

INFRASTRUCTURE

California is in the midst of a public works investment not seen since the mid-20th Century. Just as that period built the roads, highways, water systems, and schools to meet the needs of a growing California, so too will this new period of public investment build the future for the 21st and 22nd Centuries.

Thanks to unprecedented local, state and federal investments, the state will spend more than \$180 billion over the next decade on clean energy, roads, bridges, public transit, water storage and conveyance, and faster internet for all Californians. In the process, more than 400,000 new jobs will be created, building the infrastructure to make Californians more mobile, better connected, safer, and more prepared for the future.

Achieving climate goals and meeting the needs for California's future will require building massive new public works projects. This will require streamlining regulations and training more workers so more federal dollars can be drawn down faster to build projects needed to reach our ambitious climate goals, ensure availability of clean water, improve mobility and transportation, and increase access to fast internet for all Californians.

The May Revision proposes statutory changes to expedite infrastructure projects that advance California's climate, equity, and economic goals and maximize the state's share of federal infrastructure spending while maintaining appropriate environmental review.

The Governor has already signed 20 CEQA-related bills in order to streamline the construction of housing and emergency shelter. The Administration remains committed to working with the Legislature on additional legislation to speed the planning, permitting, and construction of needed housing. Additionally, the Administration will continue its efforts to hold local governments accountable for planning and developing their fair share of housing across the state.

FEDERAL INVESTMENTS

In recent years, the federal government has 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 (IIJA) provided additional and new funding for airports, bridges, broadband, clean energy, environmental remediation and resilience, ports, public transportation, roads, and waterways infrastructure. As of May 2023, California has received about \$48.6 billion in formula and competitive funding to the state, local governments, tribes, 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 May 2023, California has 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 2022 Budget Act included \$15 billion for new transportation infrastructure programs and projects that align with the state's climate goals. Given the projected decline in

General Fund revenues, the Governor's Budget included \$2.7 billion in General Fund reductions, partially mitigated by \$500 million from state transportation funds, to maintain \$12.8 billion of transportation investments. The May Revision maintains this overall level of funding, but also includes an additional fund shift.

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 \$38 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.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) continues to pursue IIJA funding as the Federal Highway Administration, Federal Transit Administration, and others release additional guidance and competitive grant opportunities. Additionally, the May Revision includes \$39 million and 143 full-time equivalents for Caltrans engineering work for the state's many transportation programs.

The May Revision maintains a continued 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. While 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. The Administration welcomes discussion with the Legislature on potential near- and long-term solutions to support the viability of transit across the state.

CRITICAL STATE INFRASTRUCTURE

The California Infrastructure Planning Act (Chapter 606, Statutes of 1999) requires the Governor to submit a five-year infrastructure plan to the Legislature for consideration with the annual budget bill. The 2023 Five-Year Infrastructure Plan (Plan) focuses limited available resources on core state responsibilities. This Chapter, along with other information on the [Department of Finance website](#), meets the requirements of the Act.

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The Plan reflects approximately \$56.6 billion in state infrastructure investments over the next five years. This includes investments in capital assets that support core state functions, including state office buildings, fire protection facilities, state parks, correctional facilities, and courts.

See the Infrastructure Plan—Proposed Spending figure for a summary of the proposed funding by program area and the Statewide Capital Funding by Department and Fund Source figure for a summary of the proposed funding by year, department, and fund source. Appendix 1, which includes a detailed listing of the specific projects proposed to be funded, can be found on the [Department of Finance website](#).

Infrastructure Plan—Proposed Spending

(Dollars in Thousands)

Capital Expenditures: Program Area	Five-Year Capital Funding
Transportation	\$50,221,788
Judicial Branch	\$2,887,425
Natural Resources	\$1,741,553
General Government	\$654,768
Corrections and Rehabilitation	\$538,518
Education	\$306,528
Health and Human Services	\$206,808
Total	\$56,557,388

Statewide Capital Funding by Department and Fund Source

(Dollars in Thousands)

Program Area	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Judicial Branch						
Judicial Branch	261,662	116,705	2,054,252	316,514	138,292	2,887,425
Subtotal	\$261,662	\$116,705	\$2,054,252	\$316,514	\$138,292	\$2,887,425
Transportation						
Department of Transportation	10,063,526	10,008,000	10,150,000	10,300,000	8,858,000	49,379,526
Department of the California Highway Patrol	305,870	256,207	9,500	10,000	75,500	657,077
Department of Motor Vehicles	83,388	0	74,623	17,111	10,063	185,185
Subtotal	\$10,452,784	\$10,264,207	\$10,234,123	\$10,327,111	\$8,943,563	\$50,221,788
Natural Resources						
Exposition Park	15,151	366,401	0	0	0	292,151
Tahoe Conservancy	250	250	1,800	0	0	2,300
Department of Forestry and Fire Protection	36,931	201,454	115,709	290,890	448,872	1,093,856
Department of Parks and Recreation	37,922	1,000	25,937	0	0	64,859
Department of Water Resources	163,986	35,000	0	0	0	198,986
Subtotal	\$254,240	\$604,105	\$143,446	\$290,890	\$448,872	\$1,652,152
Health and Human Services						
Department of State Hospitals	48,058	60,351	5,782	14,243	78,374	206,808
Subtotal	\$48,058	\$60,351	\$5,782	\$14,243	\$78,374	\$206,808
Corrections and Rehabilitation						
Department of Corrections and Rehabilitation	462,300	10,128	4,024	17,280	44,786	538,518
Subtotal	\$462,300	\$10,128	\$4,024	\$17,280	\$44,786	\$538,518
Education						
Department of Education	6,921	16,801	38,367	10,000	2,138	74,227
California Community Colleges	232,301	0	0	0	0	232,301
Subtotal	\$239,222	\$16,801	\$38,367	\$10,000	\$2,138	\$306,528
General Government						
Office of Emergency Services	176,460	0	0	0	0	176,460
Department of General Services	402,000	36	0	0	0	402,036
Department of Veterans Affairs	2,759	63,513	0	0	0	66,272
Infrastructure Planning	2,000	2,000	2,000	2,000	2,000	10,000
Subtotal	\$583,219	\$65,549	\$2,000	\$2,000	\$2,000	\$654,768
Statewide Total	\$12,301,485	\$11,137,846	\$12,481,994	\$10,978,038	\$9,658,025	\$56,557,388
Proposed, By Fund						
General Fund	690,534	322,641	55,762	91,915	44,574	1,205,426
Special Fund	3,367,536	3,268,810	3,324,750	3,379,100	2,917,660	16,257,856
Public Buildings Construction Fund/ Non-Governmental Cost Funds	1,125,847	805,874	2,248,495	586,123	755,451	5,521,790
General Obligation Bond Funds	401,510	0	9,625	0	0	411,135
Federal Funds	6,211,100	6,240,440	6,330,050	6,420,900	5,440,340	30,642,830
Reimbursements/Other Governmental Cost Funds	504,958	500,081	513,312	500,000	500,000	2,518,351
Statewide Total	\$12,301,485	\$11,137,846	\$12,481,994	\$10,978,038	\$9,658,025	\$56,557,388

JUDICIAL BRANCH

The Judicial Branch consists of the Supreme Court, courts of appeal, trial courts, and the Judicial Council. The Supreme Court is located in San Francisco and Los Angeles. The courts of appeal are organized into six districts and operate in nine different locations.

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The trial courts are located in 58 counties statewide, in approximately 430 facilities, with 2,200 courtrooms containing approximately 16 million square feet of space. The facilities of the Supreme Court, courts of appeal, and trial courts encompass not only the public courtroom spaces but also the chambers and workspaces where judicial officers and courtroom staff prepare for proceedings; secure areas, including holding cells; and building support spaces.

The Plan includes \$2.9 billion (\$155.4 million General Fund and \$2.7 billion Public Buildings Construction Fund) for 16 judicial branch projects over the next five years, focused on the most critical projects identified in the 2019 Facilities Reassessment.

For the 2023-24 fiscal year, the Administration proposes \$261.7 million (\$108.6 million General Fund and \$153.0 million Public Buildings Construction Fund) for two new projects for the New Nevada City Courthouse in Nevada County and the New Sixth Appellate District Courthouse in Sunnyvale, two continuing projects for the New San Bernardino Juvenile Dependency Courthouse and the New Fort Ord Courthouse in Monterey County, for the partial reimbursement of construction loans for three courthouses in Sacramento, El Centro, and Redding. The Judicial Branch continues work on 18 existing projects. The largest of these projects under construction is the new Sacramento Courthouse, which will cost \$514.8 million and will consist of approximately 540,000 square feet. This project is scheduled for completion in February 2024.

CALIFORNIA OFFICE OF EMERGENCY SERVICES

The Office of Emergency Services (Cal OES) oversees a headquarters facility, an administrative building, and an Inland Regional Operations Center in Sacramento County; a Coastal Regional Operations Center in Fairfield in Solano County; a Southern Regional Operations Center located at the Los Alamitos Joint Forces Training Base in Orange County; the California Specialized Training Institute at Camp San Luis Obispo; and various small field offices throughout the state.

The Public Safety Communications division (PSC) is comprised of a main leased complex in Sacramento and 48 field locations throughout the state. These locations include 7 area offices and 41 area shops, positioned geographically to facilitate maintenance and installation services to remote communication sites and customers throughout the state. In addition, the PSC maintains and operates 11 communications vaults/towers and a total of more than 3,500 radio frequency points of presence.

The Plan includes \$176.5 million (\$1.8 million General Fund and \$174.7 million Public Buildings Construction Fund) in 2023-24 for two capital projects including the security

checkpoint enhancements at the Cal OES Headquarters facility in Sacramento and the construction of a new Southern California Regional Emergency Operations Center (SREOC). The headquarters project will enhance site security and entry ways. The relocation and construction of the new SREOC will improve emergency response capabilities in Southern California.

TRANSPORTATION

The May Revision continues to reflect the transportation infrastructure package included in the 2022 Budget Act and the Governor's Budget, with proposed adjustments included to account for a reduction in forecasted General Fund revenue. The May Revision includes a reduction of \$2.85 billion General Fund, partially offset by \$650 million of new state transportation funds for a net reduction of \$2.2 billion. This reflects an additional fund shift of \$150 million as compared to the Governor's Budget. These adjustments will maintain a total of \$12.8 billion in continuing new transportation infrastructure investments, including:

- \$5.65 billion for high-priority transit and rail infrastructure projects that will improve rail and transit connectivity between state and local/regional services that are designed to reduce traffic congestion and greenhouse gas production.
- \$4.2 billion for the High-Speed Rail Authority to continue building the 119-mile Central Valley Segment from Madera to just north of Bakersfield.
- \$1.4 billion for Active Transportation Program projects, the Highways to Boulevards Pilot, and bicycle and pedestrian safety projects.
- \$1.2 billion for projects that improve goods movement on rail and roadways at port terminals, including railyard expansions, new bridges, and zero-emission modernization projects.
- \$350 million for grade separation projects that support critical safety improvements and expedite the movement of traffic and rail by separating the vehicle roadway from the rail tracks.

Caltrans will continue delivering over \$20 billion worth of 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.

CALIFORNIA HIGHWAY PATROL

The California Highway Patrol (CHP) operates nearly 500 facilities of varying types statewide, including 8 field division offices, 103 area commands, 24 dispatch/communications centers, 39 commercial vehicle inspection facilities and platform scales, 8 air operations facilities, 34 resident posts, 267 remote telecommunication sites, a training academy, and various administrative facilities. These facilities, consisting of approximately 1.6 million gross square feet of state-owned properties and 742,000 gross square feet of leased properties, support the CHP's mission to provide the highest level of safety, service, and security to the people of California.

The Plan includes \$657.1 million (\$42 million General Fund and \$615.1 million Public Buildings Construction Fund) over the next five years for various facility replacement projects statewide. This includes 11 continuing area office replacement projects, 6 future area office replacement projects, and funding for statewide planning and site identification activities. The exact location and methodology of each future project will be determined upon the completion of current and future statewide site searches.

For the 2023-24 fiscal year, the Administration proposes \$305.9 million (\$11.5 million General Fund and \$294.4 million Public Buildings Construction Fund) for eleven continuing area office replacement projects located at Quincy, Humboldt, Baldwin Park, Santa Fe Springs, San Bernardino, Gold Run, Redding, Los Banos, Antelope Valley, Barstow, and Porterville. The facilities at these locations have numerous structural deficiencies and are too small to meet the programmatic needs of today's CHP. In addition, the Administration also proposes funding for statewide planning and site identification activities.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) operates 247 facilities statewide including an estimated 1.6 million gross square feet of state-owned properties and 1.2 million gross square feet of agency-leased properties. Many offices contain multiple programs, including vehicle/vessel identification and compliance, driver license and personal identification, driver safety, occupational licensing, and investigation. These facilities support the DMV's mission to serve the public by licensing drivers, registering vehicles, securing identities, and regulating the motor vehicle industry in pursuit of public safety.

The Plan includes \$185.2 million (\$42.5 million General Fund and \$142.7 million Public Buildings Construction Fund) over the next five years for four continuing replacement projects, two new field office replacement projects, and three field office renovation projects to address structural and programmatic deficiencies.

For the 2023-24 fiscal year, the Administration proposes \$83.4 million (\$2.5 million General Fund and \$81 million Public Buildings Construction Fund) for the construction and build phases of replacement projects at Delano, Inglewood, and San Francisco, and for the performance criteria phase of the El Centro Field Office Replacement project. These projects address safety and space deficiencies.

EXPOSITION PARK

Exposition Park, which consists of the Office of Exposition Park Management, the California African American Museum, and the California Science Center, is a 160-acre campus located in Los Angeles. Attractions in Exposition Park include the Natural History Museum of Los Angeles County, the City of Los Angeles Rose Garden, the Los Angeles Memorial Coliseum, and the Los Angeles Football Club Banc of California Stadium.

The Plan includes \$381.6 million (\$8.9 million General Fund, \$291.2 million Public Buildings Construction Fund, and \$81.5 million other funds) over the next five years for the Southeast Underground Parking Structure project and continuation of the Parkwide Surveillance System project. These projects will provide for increased security, increased revenue generation opportunities, and an improved visitor experience. In addition, the project will better prepare Exposition Park for the 2028 Summer Olympics.

For the 2023-24 fiscal year, the Administration proposes \$15.2 million (\$500,000 General Fund, \$14.1 million Public Buildings Construction Fund, and \$600,000 other funds) for continuation of the Parkwide Surveillance System and for the new Southeast Underground Parking Structure project. The Southeast Underground Parking Structure project includes three stories of underground parking, surface level green space, and event space.

DEPARTMENT OF FORESTRY AND FIRE PROTECTION

The Department of Forestry and Fire Protection (CAL FIRE) operates more than 530 facilities statewide. These facilities include, but are not limited to, 234 fire stations, 112 telecommunications facilities, 31 conservation camps, 8 fire crew camps, 21-unit headquarters, 16 administrative headquarters, 13 air attack bases, 10 helitack bases, 8 state forests, 1 forestry nursery, and 3 training centers. CAL FIRE facilities support fire

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protection and resource management efforts for more than 31 million acres of both state- and privately-owned wildlands throughout California.

The Plan includes \$1.1 billion (\$236 million General Fund and \$857.8 million Public Buildings Construction Fund) over the next five years for the continuation and addition of critical infrastructure projects statewide, including but not limited to, the replacement of aging fire stations, unit headquarters and communication facilities, the creation of a new training center, and the replacement of helitack bases and improvements to air attack bases to accommodate CAL FIRE's new helicopter fleet and C-130 aircraft deployment plans.

For the 2023-24 fiscal year, the Administration proposes \$36.9 million (\$30.4 million General Fund and \$6.5 million Public Buildings Construction Fund) for the continuation and addition of critical major capital projects, including the replacement of various fire stations, unit headquarters, conservation camps, and helitack bases, as well as for air attack base infrastructure improvements. These projects are in various stages of completion from acquisition to design and construction. The Administration also proposes initial funding for the Additional CAL FIRE Training Center: New Facility project which will address CAL FIRE's long-term training facility needs.

DEPARTMENT OF PARKS AND RECREATION

The Department of Parks and Recreation consists of 280 parks, beaches, trails, wildlife areas, open spaces, off-highway vehicle areas, and historic sites totaling approximately 65 million acres of land, including 343 miles of coastline, 991 miles of lake, reservoir and river footage, more than 15,000 campsites and alternative camping facilities, and more than 6,000 miles of motorized and non-motorized trails.

The Department of Parks and Recreation anticipates acquiring Dos Rios Ranch as the 281st unit of the State Park System during the 2023-24 fiscal year. Funding for this acquisition was originally provided in the 2020 Budget and this acquisition will create recreational opportunities and park access to historically underserved communities in the Central Valley.

The Plan includes \$64.9 million (\$36.5 million General Obligation bond funds and \$28.4 million other funds) over the next five years for continuing major capital projects at various units of the State Park System, and for one new project at Border Field State Park.

For the 2023-24 fiscal year, the Administration proposes \$37.9 million (\$26.8 million General Obligation bond funds and \$11.1 million other funds) for several continuing projects at various units of the State Park System as well as \$1 million for the initial phase of the Border Field State Park: Monument Mesa Day Use and Interpretive Area project. Included in the Border Field State Park project are updates to the outdoor educational plaza to include mixed-use group event areas, interpretive elements and exhibits, and updated walkways and landscaping to improve the visitor experience.

DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR), Division of Flood Management and the Division of Multibenefit Initiatives are committed to a wide and necessary array of flood risk reduction investments such as U.S. Army Corps of Engineers (USACE)-led urban projects, repair of storm-damaged infrastructure, and systemwide multi-benefit projects. DWR has taken a comprehensive look at funding needs over the next five years and beyond, and will continue to work on flood management projects that reduce flood risk and enhance flood system resiliency to address the impacts of climate change, improve operations and maintenance of the flood management system, and improve ecosystem functions.

Much of the existing flood management system in the Central Valley is made up of a complex, integrated system of levees, channel improvements, bypasses, operable and passive weirs, closure structures, pumping plants, and other related flood management facilities. DWR, in partnership with the Central Valley Flood Protection Board (Flood Board), participates with USACE and local entities in the operation, maintenance, repair, rehabilitation, and replacement of these facilities.

The Central Valley Flood Protection Act of 2008 requires DWR to prepare, and the Flood Board to adopt, the Central Valley Flood Protection Plan (Flood Plan). The Flood Plan is California's strategic blueprint to improve flood risk reduction in the Central Valley. The Flood Plan lays out strategies to:

- Prioritize the state's investment in flood management over the next three decades;
- Promote multi-benefit projects; and
- Integrate and improve ecosystem functions associated with flood risk reduction projects.

The Five-Year Capital Outlay Plan supports DWR flood risk reduction projects that:

- Implement improvements to the State Plan of Flood Control (SPFC) identified in the Flood Plan in coordination with the USACE, Flood Board, and local agencies, and address other known critical deficiencies in the Central Valley flood system.
- Advance flood improvements along the American and Sacramento Rivers and the Yolo Bypass, and locations in the San Joaquin such as Paradise Cut.
- Complete work on 5 to 6 urban multi-benefit projects that reduce flood risk, protect habitat, and provide recreation.
- Work with USACE and local agencies to provide financial assistance to complete design and construction of flood risk reduction projects across the state.

The Plan includes \$198.9 million General Fund over the next five years for various flood management system projects in the Central Valley.

For the 2023-24 fiscal year, the Administration proposes \$163.9 million General Fund, including \$25 million for Systemwide Flood Risk Reduction projects, Paradise Cut Bypass Expansion and Ecosystem Enhancement and Yolo Bypass Fix-In-Place. The Administration also proposes \$90.5 million for the USACE Urban Projects/Feasibility Studies, \$43.7 million for the South Delta Permanent Operable Gates, and \$4.8 million for the Joint Operations Center replacement project.

DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals oversees five hospitals that have a campus infrastructure of more than 6.6 million square feet of space in 474 buildings on 2,600 acres of land and provides evaluation and treatment services in a safe and responsible manner to state hospital patients.

The Plan includes \$206.8 million (\$48.2 million General Fund and \$158.6 million Public Buildings Construction Fund) over the next five years for facility upgrades, including a dining and kitchen renovation at Atascadero State Hospital, and the development and installation of a recycled water irrigation system at Napa State Hospital.

For the 2023-24 fiscal year, the Administration proposes \$48 million (\$8.1 million General Fund and \$39.9 million Public Buildings Construction Fund) for the following five projects:

- \$4.7 million for the construction phase of the Potable Water Booster System project at Atascadero State Hospital;
- \$1 million for working drawings for the Sewer and Wastewater Treatment Plant project at Atascadero State Hospital;
- \$39.9 million for the construction phase of the Consolidation of Police Operations project at Metropolitan State Hospital;
- \$1.9 million for working drawings for the Central Utility Plant Replacement at Metropolitan State Hospital; and
- \$536,000 for the Fire Water Line Connection project at Metropolitan State Hospital.

DEPARTMENT OF CORRECTIONS AND REHABILITATION

The Department of Corrections and Rehabilitation (CDCR) operates 36 youth and adult correctional facilities, 35 firefighting and conservation camps, and jointly administers the state financing programs for construction of new county jails with the Board of State and Community Corrections. CDCR's aging infrastructure and changing population drives significant infrastructure needs.

The Plan includes \$538.6 million (\$139.1 million General Fund and \$399.5 million Public Buildings Construction Fund) over the next five years for various capital projects statewide. These projects fall into the following major categories:

- Fire and life safety upgrades
- Heating, ventilation, and air-cooling upgrades
- Kitchen and dining facilities
- Medical facilities, classrooms, and yard improvements

For the 2023-24 fiscal year, the Administration proposes \$462.4 million (\$101.8 million General Fund and \$360.6 million Public Buildings Construction Fund) for projects that address a variety of infrastructure needs. The May Revision proposes funding for two capital projects in support of the Administration's vision to transform San Quentin from a maximum-security prison into a one-of-a-kind facility focused on improving public safety through rehabilitation and education: (1) \$360.6 million Public Buildings Construction Fund for the Demolition of Building 38 and Construction of a New Educational and Vocational Center project and (2) \$20 million General Fund for various improvement projects. These projects will support the California Model, which will serve as a

nationwide model to advance a more effective justice system that builds safer communities and reduces recidivism. The final scope of these projects will be informed by the recommendations of the multidisciplinary Advisory Council established by the Governor. These projects have planned completion dates of 2025.

EDUCATION FACILITIES

Since 1998, California voters have approved more than \$42 billion in statewide General Obligation bonds to construct or renovate public school classrooms used by the state's approximately six million K-12 students and \$11.5 billion in statewide General Obligation bonds to construct or renovate public college and university facilities. The May Revision includes roughly \$2.9 billion General Fund to support the debt service costs associated with these bonds. In addition to state General Obligation bonds, school districts may use developer fees, local General Obligation bonds, and Mello-Roos bonds to construct additional classrooms or renovate existing classrooms and community colleges may use local General Obligation bonds to support their facility needs.

The 2022 Budget Act reflected multi-year support of \$4.3 billion one-time General Fund to support K-12 new construction and modernization projects through the School Facility Program (SFP). The 2023 Governor's Budget proposed reducing this one-time support from approximately \$4.3 billion to \$4.2 billion. The 2022 Budget Act also included \$100 million one-time General Fund and included a planned \$550 million General Fund in 2023-24, to support the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program. The California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program supports the construction of new school facilities or retrofitting existing school facilities for the purpose of providing transitional kindergarten, full-day kindergarten, or preschool classrooms. The Governor's Budget proposed delaying this \$550 million investment to 2024-25.

CALIFORNIA DEPARTMENT OF EDUCATION—STATE SPECIAL SCHOOLS

The State Special Schools Division includes three residential schools (Schools for the Deaf in Riverside and Fremont and a School for the Blind in Fremont) and three diagnostic centers (Fresno, Fremont, and Los Angeles). These facilities comprise a total of approximately 1 million gross square feet on 167 acres. The schools provide comprehensive educational programs composed of academic, extracurricular, and residential activities for students with auditory and/or visual impairments. The diagnostic centers provide assessment services for students in special education with complex

educational needs, along with professional learning and technical assistance support for educators and community partners.

The Plan includes \$74.2 million (\$35.8 million General Fund and \$38.4 million Public Buildings Construction Fund) over the next five years for four continuing and two new projects to address aging infrastructure at the Fremont School for the Blind, Fremont School for the Deaf, and Riverside School for the Deaf.

For the 2023-24 fiscal year, the Administration proposes \$6.9 million General Fund for the construction and working drawings phases of three continuing projects, including the Middle School Activity Center project at the Fremont School, and the Remove Modular Buildings and the Athletic Complex Replacement and Expansion projects at the Riverside School.

HIGHER EDUCATION

Each year, millions of Californians pursue postsecondary degrees and certificates, enroll in courses, or participate in other kinds of education and training. The three public segments that support these educational opportunities are the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC).

CALIFORNIA COMMUNITY COLLEGES

The CCCs comprise the largest postsecondary system of education in the nation. The system serves approximately 1.8 million students annually at 73 locally-governed community college districts encompassing 116 campuses, 78 approved off-campus centers, and 24 district offices. The districts' assets include more than 25,000 acres of land, 6,000 buildings, and 87 million gross square feet of space. The system also holds instruction at numerous off-campus outreach centers.

Proposition 51 (Prop 51) of 2016 authorized \$2 billion in state General Obligation bonds to support the improvement and construction of community college facilities. Over 98 percent of these bonds have been committed to addressing nearly 100 critical infrastructure projects.

The Plan includes \$232.3 million General Obligation bonds for two new projects at Golden West College and College of San Mateo, and for twelve continuing phases of projects approved in prior budgets.

UNIVERSITY OF CALIFORNIA AND CALIFORNIA STATE UNIVERSITY

The UC and CSU currently fund capital projects from within their annual support budgets. This provides the universities with the flexibility to factor infrastructure development costs and priorities within their comprehensive fiscal plans. In accordance with statute, both the UC and the CSU submit annual capital outlay proposals for legislative review and Department of Finance approval. The UC did not submit capital proposals for 2023-24. The CSU submitted capital proposals totaling \$1.5 billion (\$1.3 billion Statewide Revenue Bonds and \$179 million campus funds). Preliminary approved project lists for CSU will be submitted to the Legislature in May 2023.

Given the ongoing need to construct and/or renovate educational facilities, the Legislature and Administration will need to engage in a conversation regarding the potential placement of a general obligation bond supporting the construction and/or modernization of education facilities on a future ballot for consideration by the voters.

DEPARTMENT OF GENERAL SERVICES

STATE OFFICE BUILDING PROGRAM

The Department of General Services (DGS) manages approximately 36.5 million square feet of space that supports a variety of state programs and functions. In addition, DGS oversees approximately 2 million square feet in new office space that is currently under construction or renovation in the Sacramento area. These construction activities are in furtherance of the DGS Real Estate Strategic Plan (Strategic Plan), formerly known as the DGS Sequencing Plan, which provides a strategy for the renovation or replacement of numerous state office buildings in the Sacramento region. Many of these buildings are decades old and beyond their useful life.

In recent years, appropriations have provided funding for the renovation of various office buildings in Downtown Sacramento. The Gregory Bateson Building, scheduled for completion in December 2024, will house various tenants from the California Natural Resources Agency not included in the consolidation at the New Natural Resources Headquarters. The Natural Resources Building, scheduled for completion in October 2025, will house a partial consolidation of the Labor and Workforce Development Agency, including the Employment and Development Department. Lastly, the Jesse Unruh Building, which is scheduled for completion in June 2025, will once again house the State Treasurer's Office (STO). The STO is temporarily located at the Paul Bonderson Building while the Unruh Building is under construction.

Furthermore, the 2022 Budget Act provided a one-time \$917 million transfer from the General Fund to the State Project Infrastructure Fund (SPIF) to fully fund the remaining design, pre-construction, and construction activities for the State Capitol Annex projects. To date, a total of \$263 million General Fund has been transferred to the SPIF to fund ongoing planning and pre-construction activities. The Annex projects are currently scheduled for completion in 2026.

As part of Control Section 13.40, a budgetary loan of \$500 million from the SPIF to the General Fund is proposed from idle resources not required for currently projected operational or programmatic purposes. These funds, which are earmarked for the Capitol Annex projects, are not needed for the continuation of design and construction activities through 2023-24 and will be returned to the fund as needed in 2024-25 and 2025-26.

For the 2023-24 fiscal year, the Administration proposes \$402 million General Fund to pay a portion of the construction loan for the design-build phase of the Sacramento Region: New Richards Boulevard Office Complex project. Additionally, the Plan includes \$36,000 General Fund for the execution of a lease-purchase option to acquire the California Tower Building in Riverside. This is the final step of a 25-year lease-purchase agreement, set to expire in October 2024.

DEBT FINANCING

The state has long used debt financing as a tool for infrastructure investment. When the state borrows to pay for infrastructure, roughly one out of every two dollars spent on infrastructure investments pays long-term interest costs, rather than construction costs.

Budget challenges in the early 2000s resulted in a greater reliance on debt financing, rather than pay-as-you-go funding. From 1974 to 1999, California voters authorized \$38.4 billion of General Obligation bonds. From 2000 to 2022, voters expanded the types of programs funded by bonds and authorized approximately \$123.8 billion of General Obligation bonds. Of all previously approved bonds, debt obligations of approximately \$70.2 billion in General Obligation bonds and approximately \$7.9 billion in lease revenue bonds remain outstanding as of April 1, 2023. Additional information related to General Obligation and lease revenue bond issues can be found on the [State Treasurer's website](#).

As shown in the Debt Service on General Obligation and Lease Revenue Bonds figure, debt service on infrastructure bonds is expected to increase to \$8.9 billion by 2026-27, assuming only limited new lease revenue bonds are authorized.

Debt Service on General Obligation and Lease Revenue Bonds

(Dollars in Millions)

Fiscal Year	General Fund Revenues	All Funds		General Fund	
		Debt Service	Service Ratio ^{1/}	Debt Service	Service Ratio ^{1/}
2022-23 ^{e/}	\$204,888	\$7,541	3.68%	\$5,148	2.51%
2023-24 ^{e/}	\$206,197	\$8,116	3.94%	\$5,740	2.78%
2024-25 ^{e/}	\$209,161	\$8,357	4.00%	\$5,906	2.82%
2025-26 ^{e/}	\$206,773	\$8,589	4.15%	\$6,130	2.96%
2026-27 ^{e/}	\$212,372	\$8,867	4.18%	\$6,325	2.98%

^{1/} The debt service ratio expresses the state's debt service costs as a percentage of its General Fund revenues.
^{e/} Estimated

The debt service ratio is a measure of relative indebtedness. It expresses the state's debt service level as a percentage of its General Fund revenues. The debt service ratio is projected to increase in 2023-24 to 2.78 percent, based on currently authorized General Fund-supported General Obligation and lease revenue bond debt.