which established a tiered system for sexual offenders and specifies registration timelines and criteria for each tier.
- **Domestic Violence: Death Review Teams (SB 863)**—\$1.5 million General Fund in 2023-24, and \$1.1 million ongoing, to collect data on near-death domestic violence cases and prepare an annual report pursuant to Chapter 986, Statutes of 2022 (SB 863).

- **Crimes: Race-Blind Charging (AB 2778)**—\$817,000 General Fund in 2023-24, and \$2.4 million ongoing, to collaborate with local jurisdictions, develop guidelines and policies for race-blind charging, perform document redaction, and review additional criminal cases pursuant to Chapter 806, Statutes of 2022 (AB 2778).
- **Children’s Data Protection Working Group (AB 2273)**—\$750,000 one-time General Fund to establish a working group to develop recommendations for improving protections for children who utilize online social media platforms pursuant to Chapter 320, Statutes of 2022 (AB 2273). The Budget also includes statutory changes to establish the working group within DOJ and allow the meetings to be conducted remotely.
- **Advisory Council on Improving Interactions between Law Enforcement and the Intellectual and Developmental Disabilities Communities (SB 882)**—\$531,000 General Fund annually in 2023-24, 2024-25, and 2025-26 to establish an advisory council to evaluate and develop a report with recommendations on how to strengthen interactions and outcomes between peace officers and individuals with intellectual or developmental disabilities pursuant to Chapter 899, Statutes of 2022 (SB 882).

JUDICIAL BRANCH

The Judicial Branch consists of the Supreme Court, courts of appeal, trial courts, the Habeas Corpus Resource Center, and the Judicial Council, which is responsible for managing the resources of the Judicial Branch. The trial courts are funded with a combination of General Fund, county maintenance-of-effort requirements, fines, fees, and other charges. Other levels of the Judicial Branch receive most of their funding from the General Fund. The Budget includes total funding of \$5 billion (\$3.1 billion General Fund and \$1.9 billion other funds) in 2023-24 for the Judicial Branch, of which \$2.9 billion is provided to support trial court operations.

COMMUNITY ASSISTANCE, RECOVERY, AND EMPOWERMENT (CARE) ACT

The Budget includes \$55.5 million General Fund in 2023-24, \$107 million in 2024-25, and \$133 million in 2025-26 for the Judicial Branch to implement the CARE Act (Chapter 319, Statutes of 2022). Of this amount, \$32.7 million in 2023-24, \$55.3 million in 2024-25, and \$68.5 million ongoing is for the administration of the program. The remaining \$22.8 million in 2023-24, \$51.7 million in 2024-25, and \$64.5 million ongoing will support public defender and legal service organizations that will provide legal counsel to CARE

participants. For county behavioral health funding, see the Health and Human Services Chapter.

SIGNIFICANT ADJUSTMENTS

- **Trial Court Operations**—\$74.1 million ongoing General Fund to support trial court operations. This is in addition to general increases provided in the 2021 and 2022 Budget Acts, which included \$72.2 million and \$84.2 million, respectively. The 2022 Budget Act also included \$100 million ongoing General Fund to promote fiscal equity among the trial courts and to improve existing service levels.
- **Courts of Appeal Workload**—\$2.7 million Appellate Court Trust Fund in 2023-24, and \$2.3 million in 2024-25 and 2025-26, to address increased appellate case workload, and support data reporting and Appellate Self-Help Resource Center website enhancements. These resources will improve efficient case processing and avoid excessive case delays in the Courts of Appeal.
- **Trial Court Trust Fund Backfill**—\$105.1 million ongoing General Fund to continue backfilling the Trial Court Trust Fund for revenue declines expected in 2023-24.
- **State Court Facilities Construction Fund Backfill**—\$55.5 million General Fund in 2023-24, \$175.5 million in 2024-25, and \$174.5 million ongoing, to backfill a projected shortfall in the State Court Facilities Construction Fund and to maintain existing service levels.
- **Federal Byrne State Crisis Intervention Program Grant**—Reimbursement authority totaling \$5.9 million in 2023-24, and \$5.7 million in 2024-25 and 2025-26, to support an interagency agreement with the Board of State and Community Corrections to implement federal funds from the Byrne State Crisis Intervention Program. The Judicial Council will implement a statewide project that improves execution of firearm relinquishment orders, and expands and enhances collaborative courts by providing funding, training, and technical assistance.
- **Juror Compensation (AB 1981)**—\$19 million General Fund in 2023-24, \$17.5 million in 2024-25, and \$4.2 million ongoing, to expand juror mileage and public transit reimbursements, and to conduct a pilot program in at least six courts to study the impact of increased juror compensation on juror diversity and participation, pursuant to Chapter 326, Statutes of 2021 (AB 1981).
- **Ability-to-Pay Backfill Reduction**—Reductions totaling \$20.7 million General Fund in 2023-24 and \$30 million ongoing to reflect updated estimates of revenue losses due to the implementation of the Ability-to-Pay program established by Chapter 57,

Statutes of 2021 (AB 199). The associated revenue loss for all courts is lower than expected and is estimated to total \$26.4 million in 2023-24, and \$28.4 million ongoing.

- **Deferred Maintenance**—The 2021 Budget Act included \$188 million one-time General Fund, available through June 30, 2024, to support deferred maintenance projects in trial courts and Courts of Appeal. The Budget reduces this funding by \$49.5 million in 2022-23, maintaining \$138.5 million for existing projects.
- **Criminal Fee Elimination**—\$1.2 million ongoing General Fund to backfill the courts for lost revenues due to the repeal of administrative fees related to record sealing and post-conviction remedies.
- **Legal Aid Loan Repayment Assistance Program**—\$250,000 ongoing General Fund and statutory changes to establish a Loan Repayment Assistance program administered by the California Access to Justice Commission to support the recruitment and retention of legal aid attorneys, and to allow qualified legal services projects and support centers to use Interest on Lawyers' Trust Accounts (IOLTA) Funds, Equal Access Funds, or other funds to provide the loan repayment assistance.

RACIAL JUSTICE ACT

The Racial Justice Act prohibits the state from seeking or obtaining a conviction or sentence on the basis of race, ethnicity, or national origin. This Act made it possible for a person charged or convicted of a crime to challenge racial bias in their case. Overall, the Budget includes \$10.3 million General Fund in 2023-24 to support implementation of the Racial Justice Act, as follows:

- \$2.9 million to the Judicial Council for legal representation on Racial Justice Act claims related to capital cases. The funds will support attorneys' fees, experts, investigators, or other ancillary needs to process the claim.
- \$5.1 million to the Office of the State Public Defender for legal resources on Racial Justice Act claims related to both capital and non-capital cases.
- \$2.3 million to the Department of Justice to address increased workload associated with appeals for cases related to the Racial Justice Act.

LABOR AND WORKFORCE DEVELOPMENT

The Labor and Workforce Development Agency continues the Administration's commitment to supporting pathways to quality jobs and equity through workforce development strategies that include apprenticeship, High Road Training Partnerships, and other earn-and-learn strategies.

WORKFORCE DEVELOPMENT

The 2022 Budget invested approximately \$2.2 billion General Fund towards the state's goals of increasing the number of apprenticeships; workforce training to mitigate the effects of climate change; and creating more innovative and accessible opportunities to recruit, train, hire, and advance an ethnically and culturally inclusive health and human services workforce.

The 2023 Budget largely maintains those investments, particularly for investments targeted towards individuals who are at risk or on the edge of the labor market, such as young adults, women, people of color, and those with barriers to employment.

Indian Health Program Grants—The Budget includes \$11 million General Fund in 2023-24, for a total 2023-24 investment of \$23 million General Fund, and \$23 million General Fund ongoing thereafter, to restore the Indian Health Program grants administered by the Department of Health Care Services. See the Health and Human Services Chapter for additional information.

Economic Investment to End Detention—The Budget includes \$5 million one-time General Fund for workforce development grants to jurisdictions that take action to end conditional use permits for ICE detention facilities.

Breaking Barriers to Entry—The Budget includes \$5 million one-time General Fund for workforce and wraparound services to individuals with barriers to employment.

Health Workforce—The 2022 Budget Act invested \$256.8 million General Fund in 2022-23, \$361.7 million General Fund in 2023-24, and \$369.9 million General Fund in 2024-25 for healthcare workforce grant programs administered by the Department of Health Care Access and Information. The Budget maintains this funding, shifts a portion of it across fiscal years, and changes the fund source of \$196.4 million in 2023-24 from General Fund to Mental Health Services Fund resulting in \$988.4 million in total funding (\$188.8 million in 2022-23, \$314.7 million in 2023-24, \$427.3 million in 2024-25, and \$57.5 million in 2025-26).

Emergency Medical Technician Training—The 2022 Budget Act invested \$60 million General Fund over three years (\$20 million per year in 2022-23, 2023-24, and 2024-25) at the Employment Development Department to provide targeted emergency medical technician training. The Budget withdraws \$20 million (\$10 million in each 2023-24 and 2024-25)—reducing the total three-year investment to \$40 million. If there is sufficient General Fund in January 2024, this reduction will be restored.

Apprenticeship Innovation Fund—The 2022 Budget Act included \$175 million General Fund over three years (\$55 million in 2022-23 and \$60 million in each 2023-24 and 2024-25) at the Department of Industrial Relations to invest in and expand non-traditional apprenticeships. The Budget withdraws \$40 million (\$20 million in each 2023-24 and 2024-25) of this amount—resulting in a total three-year investment to \$135 million. If there is sufficient General Fund in January 2024, this reduction will be restored.

OUTREACH AND ENFORCEMENT

Domestic Worker Outreach—The Budget includes \$35 million one-time Labor and Workforce Development Fund to provide grants to community-based organizations for domestic worker education and outreach. The Budget also includes statutory changes to remove the program sunset date.

Local Public Prosecutor Labor Law Enforcement Grants—The Budget includes \$18 million one-time Labor and Workforce Development Fund to provide grants to local government attorneys to reimburse costs to enforce labor laws.

Wage Claim Adjudication Recruitment and Retention—The Budget includes \$2 million ongoing Labor and Workforce Development Fund for the Labor Commissioner's Office to recruit and hire and provide an annual report to the Legislature on hiring statistics.

Industrial Welfare Commission—The Budget includes \$3 million General Fund at the Department of Industrial Relations for the Industrial Welfare Commission to convene industry-specific wage boards and adopt orders specific to wages, hours, and working conditions in such industries.

California Workplace Outreach Program—The Budget includes \$25 million in one-time Labor Workforce Enforcement Funds for the Department of Industrial Relations to partner with organizations to perform outreach and education to workers and employers as the California Workforce Outreach Program.

EMPLOYMENT DEVELOPMENT DEPARTMENT

Prior to the Pandemic, the Employment Development Department (EDD) had been focused on modernizing its benefits systems. However, the surge in unemployment rates forced EDD to pause its efforts and prioritize the unprecedented deployment of Unemployment Insurance (UI) benefits. The 2022 Budget Act included \$313.4 million over three years to continue stabilizing the department's workload and resume its system improvements. The Budget continues to invest in these modernization efforts, while making targeted reductions to address declining General Fund revenues.

The Budget includes the following Unemployment Insurance adjustments:

- **Unemployment Insurance Trust Fund Loan Interest**—\$306 million one-time General Fund to pay the annual interest payment on the state's Unemployment Insurance loan balance.
- **Unemployment Insurance Debt Payment**—The 2022 Budget Act included \$1 billion (\$250 million federal funds in 2022-23 and \$750 million General Fund in 2023-24) to pay down a portion of the state's approximately \$18 billion Unemployment Insurance Trust Fund debt. The Budget withdraws the \$750 million one-time General Fund payment in 2023-24.
- **Unemployment Insurance Small Business Relief**—The Budget withdraws the \$500 million one-time General Fund included as part of the 2022 Budget Act to offset the anticipated rising federal unemployment insurance.

SIGNIFICANT ADJUSTMENTS

- **EDDNext**—The Budget includes \$198 million one-time in 2023-24 (\$99 million General Fund) to continue the planning and development of EDDNext, for the second year of a five-year plan to modernize EDD.
- **Fraud Prevention**—The Budget includes \$85 million one-time in 2023-24 (\$71 million General Fund) as part of a multi-year investment included in the 2022 Budget Act to combat fraud—including front-end technology to block foreign and suspicious Internet Protocol addresses, improvements to applicant identity verification, and services to screen and validate claim integrity.
- **State Disability Insurance Fund Loan for Unemployment Insurance Debt Interest**—The Budget includes language to allow for a loan of \$306 million from the State Disability Insurance Fund to the General Fund for the annual interest payment of the Unemployment Insurance debt. This loan is anticipated to be repaid no later than June 30, 2027, and may be repaid sooner based on programmatic needs.

GENERAL GOVERNMENT AND STATEWIDE ISSUES

This chapter describes items in the Budget that are statewide issues or related to various departments.

INVESTMENTS IN BUSINESS AND INNOVATION

The state has made significant investments to support small businesses, including tax relief for businesses impacted by the COVID-19 Pandemic, fee waivers for new businesses to encourage business growth, additional funding to bolster existing grant programs and technical assistance centers, and new programs to support entrepreneurs and advance an inclusive economy. In addition to making a historic investment of nearly \$4 billion for the California Small Business COVID-19 Relief Grant Program, the state has made General Fund investments totaling over \$800 million to support California businesses. The Budget continues the state's commitment to support businesses and maintain investments made in recent years.

CALIFORNIA COMPETES

The Budget extends the California Competes grant program for one year at \$120 million General Fund, comprised of \$16.8 million in savings from 2022-23 and newly appropriated \$103.2 million for 2023-24. The program was created in the 2021 Budget to

extend the success of the California Competes Tax Credit program to businesses that cannot fully benefit from a nonrefundable tax credit but still present vital economic development opportunities that are at risk of taking place outside of California.

The 2022 Budget included \$120 million one-time General Fund for the California Competes grant program, added language to give priority to semiconductor-related projects, and removed the cap preventing any one grantee from receiving more than 30 percent of the program's total grant amount. The Budget retains these provisions for grants that will be awarded in 2023-24. The California Competes grant program is one of the state's main incentive programs to leverage tens of billions of federal funds available under the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, and to encourage growth and expansion of semiconductor manufacturing and research and development in California.

FILM AND TELEVISION TAX CREDIT

The Budget extends the Film and Television Tax Credit Program at \$330 million General Fund per year for five years beginning in 2025-26 (Program 4.0) with significant enhancements to strengthen and support diversity in the California film industry. The extended credit will help California remain competitive by retaining and increasing production jobs in the state while supporting a diverse and inclusive workforce. Program 4.0 builds upon a strong track record of success from previous iterations of the program, whose productions have generated more than \$23 billion in economic output and supported the employment of more than 178,000 cast and crew. Specifically, the Film and Television Tax Credit Program 4.0:

- Strengthens diversity reporting requirements and makes a portion of the credit contingent on productions making a good-faith effort to meet diversity goals. In addition, a diversity, equity, and inclusion expert employed in the motion picture industry will be added to the California Film Commission Board.
- Makes the tax credit refundable at a discounted value, allowing taxpayers with insufficient tax liability to make use of the credit and ensuring California remains competitive with the vast number of state and global jurisdictions that allow productions to monetize film tax credits.
- Expands the Career Pathways Program, which provides training programs and opportunities for individuals from underserved communities to facilitate entry in the California film industry.

- Adds robust set safety requirements through the newly established Safety on Productions Pilot Program.

SIGNIFICANT ADJUSTMENTS

- **New Employment Credit Expansion**—The Budget expands the state's existing New Employment Credit by eliminating geographic restrictions and increasing the potential credit for companies in certain industries to leverage federal dollars available under the federal CHIPS Act and support the state's green initiatives. Eligible companies include semiconductor manufacturing and research and development firms applying for CHIPS Act funding, manufacturers of electric airplanes, lithium extraction companies, and manufacturers of lithium batteries. These modifications are projected to increase credit usage by around \$1.6 million per year through 2025-26 and by \$1.3 million in 2026-27.
- **Small Agricultural Business Relief Grants**—\$20 million one-time General Fund to expand the scope of the current California Small Agricultural Business Drought Relief Grant Program to provide direct assistance to eligible agriculture-related businesses that have been affected by recent storms. The 2022 Budget Act included \$75 million one-time General Fund to provide direct assistance to eligible agriculture-related businesses affected by severe drought conditions. This brings the total amount available for relief grants to small agricultural business to \$95 million. See the Climate Change Chapter for additional information.
- **Technical Assistance to Small Businesses**—\$23.5 million Federal Funds, to be spent over 5 years, for the Office of the Small Business Advocate to provide technical assistance to small businesses, including businesses owned by socially and economically disadvantaged individuals applying for State Small Business Credit Initiative capital programs.
- **City of Fresno Public Infrastructure Plan**—\$250 million General Fund over three years to support the City of Fresno's Public Infrastructure Plan to invest in the downtown area. This plan includes projects to build an intermodal transit center, develop green space, improve walkability, and bolster water infrastructure.
- **Made in California Program**—\$1.5 million one-time General Fund, to be spent over three years, to relaunch the Made in California Program and conduct outreach and engagement to increase participation in the program. The Made in California Program aims to support in-state manufacturing by increasing consumer awareness of in-state production.

- **California Small Business COVID-19 Relief Grant Program**—A decrease of \$142 million General Fund for this program due to declining General Fund revenues. Since Governor's Budget, the Office of the Small Business Advocate has continued to award grants to eligible businesses and estimates there will be an additional amount remaining after all grants have been awarded.
- **IBank's Small Business Finance Center and the California Rebuilding Fund**—A decrease of \$50 million General Fund from this program due to declining General Fund revenues, leaving \$37.5 million available for financial assistance to small businesses.

OFFICE OF PLANNING AND RESEARCH

The Office of Planning and Research (OPR) formulates long-range state goals and policies to address four key areas: land use and planning, climate risk and resilience, sustainable economic development, and targeted long-range research needs. The OPR consists of the State Planning and Policy Program, California Strategic Growth Council, Office of Community Partnerships and Strategic Communications, and California Volunteers.

SIGNIFICANT ADJUSTMENTS

- **California Volunteers: Youth Corps**—\$78.1 million ongoing General Fund to continue the Youth Corps program and expand program opportunities for more undocumented Californians and tribal communities. The Budget also includes a reduction of \$25 million provided in the 2022 Budget Act for a summer youth job program, as the purpose of this program can be achieved with the ongoing funding for the Youth Corps program.
- **California Volunteers: California Climate Action Corps**—\$4.7 million General Fund in 2023-24 through 2025-26, and \$9.3 million in 2026-27 and ongoing to expand the California Climate Action Corps program. This funding will double the number of program participant slots from 115 to 230.
- **Information Technology Unit**—\$5.3 million ongoing General Fund to establish an Information Technology Unit within OPR to support internal departmental oversight and administration of information technology needs.

- **Zero Emissions Jobs Roadmap**—\$2.3 million one-time General Fund to complete a statewide zero-emission roadmap to identify actions needed to meet California's zero-emissions goals, with minimal displacement of existing workers.
- **Racial Equity Commission and Youth Empowerment Commission**—\$3.8 million General Fund in 2023-24, and \$3.1 million in 2024-25 through 2029-30, to support the Racial Equity Commission and Youth Empowerment Commission. Of this amount, \$1.5 million is a net-zero transfer from the Youth Empowerment Commission to OPR. The Budget also includes statutory changes to transfer the Youth Empowerment Commission to OPR and extend the sunset date for both commissions to January 1, 2030.
- **COVID-19 Outreach**—A reduction of \$80 million one-time General Fund in 2022-23 for COVID-19 outreach administered by the Office of Community Partnerships and Strategic Communities within OPR. This reduction leaves a total of \$150 million General Fund available for the outreach campaign.

CANNABIS

The state has continued its efforts in reinforcing California's legal cannabis market. Simplification of the tax structure and removal of administrative burdens and costs aim to reduce barriers to entry into the legal, regulated cannabis market. Additionally, the state is continuing the implementation of a fee waiver or deferral program to ease the entry into the legal market, is investing in grant programs that support equity in cannabis, is providing funding to cities and counties that do not currently have a local cannabis retailer licensing program, and is helping local governments and aid licensees in moving from provisional licensure to annual licenses.

UPDATED ALLOCATION OF THE CANNABIS TAX FUND

On July 1, 2022, pursuant to comprehensive cannabis tax reforms in Chapter 56, Statutes of 2022 (AB 195), the cannabis cultivation tax was suspended, resulting in savings to legal cannabis businesses and consumers. On January 1, 2023, responsibility for cannabis excise tax remittance moved from distribution to the point of sale. Additional tax reforms included the creation of two Cannabis Equity Tax Programs, including Vendor Compensation for eligible retailers, and Equity Tax Credits for eligible licensees, which began on January 1, 2023.

Proposition 64 specifies the allocation of resources in the Cannabis Tax Fund, which are continuously appropriated. Pursuant to Proposition 64, expenditures are prioritized for regulatory and administrative workload necessary to implement, administer, and enforce the Cannabis Act, followed by research and activities related to the legalization of cannabis and the past effects of its criminalization. Once these priorities have been met, the remaining funds are directed to what is known as Allocation 3 programs, which include youth education, prevention, early intervention, and treatment; environmental protection; and public safety-related activities. AB 195 requires that these Allocation 3 programs are funded at a baseline of approximately \$670 million, to the extent available, and included a \$150 million General Fund appropriation to backfill revenues to help meet that baseline.

The Budget estimates \$567.4 million will be available for these purposes in 2023-24, which includes \$150 million General Fund to backfill the estimated decline in revenues:

- **Education, prevention, and treatment of youth substance use disorders and school retention**—60 percent (\$340.4 million)
- **Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation**—20 percent (\$113.5 million)
- **Public safety-related activities**—20 percent (\$113.5 million)

These figures reflect a total decrease of \$102.2 million compared to the Governor's Budget estimate.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) continues to modernize its operations through projects like the Digital eXperience Platform project, a comprehensive replacement of DMV's major IT software programs and the pilot of the mobile driver license program. Projects such as these will improve the overall customer experience when completing DMV transactions in the field office and through alternative service channels.

However, the budget projects that the Motor Vehicle Account (MVA) will be insolvent at the end of 2024-25. Reductions in available MVA funds would have negative impacts on the DMV's modernization efforts and, if not addressed, could lead to other programmatic impacts. To maintain fund solvency, the Administration is exploring potential revenue and expenditure solutions for the fund. In light of reduced General Fund revenue estimates, the Budget also adopts the following reduction:

- **REAL ID**—The Budget adopts a reversion of \$93 million across DMV's 2022-23 and 2023-24 General Fund appropriation for REAL ID workload and other operational improvements. Since DMV began issuing REAL IDs in 2018, 15.6 million Californians have chosen to get a REAL ID and DMV is issuing an average of 200,000 unique REAL IDs per month. Given the shift of the federal REAL ID enforcement date from May 2023 to May 2025, nearly every eligible Californian will have had an opportunity to convert to a REAL ID on their normal renewal cycle by that time, and the REAL ID workload will have been spread over additional years.

EMPLOYEE COMPENSATION AND COLLECTIVE BARGAINING

The Budget includes \$515.4 million ongoing (\$121.5 million General Fund) for employee compensation, health care, and retiree health care prefunding costs for active state employees. Included in these costs are collectively bargained salary and benefit increases. The Budget also includes funding for telework stipends, statewide consolidation of Attorney civil service classifications, pay differentials for psychiatric inpatient programs at the California Department of Corrections and Rehabilitation and Department of State Hospitals, and 2024 calendar year increases in health care and dental premiums and enrollment.

Collective bargaining negotiations continue with 15 of the state's 21 bargaining units, including Service Employees' International Union, Local 1000; California Correctional Peace Officers' Association; California Statewide Law Enforcement Association; California Association of Professional Scientists; International Union of Operating Engineers (craft and maintenance employees in bargaining unit 12); Union of American Physicians and Dentists; and American Federation of State, County and Municipal Employees.

STATE RETIREMENT CONTRIBUTIONS

The state continues to make all required pension payments and will continue to pay down its unfunded retirement liabilities to protect the long-term security of state employees' retirement benefits.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) CONTRIBUTIONS

The Budget includes \$8.5 billion one-time (\$4.7 billion General Fund) for the statutorily required annual state contribution to CalPERS for state pension costs. Included in these

contributions are \$744 million one-time General Fund for California State University retirement costs.

Additionally, the Budget includes \$1.7 billion in one-time Proposition 2 debt repayment funding for fiscal year 2023-24 to further reduce the unfunded liabilities of the CalPERS state plans. This proposed change will result in a minimum of \$3.4 billion in estimated savings for the state over the next three decades. Depending on the availability of Proposition 2 funding, an additional \$1.8 billion is projected to be paid to CalPERS over fiscal years 2024-25 to 2026-27.

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CALSTRS) CONTRIBUTIONS

The Budget includes \$3.9 billion General Fund for state contributions to CalSTRS. This is roughly a \$227 million increase from 2022-23 due mainly to the growth in creditable compensation for state teachers from 2020-21 to 2021-22.

The State Retirement and Health Care Contributions Figure provides an historical overview of contributions to CalPERS, CalSTRS, the Judges' Retirement System (JRS), the Judges' Retirement System II (JRS II), and the Legislators' Retirement System (LRS) for pension and health care benefits.

State Retirement and Health Care Contributions ^{1/ 2/ 3/}

(Dollars in Millions)

	CalPERS	CSU CalPERS	CalSTRS	JRS	JRS II	LRS ^{5/}	Active Health & Dental ^{6/}	Retiree Health & Dental	CSU Retiree Health	Employer OPEB Prefunding ^{7/}
2014-15	\$4,042	\$543	\$1,486	\$179	\$63	\$1	\$2,797	\$1,462	\$256	\$38
2015-16	4,338	585	1,935	190	67	1	2,968	1,556	263	63
2016-17	4,754	621	2,473	202	68	1	3,104	1,623	272	342 ^{8/}
2017-18	5,188	661	2,790	199	80	1	3,192	1,695	285	189
2018-19	5,506	683	3,082	194	84	1	3,255	1,759	313	394
2019-20	5,946	716	3,323	242	91	1	3,371	1,844	326	562
2020-21	4,925	680	3,428 ^{4/}	225	84	1	3,398	1,938	339	600
2021-22	5,363	677	3,862	194	91	1	3,501	2,019	356	1,292 ^{9/}
2022-23	7,475	744	3,712	208	86	1	3,771	2,208	392	735
2023-24 ^{10/}	7,728	744	3,939	211	89	0	4,089	2,417	428	711

^{1/} The chart does not include contributions for University of California pension or retiree health care costs.

^{2/} The chart does not reflect the following pension payments: \$6 billion supplemental payment to CalPERS in 2017-18 authorized by Chapter 50, Statutes of 2017 (SB 84), additional payments to CalPERS and CalSTRS authorized in Chapter 33, Statutes of 2019 (SB 90), Chapter 859, Statutes of 2019 (AB 118), Chapter 78, Statutes of 2021 (AB 138), Chapter 67, Statutes of 2022 (SB 191), and the 2023 Budget Act.

^{3/} In addition to the Executive Branch, this chart includes Judicial and Legislative Branch employees. Contributions for judges and elected officials are included in JRS, JRS II, and LRS. Amounts displayed in the CalPERS column include statewide contributions to the five CalPERS state plans, including contributions from employers that are not included in the annual Budget Act.

^{4/} As part of the 2020 Budget Act, the Teachers' Retirement Board's statutory authority to adjust the state contribution rate for fiscal year 2020-21 was suspended. The amount shown excludes the additional \$297 million in supplemental pension payment from Proposition 2 debt payment funding authorized in the 2021 Budget.

^{5/} No state employer contributions to the Legislators' Retirement System are included in 2023-24. The fund is in a surplus position and CalPERS reported no normal cost in 2023-24 due to the termination of all active members.

^{6/} These amounts include health, dental, and vision contributions for employees within state civil service, the Judicial and Legislative Branches, and CSU.

^{7/} Amount reflects the employer contribution to pay down the Other Post-Employment Benefits (OPEB) unfunded liability.

^{8/} Amount includes a one-time prefunding contribution of \$240 million pursuant to Chapter 2, Statutes of 2016 (AB 133).

^{9/} Amount includes \$616 million to help ensure full funding by 2046, which is provided by the employer on behalf of the employees, based on the actuarial liability for each bargaining unit, as employee prefunding contributions were suspended in 2020-21 due to the Personal Leave Program 2020.

^{10/} Estimated as of the 2023 Budget Act, contributions sourced from the General Fund are estimated to be \$3,928 million for CalPERS, \$744 million for CSU CalPERS, \$1,920.4 million for Active Health and Dental, and \$390 million for OPEB Prefunding. Fiscal year 2023-24 contributions to CalSTRS, JRS, JRS II, LRS, and Retiree Health & Dental (including CSU) are all General Fund costs.

CLEANUP OF EXIDE PARKWAYS

The Budget includes \$67.3 million from the Lead-Acid Battery Cleanup Fund over two years, including \$40.4 million in 2023-24 and \$26.9 million in 2024-25, to clean up 6,425 parkways surrounding the former Exide Technologies facility identified with high levels of lead and/or other metals. This builds on the investment of hundreds of millions of dollars

in recent budgets to enhance protections to communities and the environment from exposure to hazardous chemicals.

SUSTAINABLE PEST MANAGEMENT

The Budget includes \$1.9 million Department of Pesticide Regulation Fund and \$1.4 million ongoing to improve and streamline the Department's registration and reevaluation processes, identify alternatives to high-risk fumigants, and lead strategic collaborations with stakeholders and agency partners to develop plans and programs to support implementation of sustainable pest management in agricultural, urban, and wildland settings.

INFRASTRUCTURE

California is on the front lines of extreme weather whiplash like fires, drought, and floods. The Budget includes a package of five urgency bills that allow to build more, faster to mitigate extreme weather and other environmental impacts; each of the proposals maintains environmental protections, while committing to building more to meet the state's needs.

The package includes five urgency bills:

SB 145 (Newman and Freidman)—Streamlines the implementation of environmental mitigation measures for the efficient delivery of Department of Transportation (Caltrans) projects.

- Authorizes Caltrans to enter into an enforceable contract with Brightline West to construct three wildlife crossings over Interstate 15 (I-15) and the future Brightline West high speed rail system.

SB 146 (Gonzalez and Friedman)—Extends the California State Transportation Agency's existing authority to assume responsibility for compliance with federal environmental regulations under the National Environmental Policy Act (NEPA) through the end of 2033, and expands that authority for local rail and multimodal projects. This will both accelerate project delivery and result in cost savings for projects.

- Authorizes the Department of Water Resources and Caltrans to pilot the progressive design build method of contracting on up to 8 projects per department. This could shorten project completion schedules by as much as a year.
- Authorizes Caltrans to use Job Order Contracting to complete routine transportation projects and maintenance work. This could shave months off of procurement for these routine projects.

SB 147 (Ashby)—Will allow the Department of Fish and Wildlife (DFW) to issue incidental take permits for projects subject to terms and conditions to avoid, minimize and mitigate the take of and impacts to species. This bill sets high standards for protection of species but allows DFW to mitigate effects rather than simply penalize after the fact.

SB 149 (Caballero, Becker and R. Rivas)—Includes three California Environmental Quality Act (CEQA)-related measures to speed up litigation after projects have passed environmental review:

- Provides for the expedited judicial review of CEQA challenges to certain water, transportation, clean energy and semiconductor or microelectronic projects.
- Streamlines procedures related to the preparation of the administrative record for the judicial review of challenges brought under CEQA.
- Extends the sunset on the judicial streamlining program currently active for gold-certified infill site projects, clean renewable energy projects, clean energy manufacturing projects, and smaller housing projects.

SB 150 (Durazo, Smallwood-Cuevas, Gonzalez, Cortese, and L. Rivas)—Embeds workforce and community benefit requirements in certain procurement and contracting for infrastructure and manufacturing investments related to the federal IIJA, IRA, and CHIPS Act.

The proposals will:

- **Speed Up Construction**—Current construction procurement processes drive delays and increase project costs. The legislation includes methods to offer a streamlined process for project delivery to reduce project timeframes and costs.
- **Expedite Court Review**—Legal challenges often tie up projects even after they've successfully gone through environmental review. This legislation speeds up judicial

review to avoid long delays and advance projects without reducing the environmental and government transparency benefits of CEQA.

- **Streamline Permitting**—Accelerate permitting for certain projects, reducing delays and project costs.
- **Address Cumbersome CEQA Processes**—Streamlines procedures around document collection and assembly in litigation after projects have already been approved.
- **Maximize Federal Dollars**—Establishes a Green Bank Financing Program within the Climate Catalyst Fund so that the state can leverage federal dollars for climate projects that cut pollution, with an emphasis on projects that benefit low-income and disadvantaged communities.

FEDERAL INVESTMENTS

In recent years, the federal government enacted significant investments which California has leveraged to support and modernize the state's infrastructure.

First, the American Rescue Plan Act provided state and local recovery funds to help states recover from the COVID-19 Pandemic and its negative economic impacts. Of these funds, California allocated \$7.1 billion to promote an equitable recovery by expanding broadband infrastructure to underserved communities; constructing and preserving affordable housing in vulnerable communities; acquiring, rehabilitating, and converting buildings into long-term affordable housing for those experiencing homelessness; and investing in infrastructure to expand access to behavioral health services.

Second, the Infrastructure Investment and Jobs Act provided additional and new funding for airports, bridges, broadband, clean energy, environmental remediation and resilience, ports, public transportation, roads, and waterways infrastructure. As of June 2023, California received about \$50.9 billion in formula and competitive funding to the state, local governments, and households—with more funding to be announced.

Lastly, the Inflation Reduction Act provided significant energy and climate investments in pollutant reduction, clean energy equipment upgrades, climate adaptation technical assistance, environmental justice, disaster response and resilience, and agriculture sustainability projects. As of June 2023, California received about \$645 million in formula and competitive funding to the state, local governments, tribes, and households—with more funding to be announced.

STATE TRANSPORTATION

The Budget includes \$16.1 billion for new transportation infrastructure programs and projects, which is an increase of \$1.1 billion compared to the 2022 Budget. This considerable level of investment will position the state to continue pursuing significant federal funding through the IIJA and other federal programs by leveraging funding from both state and local sources. To date, California has secured \$39 billion in IIJA formula funding for highway and transit programs and has already received billions in competitive federal transportation grants with the possibility of billions more over the five years of IIJA implementation.

The state continues its commitment to address transportation-related climate issues. As the largest contributor of greenhouse gas emissions, the transportation sector must align project delivery with climate change solutions and the state must continue to move toward a multi-modal, zero-emission transportation future to reduce carbon emissions and improve health benefits, while supporting safety, equity, and economic growth. Although the state's transit agencies have benefitted from large infusions of capital dollars, both state and federal, post-pandemic ridership trends have resulted in significant operating challenges for many of the state's transit agencies, particularly as federal relief dollars begin to run out.

Caltrans will continue delivering over \$20 billion in planned state highway repair and rehabilitation projects in the State Highway Operations and Protection Program (SHOPP) over the next five years. Additionally, Caltrans will allocate almost \$12 billion of local assistance direct funding.

Caltrans and local partners will invest over \$3 billion in State Transportation and Improvement Program (STIP) projects through the plan period. This program supports the implementation of regional Sustainable Community Strategies, as well as interregional travel. Lastly, over \$3.5 billion will be available for congested corridors, state/local partnerships, and trade corridor enhancement projects through 2027-28.

STAFF ASSIGNMENTS

EXECUTIVE OFFICE

Joe Stephenshaw
Director of Finance
(916) 445-4141

Erika Li
Chief Deputy Director, Budget
(916) 445-9862

Richard Gillihan
Chief Operating Officer
(916) 445-4923

H.D. Palmer
Deputy Director, External Affairs
(916) 323-0648

Gayle Miller
Chief Deputy Director, Policy
(916) 445-8582

Kari Krogseng
Chief Counsel
(916) 322-0971

Michele Perrault
Legislative Director
(916) 445-8610

BUDGET PROGRAM AREAS

Budget Planning and Preparation,
Cash Management, FISCAL Project Support,
Statewide Budget Issues, and
Statewide Accounting Policies and Training

Corrections and Rehabilitation,
Justice, and General Government

Education

Employee Compensation and State Pensions,
State Central Services Departments, Audits
and Evaluations, Information Services,
Information Technology and Consulting,
and Departmental Administration

Energy, Housing and Homelessness,
Labor, Local Government, Tax Agencies,
and Transportation

Health and Human Services

Natural Resources, Environment,
and Capital Outlay

Revenues, Economy, Demographics,
and Federal Funds Accountability

PROGRAM BUDGET MANAGERS

Thomas Todd..... (916) 445-5332

Amy Jarvis..... (916) 445-8913

Chris Ferguson (916) 445-0328

Jennifer Whitaker (916) 445-3274

Teresa Calvert..... (916) 322-2263

Adam Dorsey (916) 445-6423

Matt Almy (916) 324-0043

Erica Gonzales.....(916) 322-2263

This page intentionally blank to facilitate double-sided printing.