

CLIMATE CHANGE

California is on the frontline of the global climate crisis, experiencing record-breaking heat, historic drought, extreme flooding, and devastating wildfires that have affected communities across the state. In response, the state continues to meet the crisis with the scale and urgency it requires—advancing world-leading climate goals, accelerating the transition away from fossil fuels, cutting pollution and delivering more equitable and sustainable communities. The 2021 and 2022 Budget Acts allocated approximately \$54 billion—the California Climate Commitment—to fully integrate climate solutions with equity and economic opportunity. Along 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 \$44.6 billion of these investments over eight years. The Budget prioritizes equity and investments in populations facing disproportionate harm from pollution and the climate crisis. The Administration also continues to pursue available federal climate funding, including from the Inflation Reduction Act and the Infrastructure Investment and Jobs Act.

To address the projected budget shortfall, the Budget includes \$12.8 billion of General Fund solutions in climate-related programs to achieve a balanced budget including: \$6.6 billion in reductions; \$1 billion in delays of General Fund expenditures to future years; and \$5.2 billion in shifts to other funds, primarily the Greenhouse Gas Reduction Fund (GGRF).

CLIMATE INVESTMENTS

ZERO EMISSION VEHICLES

The 2021 and 2022 Budget Acts committed \$10 billion over five years in investments to the state's Zero-Emission Vehicles (ZEV) agenda—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 \$9.2 billion, extended over seven 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 includes \$920.6 million of General Fund reductions, \$528.3 million in fund shifts to the GGRF, and \$600 million in delays across various programs.

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Expenditure Reductions**—A reduction of \$920.6 million General Fund for various programs including but not limited to School Buses and Infrastructure (\$500 million Proposition 98 General Fund), Fueling Infrastructure Grants (\$143.9 million) and Clean Trucks, Buses and Off-Road Equipment (\$137.8 million).
- **Fund Shifts**—A shift of \$528.3 million General Fund to the GGRF in 2023-24 for various programs including but not limited to ZEV Fueling Infrastructure Grants (\$218.5 million), Drayage Trucks and Infrastructure (\$157 million), and Clean Trucks, Buses and Off-Road Equipment (\$71.3 million).
- **Funding Delays**—A delay of \$600 million GGRF from 2024-25 to 2027-28 across various programs including but not limited to Clean Trucks, Buses and Off-Road Equipment (\$137 million), ZEV Fueling Infrastructure Grants (\$120 million), and Community-Based Plans, Projects and Support/Sustainable Community Strategies (\$100 million). This delay enables a shift of \$600 million General Fund expenditures to the GGRF for other programs.

TRANSPORTATION

The 2022 Budget Act included \$13.8 billion for transportation programs and projects that align with the state's climate goals. The Budget maintains \$13.1 billion of these investments. The Budget includes \$675 million in General Fund reductions, \$1.5 billion in fund shifts, and \$1.8 billion in delays across various programs.

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Active Transportation**—The Budget maintains \$200 million of the original investment total in fiscal years 2024-25 and 2025-26, and allows for the remaining \$400 million to be added, subject to appropriation, in future fiscal years. Prior to any future additions, this will leave the Active Transportation Program with \$650 million, including \$350 million General Fund in one-time funding, in addition to the program's base annual funding of approximately \$280 million.
- **Statewide, Regional, and Local Transit and Rail Projects-Competitive Grants**—A shift of \$507 million of General Fund expenditures to the GGRF over 2023-24, 2024-25, 2025-26, and 2026-27.
- **Statewide, Regional, and Local Transit and Rail Projects-Formula Grants**—A delay of \$1 billion of formula Transit and Intercity Rail Capital Program funds from 2024-25 to 2025-26, leaving \$1 billion for this program in 2024-25. Additionally, the Budget shifts \$839 million from General Fund to the GGRF.
- **Highways to Boulevards**—A reduction of \$75 million to the Highways to Boulevards Program, as well as a shift of \$75 million from the General Fund to the GGRF. This maintains \$75 million for the program.
- **Zero Emission Transit Capital Program**—A delay of \$680 million in program funds across future fiscal years through 2027-28.
- **Grade Separations**—A reduction of \$200 million from the program, as well as a shift of \$75 million from the General Fund to the State Highway Account and a \$75 million delay from 2025-26 to 2026-27. These solutions result in a total of \$150 million for the program. Additionally, the Administration will continue to research potential alternate funding mechanisms, including existing state transportation programs.

WILDFIRE AND FOREST RESILIENCE

The ongoing impact of climate change on California's wildlands and decades of underinvestment in forest health continues to create the conditions for longer, more severe fire seasons. The 2021 and 2022 Budget Acts committed \$2.8 billion over three years to continue strengthening forest and wildfire resilience statewide. The Budget maintains \$2.6 billion of these investments over seven 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 \$143.9 million in General Fund reductions and \$163.7 million in fund shifts across various programs and continues \$200 million annually consistent with Chapter 626, Statutes of 2018 (SB 901) and Chapter 258, Statutes of 2021 (SB 155).

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Expenditure Reductions**—A reversion of \$143.9 million General Fund for various programs supporting fuels treatment, limited-term projects, and data collection, including, but not limited to, Biomass to Hydrogen/Biofuels pilot program, Stewardship of State-Owned Land, conservancy project implementation in high-risk regions, and Home Hardening pilot program.
- **Fund Shifts**—A shift of \$163.7 million General Fund to the GGRF across 4 fiscal years, from 2024-25 through 2027-28, to maintain critical investments in direct fuels treatment programs that restore forest health, build wildfire resilience, and reduce greenhouse gas emissions from catastrophic wildfires, including, but not limited to, Fire Prevention Grants, Department of Forestry and Fire Protection unit fire prevention projects, Tribal Wildfire Resilience grants, and Regional Forest and Fire Capacity grants.

WATER

California continues to experience large swings between drought and flood; due to climate change, these swings are becoming more severe.

The 2021 and 2022 Budget Acts committed \$8.7 billion over multiple years to support drought resilience and response programs to help communities, agriculture, 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 \$6.7 billion 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 includes \$1.4 billion in General Fund reductions and \$539.1 million in fund shifts across various programs. The Budget also includes \$189.1 million in new one-time investments to support flood protection, levee repair, and restoration of the Salton Sea.

FLOOD PROTECTION

California continues to respond to historic climate change through timely implementation of flood risk reduction projects while bolstering flood readiness. Building on the Administration's continued commitment to addressing statewide flood impacts, the Budget includes \$123.9 million one-time General Fund to support critical flood safety efforts. These include, but are not limited to:

- \$33 million General Fund to support the state cost share of continuing U.S. Army Corps of Engineers projects and Urban Flood Risk Reduction projects that address flood risk reduction, as well as the associated state operations costs to implement the projects.
- \$31.3 million General Fund to support the continuation of existing multi-benefit flood risk reduction projects in the Central Valley.
- \$29.6 million General Fund to address storm damage at state Plan of Flood Control facilities and state-owned Delta lands for critical repairs associated with the 2023 storms.

SALTON SEA MANAGEMENT PROGRAM

State Water Resources Control Board Order WR 2017-0134 (Order) requires the state to construct 29,800 acres of habitat and dust suppression projects on the exposed lakebed at the Salton Sea by 2028. The Salton Sea, California's largest lake, is receding due in part to existing water conservation actions in the Imperial Valley that have reduced inflows to the Sea. Areas of exposed lakebed reduce important environmental habitat and can contribute to harmful dust emissions. The Salton Sea Management Program (SSMP), coordinated by the Natural Resources Agency, Department of Water Resources, and Department of Fish and Wildlife, is implementing restoration projects at the Salton Sea to suppress dust and create wildlife habitat.

As of the beginning of 2023, the SSMP has completed over 2,000 acres of interim dust suppression and 5,800 acres are currently under construction and nearing completion. To meet the state's legal requirements, the SSMP will simultaneously continue to scale up planning, permitting, and implementation of restoration projects, while adding new capacity to maintain and monitor completed projects and the Salton Sea ecosystem.

The Budget includes \$65.2 million GGRF for the SSMP to continue progress towards meeting the requirements of the Order. This funding will support technical assistance and project management operations and maintenance, monitoring environmental compliance, conducting restoration project planning, and improving public outreach and communication.

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Watershed Climate Resilience Programs**—A reversion of \$88.4 million and reduction of \$298 million General Fund over the next two years, and a shift of \$15 million to GGRF in 2025-26, for various watershed climate resilience programs. The Budget maintains \$108 million previously allocated to these programs.
- **Drinking Water and Wastewater Infrastructure**—A reversion of \$97.6 million General Fund and a shift of \$254.9 to GGRF in 2024-25 and 2025-26 for drinking water and wastewater infrastructure projects in disadvantaged communities. The Budget maintains \$1.6 billion previously allocated to these programs.
- **Water Recycling**—A reversion of \$185.9 million General Fund and a fund shift of \$15 million GGRF in 2025-26 for water recycling and groundwater cleanup. The Budget maintains \$336 million previously allocated to this program.
- **Water Storage**—A reduction of \$500 million General Fund in 2025-26 for water storage projects.
- **Per-and Polyfluoroalkyl Substances**—A reversion of \$100.7 million General Fund and reduction of \$30 million in 2024-25 for Per-and Polyfluoroalkyl support. The Budget maintains \$24 million previously allocated to this program.
- **Dam Safety**—A reversion of \$50 million General Fund for dam safety investments. The Budget maintains \$50 million previously allocated to this program.

NATURE-BASED SOLUTIONS

California's natural and working lands are essential to combating climate change and protecting the state's world-renowned biodiversity as the state works towards achieving the 30x30 goal, conserving 30 percent of California's lands and coastal waters by 2030. 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.

The 2021 and 2022 Budget Acts committed \$1.6 billion for nature-based solutions. The Budget maintains \$1.3 billion of these investments over five years in various programs. The Budget includes \$121 million in General Fund reductions, \$189.7 million in fund shifts across several programs, and a \$10 million delay.

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Redondo Beach Wetlands Restoration**—A delay of \$10 million General Fund for Redondo Beach Wetlands Restoration from 2022-23 to 2025-26.
- **Habitat Restoration**—A shift of \$102.5 million for habitat restoration from the General Fund to the GGRF in 2024-25. The Budget maintains \$200 million previously allocated to this program.
- **Protect Fish and Wildlife from Changing Conditions**—A shift of \$70 million from the General Fund to the GGRF in 2024-25. The Budget maintains \$318 million previously allocated to this program.
- **Land Acquisition**—A reversion of \$48.9 million General Fund for a land acquisition.

EXTREME HEAT

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 continues to implement 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 \$296.5 million of these investments over four years in programs and projects to address extreme heat. The Budget includes \$107.8 million in General Fund reductions and \$55.7 million in fund shifts across various programs.

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Extreme Heat and Community Resilience Program**—A net reduction of \$70 million for the Extreme Heat and Community Resilience Program and a delay of \$40.1 million to 2024-25, which includes \$15 million General Fund and a shift of \$25.1 million to the GGRF. The Budget maintains \$65.1 million previously allocated to this program.
- **Urban Greening**—A reversion of \$19.9 million General Fund, which maintains \$51.3 million over two years for the Urban Greening Program.
- **Enhanced Protections for Vulnerable Populations**—A shift of \$15.6 million General Fund for Enhanced Protections for Vulnerable Populations to the Labor and Workforce Development Fund, which maintains \$27.5 million over three years for this program across various departments. (See the Labor and Workforce Development Chapter.)
- **Community-Based Public Awareness Campaign**—A reversion of \$14 million General Fund for the Governor's Office of Service and Community Engagement's (formerly the Office of Planning and Research) Community-Based Public Awareness Campaign. The Budget maintains \$6 million previously allocated to this program.

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 three years to advance climate resilience in low-income and underrepresented communities. The Budget maintains \$1.2 billion of these investments over six years in programs and projects to promote community resilience. The Budget

reflects \$105.8 million of General Fund reductions across various programs and a fund shift of \$42.5 million.

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Regional Climate Resilience**—A reversion of \$25 million General Fund and a reduction of \$50 million in 2024-25 for the Regional Climate Resilience Program at the Governor's Office of Land Use and Climate Innovation (formerly the Office of Planning and Research). The Budget maintains \$25 million previously allocated to this program.
- **Regional Climate Collaboratives**—A reversion of \$9.8 million General Fund for the Regional Climate Collaboratives Program at the Strategic Growth Council within the Governor's Office of Land Use and Climate Innovation. The Budget maintains \$10 million previously allocated to this program.
- **Climate Adaptation and Resilience Planning Grants**—A reversion of \$15 million General Fund for the Climate Adaptation and Resilience Planning Grants at the Governor's Office of Land Use and Climate Innovation. The Budget maintains \$10 million previously allocated to this program.
- **Environmental Justice Action Grants**—A reversion of \$6 million General Fund and shift of \$5 million to GGRF in 2026-27 for CalEPA's Environmental Justice Action Grants program. The Budget maintains \$19 million previously allocated for this program.

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 four years. The Budget maintains \$649.9 million of these investments over six years in programs and projects for coastal resilience. The Budget reflects \$462 million in General

Fund reductions and \$64.3 million in fund shifts across several coastal protection and adaptation programs.

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Sea Level Rise**—A reversion of \$230.9 million General Fund for sea level rise activities, including \$10 million at State Parks. The Budget maintains \$335.6 million previously allocated for these programs.
- **Coastal Protection and Adaptation**—A reversion of \$171.1 million General Fund for coastal protection and adaptation activities. The Budget maintains \$154.9 million previously allocated for this program.
- **SB 1 Implementation**—A reversion of \$25 million General Fund and shift of \$36.8 million to the GGRF in 2026-27 for implementation of Chapter 236, Statutes of 2021 (SB 1). The Budget maintains \$77 million previously allocated for this program.
- **Ocean Protection**—A reversion of \$35 million General Fund and shift of \$27.5 million to the GGRF in 2024-25 for ocean protection funding at the Ocean Protection Council. The Budget maintains \$65 million previously allocated for this program.

SUSTAINABLE AGRICULTURE

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 billion of these investments. The Budget includes \$31.9 million in General Fund reductions and \$24 million in fund shifts.

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Livestock Methane Reduction**—A shift of \$24 million General Fund to the GGRF for the Livestock Methane Reduction Program. Funding being shifted for the program is delayed to 2024-25 and 2025-26.
- **Enteric Methane Incentives**—A reversion of \$23 million General Fund for the Enteric Methane Incentives Program. The Budget maintains \$2 million previously allocated to this program.
- **Healthy Refrigeration Grant Program**—A reversion of \$8.5 million General Fund for the Healthy Refrigeration Grant Program. The Budget maintains \$12 million previously allocated to this program.

ENERGY

California is building the clean, reliable, affordable and safe energy system of the future to provide reliable power to the public, and combat climate change and the stresses it poses to the grid.

The 2022 Budget Act provided a total of \$7.9 billion in energy investments to expedite the state's transition to clean energy, fund critical grid reliability programs, and address energy affordability challenges. In addition, Chapter 239, Statutes of 2022 (SB 846) proposed \$1 billion over three years beginning in 2023-24 to fund initiatives under the Clean Energy Reliability Investment Plan, subject to future appropriation.

The Budget maintains approximately \$5.5 billion of the planned 2022 energy investments. In addition to the \$944 million reduced in the 2023 Budget Act, the Budget includes \$1.4 billion in General Fund reductions and \$986 million in fund shifts across various energy-related programs. The Budget also maintains the \$1 billion for the Clean Energy Reliability Investment Plan with the remaining \$900 million shifted to GGRF and included over four years beginning in 2025-26.

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Equitable Building Decarbonization**—A reversion of \$86.5 million and a reduction of \$192 million General Fund from 2024-25 through 2026-27, and a shift of \$118 million to GGRF, resulting in a program funding level of \$525.5 million.
- **Residential Solar and Storage**—A reduction of \$350 million General Fund in 2024-25 and 2025-26, resulting in a program funding level of \$280 million.
- **Transmission Financing**—A reversion of \$200 million and reduction of \$25 million General Fund, resulting in elimination of the program.
- **Demand Side Grid Support**—A reversion of \$111.5 million General Fund and a shift of \$150 million to GGRF, resulting in a program funding level of \$183.5 million.

OTHER CLIMATE RELATED ISSUES

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget includes General Fund solutions to achieve a balanced budget. These include:

- **Climate Innovation**—A reduction of the planned investment of \$476 million General Fund in the Climate Innovation Program beginning in 2023-24, resulting in elimination of the program.
- **Infill Infrastructure Grant Program**—A reversion of \$235 million General Fund for the Infill Infrastructure Grant Program at the Department of Housing and Community Development. (See the Housing and Homelessness Chapter for more information.)
- **Oil and Gas Well Capping**—A shift of \$50 million General Fund to the GGRF for the Oil and Gas Well Capping program at the Department of Conservation. Funding shifted for this program is delayed to 2026-27.
- **Goods Movement Workforce Training Facility**—A delay of \$40 million General Fund for a Goods Movement Workforce Training Facility in Southern California. The Budget includes \$20 million General Fund for this purpose in both 2025-26 and 2026-27. (See the Labor and Workforce Development Chapter for more information.)
- **Low Carbon Economy Program**—A reduction of \$15 million General Fund for the Low Carbon Economy Grant Program at the California Workforce Development Board. The Budget maintains \$30 million (\$15 million General Fund and \$15 million GGRF) over two years for this program. (See the Labor and Workforce Development Chapter for more information.)

- **Displaced Oil and Gas Worker Pilot Fund**—A reversion of \$10 million General Fund for the Displaced Oil and Gas Worker Pilot Fund at the Employment Development Department. The Budget maintains \$30 million General Fund for this program. (See the Labor and Workforce Development Chapter for more information.)
- **Compost Permitting Pilot Program**—A reversion of \$6.7 million General Fund for the Compost Permitting Pilot Program at the Department of Resources Recycling and Recovery. The Budget maintains \$800,000 previously allocated to this program.