



# CALIFORNIA STATE BUDGET

Gavin Newsom, Governor  
State of California



2022-23

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# INTRODUCTION

After two years dominated by COVID-19, the first half of 2022 has brought a new challenge—elevated global inflation spurred by lingering supply-chain disruption and Russia's war in Ukraine that has sent prices soaring. In addition, increasingly extreme weather due to climate change is leading to more severe heatwaves, drought conditions, and worsening wildfires, which are placing a massive new strain on the state's electrical grid. Despite these challenges, California continues to move forward and its continued success comes from the creativity and ingenuity of its people, years of smart public investments, and continued fiscal responsibility.

The Budget provides over \$17 billion in relief to millions of Californians to help offset rising costs, and reflects an accelerated minimum wage increase, effective January 1, 2023. The Budget adds substantial investments to address homelessness and behavioral health challenges and includes funding to make neighborhoods safer. It also supports additional protection from the impacts of wildfire and drought.

The Budget makes a massive multi-year commitment to the state's infrastructure—funding schools, higher education, broadband infrastructure, and a clean transportation system to assure California's success for generations to come. Finally, the Budget includes critical actions to maintain energy reliability, creating a strategic reserve, protecting ratepayers, and accelerating clean energy projects.

The Budget reflects California values—defending a woman's right to choose, expanding access to health care for all Californians, and protecting the state's most

vulnerable residents. It reshapes California public schools, and it expands access to the state's colleges and universities.

The Budget continues to build resiliency and prepare the state for an uncertain future by banking \$37.2 billion in budgetary reserves, prepaying billions of dollars in state debts and making supplemental deposits into reserve funds. The Budget allocates 93 percent of the discretionary surplus for one-time purposes.

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### **BROAD-BASED RELIEF**

While wages have increased for high-income taxpayers, and corporate profits have surged, the COVID-19 Pandemic has caused economic hardship for many families over the past two years. Compounding this dynamic, inflation, at its highest rates in 40 years, is eroding the ability of low- and middle-income households to cover everyday needs.

To further address rising prices and return tax proceeds to Californians, a central component of the Budget is an over \$17 billion broad-based relief package. Its centerpiece is a refund of up to \$1,050 that will benefit millions of Californians based on income level and the size of household. The relief package also includes increased grants for the state's lowest income families and individuals, and additional funding for food banks.

The relief package includes funding for rental assistance, payments for outstanding utility arrearages built up during the pandemic, and covers all family fees for subsidized child care and preschool programs. The relief package also continues health care subsidies for the middle class if federal subsidies expire, and includes retention bonus payments for thousands of health care workers. Finally, the package targets relief to small businesses by including a one-year suspension of the state sales tax on diesel, and provides additional grants to small businesses negatively impacted by the COVID-19 Pandemic.

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### **ADDRESSING IMPACTS OF CLIMATE CHANGE**

Climate change continues to drive extreme weather across the state, resulting in extreme heat events, severe drought, and worsening wildfires. These conditions are placing a massive new strain on the electrical grid, and new investments are needed to strengthen energy reliability. Building off of the \$15 billion allocated last year, the Budget allocates an additional \$39 billion over five years toward climate resilience and integrated climate, equity, and economic opportunity across the state's budget to

mobilize a coordinated government-wide response to the climate crisis. The Budget makes historic investments to expand zero-emission vehicles, climate innovation and opportunities for quality jobs, including encouraging lithium production in California. As referenced in the Climate Change Chapter, the Budget integrates climate actions across program areas with additional funding to support the state's climate goals in transportation, housing, health, schools, and job training.

## **DROUGHT AND WATER RESILIENCE**

This winter, a record-breaking lack of precipitation pushed California into its third consecutive year of drought. The Budget allocates \$1.2 billion to immediate drought support, including efforts to encourage conservation. The Budget includes an additional \$1.5 billion that is deferred for allocation later this summer for long-term water resilience. The Budget also includes \$75 million to support grants to farming and related businesses negatively impacted by the drought, subject to further legislation.

## **ENERGY**

Recent supply chain disruptions, tariff issues, and other factors are slowing the development of new clean energy installations in California, jeopardizing the timely development of projects needed for reliability. At the same time nuclear and gas-fired energy production capacity is scheduled to retire, new extreme weather patterns are causing even more stress on the state's energy grid. New wildfire hardening and transmission costs also are placing additional upward pressure on electricity rates that are already rising significantly over the next few years.

To address this, the Budget allocates \$4.3 billion and includes critical actions to allow the state to provide reliability insurance through the development of a strategic reserve, protection to ratepayers, and accelerated deployment of clean energy projects. The Budget also includes an additional \$3.8 billion that is deferred for allocation later this summer to further reliability, affordability, and accelerate the state's clean energy future.

## **WILDFIRES**

The Budget includes \$1.2 billion in additional actions to continue building forest and wildfire resilience statewide, including \$530 million that will be allocated in the summer pending additional discussions with the Legislature. The Budget also includes significant new CAL FIRE staffing and fire protection operational enhancements to expand the state's wildfire response capacity. The additional \$671.4 million (\$662.9 million General Fund) will add 1,265 new positions and expand fire crews, air attack operations, and



provide for additional relief for CAL FIRE staff to meet the demands of wildland firefighting in a changing climate.

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### **EDUCATION AND PARENTS AGENDA**

The Budget includes total funding of \$128.6 billion for K-12 education, reflecting \$22,893 per pupil (\$16,993 K-12 Proposition 98 General Fund). In addition to this funding, the Budget includes \$5.1 billion General Fund for K-12 school facilities, including new preschool and transitional kindergarten facilities.

The Budget includes \$35.8 billion Proposition 98 funds above the 2021 Budget Act for K-14 education, enabling further progress in reshaping California public schools to make them more student- and family-centered. To make this a reality, the Budget includes more funding for community schools and universal high-quality school meals. It also accelerates full funding for extended learning opportunities that will provide families the opportunity for a 9-hour day filled with developmentally appropriate academics and enrichment, including six weeks during the summer. The COVID-19 Pandemic has strained school communities and the Budget invests in an initiative to support K-12 schools with meaningful community engagement and to provide intensive learning supports.

California continues to extend universal transitional kindergarten to all four-year-olds, and to expand the state's subsidized child care system. The Budget includes \$100.5 million to develop and renovate child care facilities, includes adjustment factor updates for the State Preschool program to reshape this program to serve three-year-olds and children with disabilities, and temporarily extends family fee waivers and reimburses subsidized child care and state preschool providers based on maximum authorized care.

### **CHILDREN'S BEHAVIORAL HEALTH**

The COVID-19 Pandemic left many Californians feeling isolated, especially children and youth. Last year the Budget included \$4.4 billion over multiple years to transform California's behavioral health system for all California children and youth. The Budget includes an additional \$290 million over three years to address the most urgent needs and emergent issues in children's mental health. As the state continues to implement a new behavioral health system for children and youth, this proposal will support grants to deliver well-being and mindfulness programs, as well as parent support education programs. This proposal will also fund grants to support children and youth at increased risk of suicide and a youth suicide crisis response pilot program. The funding will also



establish a center for researching, evaluating, and applying innovative new technologies to improve youth mental health, enabling California to maximize the positive impact of emerging technology on the social and emotional well-being of children and youth, and minimize the harm these technologies cause by focusing on their use to improve assessment, supports, and treatment.

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## **EXPANDING OPPORTUNITY AND STRENGTHENING CALIFORNIA'S FUTURE**

### **HIGHER EDUCATION**

Earlier this year, the Administration finalized five-year compacts with the University of California and California State University systems and a five-year roadmap with the California Community College system. These partnerships are designed to expand access, close equity gaps, and promote student success. They are focused on improving time-to-degree completion and reducing students' total cost of attendance. The compacts also focus on better connecting students to careers by strengthening occupational pathways that improve student economic mobility and better aligning student learning objectives to the state's workforce needs.

The Budget makes new investments that will strengthen career pathways and support the next generation of innovations in California by making lasting infrastructure investments at the state's universities. The Budget also furthers access and equity to higher education by expanding the Cal Grant program for students attending non-profit private universities and, starting in 2024-25, further expands the Cal Grant entitlement by removing barriers so that more students are eligible for Cal Grant awards.

### **HEALTH CARE**

California has advanced multiple measures in recent years to improve health care affordability—expanding Covered California premium subsidies for the middle class; increasing access to Medi-Cal for children, young adults, and older adults regardless of immigration status; providing greater coverage for preventative services; and taking actions to reduce prescription drug costs.

The Budget will make California the first state to realize the goal of universal access to health coverage for all income-eligible Californians by closing a key gap in Medi-Cal coverage for individuals ages 26 to 49, regardless of immigration status. The Budget also continues progress in improving health care affordability by establishing the Office of Health Care Affordability, charged with increasing the transparency of

## INTRODUCTION

pricing, developing specific cost targets for different sectors of the health care industry, and imposing financial consequences for entities failing to meet these targets.

If the federal government does not extend the federal health insurance premium subsidies, the Budget proposes \$304 million to re-instate state-supported Covered California premium subsidies for the middle class. The Budget also includes \$100.7 million to develop and manufacture low-cost biosimilar insulin products to increase availability and affordability of insulin in the state.

And while other states seek to limit women's ability to receive reproductive care, the Budget provides over \$200 million to expand access to reproductive healthcare services, improve clinical infrastructure, and expand the workforce in reproductive healthcare services. These investments are primarily focused on grants to reproductive health providers to provide abortion care and reproductive health education and information.

## INFRASTRUCTURE

The Budget includes a multi-year commitment of \$47 billion in state funds for infrastructure. This includes funding to accelerate the transition to zero-emission vehicles, modernize the state's transportation system, promote energy innovation and reliability, advance the state's housing goals, reduce wildfire risk to communities, and to support drought resiliency and response. The Budget includes additional funding to build more housing for homeless individuals, for greater access to broadband connectivity, for school facilities and libraries, and for university facilities.

These unprecedented investments are on top of the billions in new federal funding from the Infrastructure Investment and Jobs Act that will support transportation, broadband and other infrastructure projects over the next five years. Every \$1 billion invested in infrastructure is expected to create approximately 13,000 quality jobs in California.

## TRANSPORTATION

The Budget includes \$14.8 billion for regional transit and rail projects; to support the continued development of a first-in-the-nation, electrified high-speed rail system in California; bicycle and pedestrian projects; and climate adaptation projects, with a focus on aligning the state's transportation system with its climate goals.

The Budget also includes \$6.1 billion (General Fund, Proposition 98 General Fund, federal funds, and Greenhouse Gas Reduction Fund) over five years for zero-emission vehicles, which builds on last year's unprecedented zero-emission

package, for a total of \$10 billion to advance California's climate and transportation goals.

## **HOUSING**

Since 2019, California has invested significantly in affordable housing development throughout the state, and has enacted laws to hold local jurisdictions accountable for meeting their regional housing needs. The Budget builds upon the \$10.3 billion housing investment made last year with a focus on aligning housing goals and climate goals.

Namely, the Budget includes an additional \$2 billion over two years to accelerate the development of affordable housing. Building this housing near jobs, schools, and other amenities reduces commutes and greenhouse gas emissions. The Budget also includes significant investments to help low-income Californians build wealth and achieve the dream of home ownership.

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## **HOMELESSNESS AND BEHAVIORAL HEALTH**

Last year, the state allocated a \$12 billion multi-year investment for local governments to build housing and provide critical supports and homelessness services. The Budget includes an additional \$3.4 billion General Fund over three years to continue the state's efforts by investing in immediate behavioral health housing and treatment, as well as encampment cleanup grants, and extends for an additional year support for local government efforts. These investments are intended to serve as a bridge to other related efforts such as Homekey and California Advancing and Innovating Medi-Cal (CalAIM), which will redesign Medi-Cal to better serve Californians, including individuals experiencing homelessness, and provide long-term care.

The Budget reflects funding for a new court process to assist people living with untreated schizophrenia or other psychotic disorders with funding for state department and Judicial Branch costs associated with the new Community Assistance, Recovery and Empowerment (CARE) Court process. The Administration continues to work with the Judicial Council and counties to estimate costs associated with this new court process. In addition, the Budget includes significant investments in community treatment and care for individuals suffering from mental illness who are deemed incompetent to stand trial. The Budget also allocates opioid settlement funds, expands medication assisted treatment, and expands community-based mobile crises services. All of these investments will better serve individuals experiencing mental illness and substance use disorders.

## INTRODUCTION

To support the implementation of these and other efforts, the Budget also includes \$1.5 billion to invest in a multi-pronged effort to develop and train thousands of new care economy workers, including various mental health professionals and 25,000 new community health workers.

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## SAFER COMMUNITIES

### COVID-19 AND PUBLIC HEALTH

The state continues its science- and data-driven fight against COVID-19. The Budget adds an additional \$1.1 billion to continue to implement the Administration's SMARTER plan, including additional funding to support school testing, increase vaccination rates, and expand and sustain efforts to protect public health at the border.

To expand the state's ability to protect public health and address social determinants of health, the Budget includes \$300 million ongoing General Fund for the Department of Public Health and local health jurisdictions. The Budget also includes major ongoing investments to modernize public health data systems that have been critical during the COVID-19 Pandemic.

### PUBLIC SAFETY

Personal safety is one of the most basic needs—and expectations—of all Californians. The Budget includes funding to bolster local law enforcement response to organized retail theft crime, as well as to assist local prosecutors in holding perpetrators accountable. The Budget expands the California Highway Patrol's retail theft task force and also includes funding for the Attorney General to prosecute organized retail theft crimes, lead anti-crime task forces throughout the state, and establish a new Fentanyl Enforcement Program. Additionally, the Budget expands fentanyl drug interdiction efforts led by the California Military Department.

The Budget includes additional investments to support officer wellness and protect victims of crimes, including a major expansion of victim services starting in 2024-25.

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## BUDGET RESILIENCE AND LOOKING AHEAD

The Budget continues building reserves, eliminating budgetary debt, reducing retirement liabilities, and focusing on one-time spending over ongoing investments to maintain structurally balanced budgets over the long term.

Given the record high inflationary conditions facing the country, the Budget includes an added inflation adjustment beginning in 2023-24 to reflect that state services are likely to cost more than currently estimated. The Budget also continues to focus on allocating the vast majority of the discretionary surplus to one-time investments that can be adjusted in future years, if needed. The Budget is projected to be structurally balanced in 2025-26, the last year in the multi-year forecast.

The Budget includes \$37.2 billion in budgetary reserves. These reserves include: \$23.3 billion in the Proposition 2 Budget Stabilization Account (Rainy Day Fund) for fiscal emergencies; \$9.5 billion in the Public School System Stabilization Account; \$900 million in the Safety Net Reserve; and \$3.5 billion in the state's operating reserve. The Rainy Day Fund is now at its constitutional maximum (10 percent of General Fund revenues) requiring \$465 million to be dedicated for infrastructure investments in 2022-23. Over the multi-year forecast period, the Budget reflects \$8 billion in supplemental deposits split evenly between the Rainy Day Fund and the Safety Net Reserve. These deposits are above what is constitutionally required.

To further build budget resiliency, the Budget includes a \$4.9 billion multi-year plan to prepay callable general obligation bonds, with a focus on variable rate bonds, and to shift lease revenue bond-financed projects to cash. The Budget also estimates supplemental payments to reduce state retirement liabilities of \$3.4 billion in 2022-23 and an additional \$7.5 billion projected over the next three years.

The State Appropriations Limit, or Gann Limit, caps the amount of revenues from proceeds of taxes that can be appropriated by the state, which serves to constrain state spending. Any excess revenues appropriated above the state's limit over a two-year period must ultimately be reallocated evenly between schools and taxpayer refunds. While at the May Revision, appropriations were estimated to be below the State Appropriations Limit in the 2020-21 and 2021-22 fiscal years by a small margin, the Budget projects the state to be \$11 billion below the limit for this two-year period. This projection is based on statutory changes enacted as part of the Budget, which includes expanding the definition of state subventions that must first be accounted for in local limits and revising levels of excluded spending in 2021-22. The 2022-23 fiscal year is also estimated to be below the limit as a result of these changes.

Committing to additional ongoing spending would make it much more difficult for the state to meet all of its constitutional obligations, even if the economy grows faster than forecast, due to the State Appropriations Limit. Given the uncertain future, the Budget includes the enactment of a limited number of ongoing proposals, subject to a determination in the spring of 2024 that the General Fund can support these policies

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over the multi-year forecast. These policies include: an income tax credit associated with union membership, an increase in the CalWORKs maximum aid payment, expanding who is eligible for Medi-Cal by making modifications to share of cost, continuous enrollment of children ages zero through 4 years in Medi-Cal, full pass-through of eligible child support payments to families on CalWORKs, expansion of the Cal Grant entitlement, elimination of restitution fines, and services for victims of crime.

The efforts to maintain a balanced budget over the long-term will minimize disruptions to critical programs such as education and health care when revenues decline.

# SUMMARY CHARTS

This section provides various statewide budget charts and tables.



**2022 Budget Act**  
**General Fund Budget Summary**  
(Dollars in Millions)

	<b>2021-22</b>	<b>2022-23</b>
<b>Prior Year Balance</b>	\$38,334	\$22,450
Revenues and Transfers	\$227,061	\$219,707
<b>Total Resources Available</b>	<b>\$265,395</b>	<b>\$242,157</b>
Non-Proposition 98 Expenditures	\$159,268	\$152,054
Proposition 98 Expenditures	\$83,677	\$82,312
<b>Total Expenditures</b>	<b>\$242,944</b>	<b>\$234,366</b>
<b>Fund Balance</b>	<b>\$22,450</b>	<b>\$7,791</b>
Reserve for Liquidation of Encumbrances	\$4,276	\$4,276
Special Fund for Economic Uncertainties	\$18,174	\$3,514
<b>Public School System Stabilization Account</b>	<b>\$7,290</b>	<b>\$9,514</b>
<b>Safety Net Reserve</b>	<b>\$900</b>	<b>\$900</b>
<b>Budget Stabilization Account/Rainy Day Fund</b>	<b>\$20,320</b>	<b>\$23,288</b>
Note: Numbers may not add due to rounding.		

### General Fund Expenditures by Agency

(Dollars in Millions)

	2021-22	2022-23	Change from 2021-22	
			Dollar Change	Percent Change
Legislative, Judicial, Executive	\$18,964	\$14,501	-\$4,463	-23.5%
Business, Consumer Services & Housing	2,291	2,393	102	4.5%
Transportation	2,772	1,275	-1,497	-54.0%
Natural Resources	12,740	8,162	-4,578	-35.9%
Environmental Protection	5,112	1,174	-3,938	-77.0%
Health and Human Services	53,092	67,925	14,833	27.9%
Corrections and Rehabilitation	14,401	14,747	346	2.4%
K-12 Education	79,717	78,205	-1,512	-1.9%
Higher Education	22,341	23,619	1,278	5.7%
Labor and Workforce Development	1,577	1,478	-99	-6.3%
Government Operations	20,731	5,865	-14,866	-71.7%
General Government:				
Non-Agency Departments	1,805	2,065	260	14.4%
Tax Relief/Local Government	638	667	29	4.5%
Statewide Expenditures	6,764	12,291	5,527	81.7%
<b>Total</b>	<b>\$242,944</b>	<b>\$234,366</b>	<b>-\$8,578</b>	<b>-3.5%</b>

Note: Numbers may not add due to rounding.

### 2022-23 Total State Expenditures by Agency

(Dollars in Millions)

	General Fund	Special Funds	Bond Funds	Totals
Legislative, Judicial, Executive	\$14,501	\$185	\$143	\$14,829
Business, Consumer Services & Housing	2,393	1,180	937	4,510
Transportation	1,275	17,302	95	18,672
Natural Resources	8,162	1,967	655	10,784
Environmental Protection	1,174	5,147	14	6,335
Health and Human Services	67,925	33,302	-	101,227
Corrections and Rehabilitation	14,747	4,049	-	18,796
K-12 Education	78,205	339	1,488	80,032
Higher Education	23,619	131	1,090	24,840
Labor and Workforce Development	1,478	984	-	2,462
Government Operations	5,865	-563	7	5,309
General Government				
Non-Agency Departments	2,065	1,792	2	3,859
Tax Relief/Local Government	667	3,319	-	3,986
Statewide Expenditures	12,291	-16	-	12,275
<b>Total</b>	<b>\$234,366</b>	<b>\$69,119</b>	<b>\$4,431</b>	<b>\$307,916</b>

Note: Numbers may not add due to rounding.

## General Fund Revenue Sources

(Dollars in Millions)

	2021-22	2022-23	Change from 2021-22	
			Dollar Change	Percent Change
Personal Income Tax	\$136,497	\$137,506	\$1,009	0.7%
Sales and Use Tax	32,750	33,992	1,242	3.8%
Corporation Tax	46,395	38,464	-7,931	-17.1%
Insurance Tax	3,468	3,667	199	5.7%
Alcoholic Beverage Taxes and Fees	430	435	5	1.2%
Cigarette Tax	54	49	-5	-9.3%
Motor Vehicle Fees	36	37	1	2.8%
Other	13,108	8,525	-4,583	-35.0%
<b>Subtotal</b>	<b>\$232,738</b>	<b>\$222,675</b>	<b>-\$10,063</b>	<b>-4.3%</b>
Transfer to the Budget Stabilization Account/Rainy Day Fund	-5,677	-2,968	2,709	-47.7%
<b>Total</b>	<b>\$227,061</b>	<b>\$219,707</b>	<b>-\$7,354</b>	<b>-3.2%</b>

Note: Numbers may not add due to rounding.

## 2022-23 Revenue Sources

(Dollars in Millions)

	General Fund	Special Funds	Total	Change From 2021-22
Personal Income Tax	\$137,506	\$4,020	\$141,526	\$565
Sales and Use Tax	33,992	15,866	49,858	2,299
Corporation Tax	38,464	-	38,464	-7,931
Highway Users Taxes	-	9,221	9,221	705
Insurance Tax	3,667	-	3,667	199
Alcoholic Beverage Taxes and Fees	435	-	435	5
Cigarette Tax	49	1,608	1,657	-183
Motor Vehicle Fees	37	11,209	11,246	532
Other	8,525	24,098	32,623	-8,498
<b>Subtotal</b>	<b>\$222,675</b>	<b>\$66,022</b>	<b>\$288,697</b>	<b>-\$12,307</b>
Transfer to the Budget Stabilization Account/Rainy Day Fund	-2,968	2,968	-	-
<b>Total</b>	<b>\$219,707</b>	<b>\$68,990</b>	<b>\$288,697</b>	<b>-\$12,307</b>

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 \$128.6 billion (\$78.6 billion General Fund and \$50 billion other funds) for all K-12 education programs. The Budget reflects the highest Proposition 98 funding levels ever and provides ongoing funding for core programs such as the Local Control Funding Formula (LCFF), special education, transitional kindergarten, nutrition, school facilities, preschool and expanded learning.

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## 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 2020-21, 2021-22, and 2022-23. This means that the funding level of the Guarantee is equal to approximately 38.03 percent of General Fund revenues, plus local property tax revenues. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Budget rebenchs the Test 1 percentage, from approximately 38.03 percent to approximately 38.3 percent, to increase the percentage of General Fund revenues due to the Guarantee.

The significant increase in revenues projected for 2020-21, 2021-22, and 2022-23 results in a corresponding increase in resources for K-14 schools. The Budget reflects Proposition 98 funding levels of \$96.1 billion in 2020-21, \$110.2 billion in 2021-22, and \$110.4 billion in 2022-23, representing a three-year increase in the minimum Guarantee of \$35.8 billion over the level funded in the 2021 Budget Act.

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### **PROPOSITION 98 RAINY DAY FUND**

The Budget includes 2020-21, 2021-22, and 2022-23 payments of approximately \$3.1 billion, \$4 billion, and \$2.2 billion (respectively) into the Public School System Stabilization Account, for a balance of more than \$9.5 billion at the end of 2022-23. 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 \$7.1 billion in 2021-22 triggers school district reserve caps beginning in 2022-23.

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### **LOCAL CONTROL FUNDING FORMULA (LCFF)**

The Budget includes an LCFF cost-of-living adjustment of 6.56 percent—the largest cost-of-living adjustment in the history of LCFF. Additionally, to help school districts and charter schools address ongoing fiscal pressures, staffing shortages, and other operational needs, the Budget includes \$4.32 billion ongoing Proposition 98 General Fund to increase LCFF base funding by an additional 6.28 percent. The Budget also includes \$101.2 million ongoing Proposition 98 General Fund to augment LCFF funding for county offices of education, which face similar cost pressures to school districts and charter schools.

### **SCHOOL FISCAL STABILITY**

To support the fiscal stability of all local educational agencies, including those with a declining student population, the Budget allows school districts to use the greater of

current year or prior year average daily attendance or an average of the three prior years' average daily attendance to calculate LCFF funding. Further, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in 2021-22, the Budget enables all classroom-based local educational agencies that can demonstrate they provided independent study offerings to students in fiscal year 2021-22 to be funded at the greater of their current year average daily attendance or their current year enrollment adjusted for pre-COVID-19 absence rates in the 2021-22 fiscal year.

The Budget also allows all classroom-based charter schools to be funded at the greater of their current year average daily attendance or their current year enrollment adjusted for pre-COVID-19 absence rates in the 2021-22 fiscal year.

The Budget reflects \$2.8 billion ongoing Proposition 98 General Fund and \$413 million one-time Proposition 98 General Fund to implement these school fiscal stabilization policies.

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## LEARNING RECOVERY EMERGENCY BLOCK GRANT

The Budget establishes the Learning Recovery Emergency Fund and appropriates \$7.9 billion one-time Proposition 98 General Fund to support the Learning Recovery Emergency Block Grant. This block grant will support local educational agencies in establishing learning recovery initiatives through the 2027–28 school year and these funds can be used for any of the following purposes:

- **Instructional Learning Time**—Increasing the number of instructional days or minutes provided during the school year and/or summer school or intersessional instructional programs;
- **Closing Learning Gaps**—Accelerating progress to close learning gaps through the implementation, expansion, or enhancement of learning supports, such as tutoring or other one-on-one or small group learning supports;
- **Pupil Supports**—Integrating pupil supports to address other barriers to learning, and staff supports and training, such as the provision of health, counseling, or mental health services, including the provision of such supports through a community schools model;

- **Instruction**—Providing access to instruction for credit-deficient pupils to complete graduation or grade promotion requirements and to increase or improve pupils' college eligibility; and,
- **Academic Services**—Providing additional academic services for pupils, such as diagnostic, progress monitoring, and benchmark assessments of pupil learning.

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### ARTS, MUSIC, AND INSTRUCTIONAL MATERIALS DISCRETIONARY BLOCK GRANT

The Budget provides \$3.6 billion one-time Proposition 98 General Fund to schools districts, county offices of education, charter schools, and the state special schools to be spent on a variety of purposes, including arts and music programs, obtaining standards-aligned professional development, acquiring instructional materials, developing diverse book collections, operational costs, and expenses related to the COVID-19 Pandemic.

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### COMMUNITY SCHOOLS

Community schools partner with education, county, and nonprofit entities to provide integrated health, mental health, and social services alongside high-quality, supportive instruction, with a strong focus on community, family, and student engagement. The 2021 Budget Act included \$3 billion Proposition 98 General Fund, available over several years, to expand and strengthen the implementation and use of the community school model to all schools in communities with high levels of poverty. This investment supported a whole-child framework for school transformation to guide local educational agencies in planning and implementing other recent state investments in universal nutrition, before/after school and summer school enrichment and care, universal transitional kindergarten, behavioral health supports, and other similar initiatives.

To further support the implementation of the community school model for use in schools in communities with high levels of poverty, the Budget includes additional funding of approximately \$1.1 billion one-time Proposition 98 General Fund to assure that eligible local educational agencies interested in applying on behalf of its high-needs schools have access to the community schools grants.



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## EDUCATOR WORKFORCE

Preparing, training, and recruiting a diverse, expert workforce of administrative, credentialed, and classified staff to work in public K-12 schools is critical to the success of the entire system. This is especially true given current staffing shortages that have been exacerbated by the COVID-19 Pandemic. The 2021 Budget Act included \$2.9 billion to accelerate the preparation and support the training and retention of well-prepared educators. To further support this effort, the Budget includes \$48.1 million General Fund for the following:

- **Teacher Examination Fees**—\$24 million one-time General Fund in 2022-23 and 2023-24 to waive certain teacher examination fees.
- **Integrated Teacher Preparation Programs**—\$20 million one-time General Fund to support a competitive grant program that provides grants to public and private institutions to develop and implement integrated teacher preparation programs.
- **Commission on Teacher Credentialing (CTC) Support**—\$2.7 million General Fund for state operations support at the CTC, including workload associated with the administration of multiple grant programs, data gathering efforts, and early childhood education preparation and licensure activities.
- **Career Counselors**—\$1.4 million General Fund to establish career counselors for prospective educators at the CTC.
- **Substitute Teaching Assignments**—Extending statute authorizing any holder of a credential or permit issued by the CTC to serve in a substitute teaching assignment aligned with their authorization, including for staff vacancies, for up to 60 cumulative days for any one assignment.

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## TEACHER AND SCHOOL COUNSELOR RESIDENCIES

An important foundation of a whole child-centered school transformation effort is a well-prepared workforce of teachers and school counselors. To increase the pipeline of teachers and school counselors, the Budget provides \$250 million one-time Proposition 98 General Fund to expand residency slots for teachers and school counselors. The Budget also enables school counselor, social worker, and psychologist candidates to be eligible for the Golden State Teacher Grant Program, which provides incentives to individuals to consider earning a credential and serving at a priority school in California for four years, within eight years after completing a preparation program.

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## **EDUCATOR SUPPORT FOR SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) INSTRUCTION**

To support educators in providing effective STEM instruction that engages and inspires students, the Budget includes \$85 million one-time Proposition 98 General Fund to create Pre-K through 12 grade educator resources and professional learning to implement the Next Generation Science Standards, the California Math Framework, the California Computer Science Standards, and the math and science domains of the California Preschool Learning Foundations. These funds will also support the alignment of other state STEM educator support initiatives (i.e., UC Subject Matter Projects, Early Math Initiative, etc.) with this work, to create a cohesive statewide continuum of instructional supports for all STEM educators.

The Budget also provides \$35 million one-time Proposition 98 General Fund, available over three years, to continue the work of the Educator Workforce Investment Grant program in the areas of computer science, special education and support for English Learners.

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## **STATE PRESCHOOL**

The Budget invests \$312.7 million Proposition 98 General Fund and \$172.3 million General Fund to increase State Preschool Program adjustment factors for students with disabilities, dual language learners, and childhood mental health and adds an adjustment factor for three-year-olds. These adjustment factor increases include support for new requirements for State Preschool providers to: (1) incrementally ramp up to serving at least 10 percent students with disabilities by July 1, 2024, and (2) provide additional supportive services for dual language learners. Specifically, over three years, preschool providers would be required to serve 5 percent of students with disabilities in FY 2022-23, 7.5 percent in FY 2023-24 and 10 percent in 2024-25.

Additionally, the Budget enables all students participating in State Preschool to maintain continuous eligibility for 24 months (increased from 12 months) after eligibility is confirmed, enables children with an individualized education program to be categorically eligible to participate in State Preschool, and expands access to eligible families from families at 85 percent of the state median income to families at 100 percent of the state median income for California State Preschool. The Budget includes support for the following:

- **Inclusive Early Education Expansion Program**—\$250 million one-time Proposition 98 General Fund to support the Inclusive Early Education Expansion Program, which funds infrastructure necessary to support general education and special education students in inclusive classrooms.
- **State Preschool Family Fee Waivers**—For the 2022-23 fiscal year, \$10.5 million one-time Proposition 98 General Fund and \$10.8 million one-time non-Proposition 98 General Fund to waive the family share of cost for children participating in the State Preschool Program.
- **State Preschool Funding Hold Harmless: Reimbursement for Authorized Hours of Care**—For the 2022-23 fiscal year only, reimbursing preschool providers for maximum authorized care, from July 1, 2022 to June 30, 2023.

#### OTHER SIGNIFICANT ADJUSTMENTS:

- **Local Educational Agency Preschool Planning and Implementation Grants**—The Budget includes \$300 million one-time Proposition 98 General Fund for planning and implementation grants for all local educational agencies.
- **Full-Year Costs of State Preschool Rate Increases**—The Budget provides \$166.2 million Proposition 98 General Fund to support the full-year costs of State Preschool rate increases that began January 1, 2022.
- **After School Education and Safety and 21st Century Community Learning Centers programs**—The Budget provides \$148.7 million one-time General Fund to maintain reimbursement rate increases from the 2021 Budget Act for the After School Education and Safety and 21st Century Community Learning Centers programs in fiscal year 2022-23.
- **California Universal Preschool Planning Grant Program**—The Budget provides \$18.3 million General Fund per year for three years, to support the California Universal Preschool Planning Grant Program, which will support preschool planning within the state's mixed delivery system consistent with the state's Master Plan for Early Education.
- **2021-2022 State Preschool Family Fee Waivers**—For the 2021-22 school year, the Budget provides an additional \$1.1 million one-time General Fund to augment funding previously provided to waive the family share of cost for children participating in the State Preschool Program.

- **Early Identification for Learning Disabilities**—The Budget provides \$2 million one-time General Fund to incorporate early identification for learning disabilities into the state's preschool assessment tools, including a process for follow-up by expert evaluators.

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### TRANSITIONAL KINDERGARTEN

The Budget provides \$614 million ongoing Proposition 98 General Fund to, beginning in the 2022-23 school year, to support the first year of expanded eligibility for transitional kindergarten, shifting 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. Additionally, the Budget provides \$383 million Proposition 98 General Fund to add one additional certificated or classified staff person to every transitional kindergarten class, reducing student-to-adult ratios to more closely align with the State Preschool Program.

The Budget also increases the pipeline of qualified transitional kindergarten teachers by allowing the Commission on Teacher Credentialing to issue a one-year emergency specialist teaching permit in early childhood education that authorizes the permit holder to teach transitional kindergarten provided that they hold a bachelor's degree or higher, a valid child development permit, and meet certain subject matter requirements.

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### EXPANDED LEARNING OPPORTUNITIES PROGRAM

The 2021 Budget Act included \$1 billion ongoing and \$753 million one-time Proposition 98 General Fund in the first year of a multi-year investment plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and youth in foster care. At the release of the 2021 Budget Act, the state projected that full fiscal implementation of the program would not take place until 2025-26.

The Budget accelerates the implementation of this program by allocating an additional \$3 billion ongoing Proposition 98 General Fund to the Expanded Learning Opportunities Program, increasing total ongoing program funding to \$4 billion. Consistent with the implementation plan outlined in the Governor's Budget, beginning in 2023-24, local educational agencies will be required to offer expanded learning opportunities to all

low-income students, English language learners, and youth in foster care. Local educational agencies with the highest concentrations of these students will be required to offer expanded learning opportunities to all elementary students. The Budget continues to assume that full fiscal implementation of the program will take place by 2025-26.

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## EARLY LITERACY

To increase grade-level reading proficiency among young readers, and to provide access to effective literacy supports to California children, the Budget provides \$250 million one-time Proposition 98 General Fund, available over five years, for grants to high-needs schools to train and hire literacy coaches and reading specialists to guide productive classroom instruction and to offer one-on-one and small group intervention for struggling readers. Additionally, the Budget provides \$10 million one-time General Fund for the Department of Public Health to partner with First 5 California on the Books for Children Program.

The Budget also includes statutory language that clarifies that Expanded Learning Opportunities Program funds may be used to hire literacy tutors that would assist students as part of the program's enrichment activities.

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## COMMUNITY ENGAGEMENT INITIATIVE

To build the capacity of local educational agencies to engage more effectively with their communities, the 2018 Budget Act included \$13.3 million one-time Proposition 98 General Fund, available over five years, to create the Community Engagement Initiative. This program, administered by the California Collaborative for Educational Excellence, disseminates best practices for school-community interaction through peer-to-peer coaching among local educational agencies, who work through an intentional process to improve community relational capacity. Thus far, the Initiative has reached several dozen local educational agencies.

To further positive relationship building between schools and their communities, the Budget scales up the initiative by providing an additional \$100 million one-time Proposition 98 General Fund to expand the reach of the program to hundreds of additional local educational agencies. Additionally, the work done by local educational agencies that participate in the initiative will align with work to build community schools, for which community engagement is a core value.

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### 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 includes the following investments and policy changes:

- \$500 million ongoing Proposition 98 General Fund for the special education funding formula, paired with the following policy changes to further the state's commitment to improving special education instruction and services:
  - Amending the special education funding formula to calculate special education base funding allocations at the local educational agency level, rather than the special education local plan area level.
  - Consolidating two special education extraordinary cost pools into a single cost pool to simplify the current funding formula, and increasing funding by \$14 million ongoing Proposition 98 General Fund.
  - Beginning in 2023-24, allocating Educationally Related Mental Health Services funding directly to local educational agencies rather than to SELPAs.
  - Developing an Individuals with Disabilities Education Act addendum to the Local Control and Accountability Plan to support inclusive planning and promote cohesion between special education and general education planning.
  - Supporting efforts to develop comprehensive Individualized Education Programs (IEPs) by focusing a special education resource lead on IEP best practices, and establishing an expert panel to continue the work of creating a model IEP template.
  - Establishing a pathway to a diploma for students who take the California Alternate Assessment and providing resources to identify alternative coursework options for students with disabilities to demonstrate completion of the state graduation requirements.
- \$2 million one-time Proposition 98 General Fund to create resources for inclusionary practices for families and communities.
- \$2 million ongoing Proposition 98 General Fund to establish a special education resource lead to support families of pupils with disabilities and provide capacity building, training, and technical assistance on family support for families of pupils with disabilities, and conflict prevention and alternate dispute resolution in special education.

In addition to these resources and programmatic improvements, the Budget includes \$849,000 General Fund and 6 positions to support the State Department of Education's efforts to strengthen the transition process of young children with disabilities from federal Part C services (provided by regional centers) to federal Part B services (provided by school districts). These resources are paired with \$65.5 million in fiscal year 2022-23 that rises to \$82.5 million in fiscal year 2023-24 for the Department of Developmental Services and regional centers to strengthen the transition process (see the Health and Human Services Chapter for additional information about these initiatives). Finally, the Budget includes statutory changes to support the continuity of services provided to young children with disabilities by enhancing coordination between the Departments and supporting parents' ability to access the resources and information needed to be active participants in the transition process.

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## COLLEGE AND CAREER PATHWAYS

The Budget includes a multi-pronged strategy to train workers to meet critical job needs to support California's economic growth. Promoting pathways in technology, healthcare, education, and climate-related fields allow students to advance seamlessly from high school to college and career and provide the workforce needed for economic growth. To enhance and expand the offering of these educational pathways, the Budget includes:

- \$500 million one-time Proposition 98 General Fund over seven years to support the development of pathway programs focused on technology (including computer science, green technology, and engineering), health care, education (including early education), and climate-related fields. These programs are predicated on developing local partnerships that bring together school systems, higher education institutions, employers, and other relevant community stakeholders.
- \$200 million one-time Proposition 98 General Fund, available over five years, to strengthen and expand student access and participation in dual enrollment opportunities. Dual enrollment allows high school students to take classes that both count towards high school graduation and earning college credit, with some students able to graduate high school with an associate's degree.

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## HOME-TO-SCHOOL-TRANSPORTATION

To support school transportation programs, the Budget provides \$637 million ongoing Proposition 98 General Fund to reimburse local educational agencies for up to



60 percent of their transportation costs in the prior year. Additionally, commencing in 2023-24, the Budget reflects the application of an ongoing cost-of-living adjustment to the current LCFF Home-to-School transportation add-on.

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### **ZERO-EMISSION SCHOOL BUSES**

School bus fleets are dominated by diesel combustion vehicles. These buses create pollution that harms the environment and are costly to operate. The cost of fuel and repairs necessary to maintain a diesel combustion system erode resources that could otherwise be used to support other aspects of school transportation programs.

The Budget includes \$1.5 billion one-time Proposition 98 General Fund, available over five years, to support greening school bus fleets through programs that will be operated by the California Air Resources Board and the California Energy Commission. This is part of a larger \$6.1 billion package to accelerate the state's transition to Zero-Emission Vehicles. See Climate Change Chapter for additional detail.

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### **NUTRITION**

In 2020, the U.S. Department of Agriculture allowed states to apply for a waiver of certain requirements connected to the National School Lunch Program and School Breakfast Program. Specifically, California was granted a waiver of income eligibility requirements, which allowed schools to provide subsidized meals to all students regardless of income, and local educational agencies were allowed to receive reimbursement through the federal Seamless Summer Option, which provides a higher reimbursement for meals than the National School Lunch Program and School Breakfast Program. For the 2021-22 school year, schools claiming meals under the Seamless Summer Option received an even higher reimbursement equivalent to the Summer Food Service Program rate. These flexibilities are scheduled to expire on June 30, 2022.

The Budget includes \$596 million Proposition 98 General Fund to fund universal access to subsidized school meals. Further, the Budget includes an additional \$611.8 million ongoing Proposition 98 General Fund to augment the state meal reimbursement rate sufficient to maintain meal reimbursement rates beginning in 2022-23. This higher rate of reimbursement will enable local educational agencies to continue offering higher-quality and more diverse meals for students. If the federal government extends the waiver that allows for the allocation of higher federal reimbursement rates, any unused state funding for rate increases in 2022-23 would instead be made available for food procurement grants.

Additionally, the Budget includes \$600 million one-time Proposition 98 General Fund, available over three years, for school kitchen infrastructure upgrades and equipment, food service employee training, and compensation for work related to serving universal meals using more fresh, minimally processed California-grown foods. The Budget also includes \$100 million one-time Proposition 98 General Fund to support local educational agency procurement practices for plant-based or restricted diet meals, to procure California-grown or California-produced, sustainably grown, whole or minimally processed foods, including for use in plant-based or restricted-diet meals, or to prepare meals fresh onsite. Both of these programs are complementary to the provision of school meals for all students as well as the Farm to School Program.

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## FARM TO SCHOOL PROGRAM

The use of local, minimally processed foods in school meals is both healthier for children and better for the environment, allowing students to establish healthy habits that will serve them well into adulthood. The 2021 Budget Act included \$60 million one-time General Fund over two years to support the California Farm to School Program, which connects local producers and school food buyers; increases food education opportunities in classrooms, gardens, and on farms; and engages schools and students with the agricultural community.

The Budget strengthens this investment by providing an additional \$30 million one-time General Fund to establish additional farm to school demonstration projects with priority towards high-need schools, and \$3 million ongoing General Fund to expand the regional California Farm to School Network by adding 16 new positions at the California Department of Food and Agriculture. The network supports local food procurement and farm to school programs throughout the state.

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## K-12 SCHOOL FACILITIES

The Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51), approved by voters in November 2016, authorized \$7 billion in state General Obligation bonds to support K-12 school facilities construction. These funds support new construction, modernization, retrofitting, career technical education, and charter school facility projects. The Budget allocates the remaining Proposition 51 bond funds—approximately \$1.4 billion—to support school construction projects and provides \$1.3 billion one-time General Fund with 2021-22 funds, approximately \$2.1 billion one-time General Fund in 2023-24 and \$875 million one-time General Fund in 2024-25 to support new construction and modernization projects through the School

## K-12 EDUCATION

Facility Program. Additionally, \$250 million one-time General Fund in 2021-22 is provided to support a school facility project in the Lynwood Unified School District.

The Budget also includes \$100 million one-time General Fund with 2021-22 funds and \$550 million in 2023-24 to support the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program. This program's grant funds may be used to construct new school facilities or retrofit existing school facilities for the purpose of providing transitional kindergarten, full-day kindergarten, or preschool classrooms.

The Budget also includes \$30 million Proposition 98 General Fund per year for two years to support eligible facilities costs for the Charter School Facility Grant Program. These funds can be used by eligible charter schools for costs associated with remodeling buildings, deferred maintenance, initial installation or extension of service systems and other built-in equipment, site improvements, and facility modifications to mitigate the spread of COVID-19.

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## OTHER K-12 BUDGET ADJUSTMENTS

### OTHER SIGNIFICANT ADJUSTMENTS:

- **Classified School Employee Summer Assistance Program**—An increase of \$35 million one-time Proposition 98 General Fund and \$90 million ongoing Proposition 98 General Fund for the Classified School Employee Summer Assistance Program, which provides supplemental pay for classified staff during intersessional months when they are not employed.
- **Model Curricula**—An increase of \$14 million one-time Proposition 98 General Fund to support county offices of education in developing model curricula related to the Vietnamese American refugee experience, the Cambodian genocide, Hmong history and cultural studies, and Native American studies.
- **Agricultural Career Technical Education Incentive Grant**—An increase of \$2 million ongoing Proposition 98 General Fund to support an augmentation to the Agricultural Career Technical Education Incentive Grant program.
- **K-12 Teacher Residency Program Technical Assistance Center**—An increase of \$20 million one-time Proposition 98 General Fund to Support a K-12 Teacher Residency Program Technical Assistance Center.
- **Accelerated Reading Support**—An increase of \$15 million one-time Proposition 98 General Fund over three years to support 6,000 teachers in completing the

coursework necessary to receive a supplementary state certification in reading and literacy.

- **Center on Teaching Careers**—An increase of \$1.7 million one-time Proposition 98 General Fund to the Tulare County Office of Education to support the educator recruitment work of the Center on Teaching Careers.
- **California School for the Deaf-Riverside: Athletic Complex Replacement and Expansion**—An increase of \$2.5 million General Fund for the study and preliminary plans phases of an overall \$43.1 million General Fund project to replace all outdoor sport fields (football, track, softball, and baseball) and add a stand-alone practice soccer field at the Riverside School for the Deaf. The existing fields date to the opening of the school in the 1950s.

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# HIGHER EDUCATION

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

The Budget includes total funding of \$41.6 billion (\$28.6 billion General Fund and local property tax and \$13 billion other funds) for all higher education entities in 2022-23. The state's three public segments—the UC, the CSU, and the CCCs—each receive substantial ongoing base augmentations, and the Budget includes significant investments to make postsecondary education more affordable, including investments in low-income student housing, and expansions to financial aid and student success programs.

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## UNIVERSITY OF CALIFORNIA

The Budget reflects a multi-year compact that includes 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.

### NOTABLE ONGOING INVESTMENTS FOR THE UC INCLUDE:

- **Base Growth**—An increase of approximately \$200.5 million ongoing General Fund for operating costs, representing a five-percent base increase in ongoing General Fund resources.
- **Resident Undergraduate Enrollment Growth**—An increase of \$67.8 million ongoing General Fund to support California resident undergraduate student enrollment growth of 6,230 full-time equivalent students between 2018-19 and 2023-24. In addition, the Budget provides \$31 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 2022-23.
- **Support Student Academic Preparation and Educational Partnership (SAPEP) Programs**—An increase of \$22.5 million ongoing General Fund for SAPEP programs.
- **UC Labor Centers**—An increase of \$13 million ongoing General Fund to support the operations of existing UC Labor Centers and Occupational Safety and Health Programs, and invest in similar new initiatives throughout the UC system.
- **Foster Youth Supports**—An increase of \$6 million ongoing General Fund to increase support for foster youth students.
- **UC Division of Agriculture and Natural Resources**—An increase of approximately \$5.4 million ongoing General Fund to increase support for the UC Division of Agriculture and Natural Resources.
- **Undocumented Student Support**—An increase of \$5 million ongoing General Fund to support undocumented students.
- **Underground Scholars**—An increase of \$4 million ongoing General Fund to increase support for the Underground Scholars program.
- **Firearm Research**—An increase of \$2 million ongoing General Fund to support research conducted by the UC Firearm Violence Research Center.
- **ASSIST Integration for Independent Institutions**—An increase of \$1.5 million General Fund, \$650,000 of which is ongoing, to integrate member institutions of the Association of Independent California Colleges and Universities onto the ASSIST platform. ASSIST provides prospective transfer students with information on course transferability to four-year institutions.

- **Research on Economic Impact of Climate Change**—An increase of \$379,000 General Fund, of which \$75,000 is ongoing, for the UC Los Angeles (UCLA) Anderson School of Management to include climate change economic impacts by California region in the UCLA Anderson Forecast economic forecasting model for California.

**NOTABLE ONE-TIME INVESTMENTS FOR THE UC INCLUDE:**

- **Institute for Immunology and Immunotherapy**—An increase of \$500 million one-time General Fund over a three-year period (\$200 million in 2022-23, with an additional \$200 million in 2023-24 and \$100 million in 2024-25 planned for this purpose) to establish the Institute for Immunology and Immunotherapy at UCLA, bringing together academics and researchers for collaborative research to maintain California's leading edge in biotechnology.
- **Climate Initiatives**—An increase of \$185 million one-time General Fund to support climate initiatives, including \$100 million for climate action research seed and matching grants, and grants for projects at UC Innovation and Entrepreneurship Centers to incentivize and expand climate innovation and entrepreneurship; \$47 million for climate initiatives at UC Riverside; \$20 million for climate initiatives at UC Santa Cruz; and \$18 million for climate initiatives at UC Merced.
- **Deferred Maintenance, Seismic Mitigation, and Energy Efficiency**—An increase of \$125 million one-time General Fund for deferred maintenance, seismic mitigation, and energy efficiency projects at UC campuses.
- **UC Riverside and UC Merced Infrastructure**—An increase of \$249 million one-time General Fund over a three-year period (\$83 million one-time General Fund in each of 2022-23, 2023-24 and 2024-25) to support campus expansion projects at the Riverside and Merced campuses.
- **UC Berkeley Clean Energy Campus**—An increase of \$249 million one-time General Fund over a three-year period (\$83 million one-time General Fund in each of 2022-23, 2023-24 and 2024-25) to support the UC Berkeley Clean Energy Campus project.
- **Dyslexia Research**—An increase of \$10 million one-time General Fund to support the University of California San Francisco Dyslexia Center.
- **Ralph J. Bunche Center**—An increase of \$5 million one-time General Fund to support the Ralph J. Bunche Center for African-American Studies at UCLA.



- **Center for Responsible, Decentralized Intelligence**—An increase of \$2.5 million one-time General Fund to support the Center for Responsible, Decentralized Intelligence at UC Berkeley, which promotes research, education, and entrepreneurship in blockchain and Web3.
- **Additional Investments**—An increase of approximately \$57.5 million one-time General Fund to support various programs, services, and research at UC campuses.

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## CALIFORNIA STATE UNIVERSITY

The Budget reflects a multi-year compact that includes 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.

### NOTABLE ONGOING INVESTMENTS FOR THE CSU INCLUDE:

- **Base Growth**—An increase of \$211.1 million ongoing General Fund for operating costs, representing a five-percent base increase in ongoing General Fund resources.
- **Resident Undergraduate Enrollment Growth**—An increase of \$81 million ongoing General Fund to support California resident undergraduate student enrollment growth of 9,434 full-time equivalent students in the 2022-23 academic year.
- **Graduation Initiative**—An increase of \$35 million ongoing General Fund to expand support for the CSU's Graduation Initiative 2025.
- **Foster Youth Supports**—An increase of \$12 million ongoing General Fund to increase support for foster youth students.
- **Basic Needs**—An increase of \$10 million ongoing General Fund to expand support for the basic needs component of Graduation Initiative 2025.
- **Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program**—An increase of \$8 million ongoing General Fund to establish the Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program.
- **Project Rebound**—An increase of \$8 million ongoing General Fund to expand the Project Rebound program.

- **Fellowship Programs**—An increase of \$300,000 ongoing General Fund to increase support for the legislative, executive, and judicial fellows programs, and the Sacramento Semester program.

**NOTABLE ONE-TIME INVESTMENTS FOR THE CSU INCLUDE:**

- **Deferred Maintenance, Seismic Mitigation, and Energy Efficiency**—An increase of \$125 million one-time General Fund for deferred maintenance, seismic mitigation, and energy efficiency projects at CSU campuses.
- **CSU Bakersfield Energy Innovation Center**—An increase of \$83 million one-time General Fund to support the construction of the CSU Bakersfield Energy Innovation Center.
- **San Diego State University, Brawley Center**—An increase of \$80 million one-time General Fund to expand the San Diego State University, Brawley Center in Imperial Valley to support a local workforce pipeline to aid the state's goals for development of the Lithium Valley vision.
- **CSU San Bernardino, Palm Desert Campus**—An increase of \$79 million one-time General Fund to support a new student center at the Palm Desert campus of CSU San Bernardino.
- **University Farms**—An increase of \$75 million one-time General Fund for equipment and infrastructure improvements at CSU University Farms.
- **CSU Fullerton Engineering and Computer Science Innovation Hub**—An increase of \$67.5 million one-time General Fund toward construction of the Engineering and Computer Science Innovation Hub.
- **Swanton Pacific Ranch**—An increase of \$20.3 million one-time General Fund to rebuild the Cal Poly San Luis Obispo Swanton Pacific Ranch.
- **Foster Youth Support Services**—An increase of approximately \$1.5 million General Fund to support First Star Foster Youth Cohorts at two CSU campuses.
- **Additional Investments**—An increase of approximately \$32.4 million General Fund to support various programs and services at CSU campuses.

## CALIFORNIA COMMUNITY COLLEGES

The Budget reflects a multi-year roadmap that focuses on equity, student success, and enhancing the system's ability to prepare students for California's future. The roadmap works in tandem with the UC and CSU compacts to increase transfer capacity and streamline transfer pathways between the segments.

### APPORTIONMENTS AND COLLEGE FINANCE INVESTMENTS:

- **Base Increase**—An increase of \$600 million ongoing Proposition 98 General Fund for a base increase to the Student Centered Funding Formula (SCFF), which is comprised of \$400 million to increase the SCFF's funding rates for the base, supplemental, and success allocations, and \$200 million to augment the SCFF's basic allocation within the base allocation. This base increase is provided in recognition of increasing operating costs, including the significant digital footprints that districts have developed to accommodate long-term shifts in student learning modality demand.
- **CCC Apportionments**—An increase of \$493 million ongoing Proposition 98 General Fund to provide a 6.56-percent cost-of-living adjustment for apportionments and \$26.7 million ongoing Proposition 98 General Fund for 0.5-percent enrollment growth.
- **COVID-19 Recovery Block Grant**—An increase of \$650 million one-time Proposition 98 General Fund to provide funds to community college districts for activities that directly support community college students and mitigate community college student learning loss related to COVID-19 impacts.

### STUDENT-FOCUSED PROGRAM INVESTMENTS:

- **Student Enrollment and Retention**—An increase of \$150 million one-time Proposition 98 General Fund to continue to support community college efforts and focused strategies to increase student retention rates and enrollment, building on an investment of \$120 million one-time Proposition 98 General Fund for student enrollment and retention in the 2021 Budget Act.
- **Categorical Program Augmentations**—An increase of \$129.7 million ongoing Proposition 98 General Fund to support budget augmentations for the Student Equity and Achievement Program; Extended Opportunity Programs and Services; Disabled Student Programs and Services; the Rising Scholars Network; the Cooperative Agencies Resources for Education program; the Umoja Program; the Mathematics, Engineering, Science Achievement Program; and the Puente Project.

- **Transfer Reform**—An increase of \$65 million one-time Proposition 98 General Fund for CCCs to implement the transfer reform provisions required by Chapter 566, Statutes of 2021 (AB 928).
- **Equitable Placement and Completion Support Block Grant**—An increase of \$64 million one-time Proposition 98 General Fund to support the implementation of equitable placement and completion policies and practices.
- **Hire UP Pilot Program**—An increase of \$30 million one-time Proposition 98 General Fund to establish the Hire UP Pilot Program to provide stipends to formerly incarcerated individuals, CalWORKS recipients, and former foster youth.
- **Native American Student Support and Success Program**—An increase of \$30 million one-time Proposition 98 General Fund to establish the Native American Student Support and Success Program at up to 20 colleges.
- **Foster Youth Support Services**—An increase of \$30 million ongoing Proposition 98 General Fund to expand availability of foster youth support services offered by the NextUp program.
- **Hunger and Homelessness Initiatives**—An increase of \$10 million ongoing Proposition 98 General Fund to increase funds available for CCC basic needs centers, and \$10 million ongoing Proposition 98 General Fund to increase funds available for rapid rehousing programs.
- **Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program**—An increase of \$8 million ongoing Proposition 98 General Fund to establish the Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program.
- **African American Male Education Network and Development (A2MEND) Student Charters**—An increase of \$1.1 million ongoing Proposition 98 General Fund to support the expansion of A2MEND student charters to an increased number of community college districts.
- **Support for Umoja Program Study**—An increase of \$179,000 one-time Proposition 98 General Fund to support a study of the Umoja program practices that promote student success for African American students.

### CCC COLLEGE AFFORDABILITY INVESTMENTS:

- **Student Success Completion Grant**—An increase of \$250 million ongoing Proposition 98 General Fund to increase Student Success Completion Grant award amounts and to expand available funds for students newly eligible for the Student Success Completion Grant due to establishment of the CCC Cal Grant Entitlement Awards in the 2021 Budget Act.
- **California College Promise Program**—An increase of \$25 million ongoing Proposition 98 General Fund to expand availability of the California College Promise Program to returning community college students.
- **Emergency Financial Assistance Grants for AB 540 Students**—An increase of \$20 million one-time Proposition 98 General Fund to support emergency student financial assistance grants to eligible AB 540 students.

### WORKFORCE-FOCUSED INVESTMENTS:

- **Healthcare Vocational Education**—An increase of \$130 million one-time Proposition 98 General Fund, of which \$30 million is for 2022-23, \$50 million is for 2023-24, and \$50 million is for 2024-25, to support healthcare-focused vocational pathways for English language learners across all levels of English proficiency, through the Adult Education Program.
- **California Healthy School Food Pathways Program**—An increase of \$45 million one-time Proposition 98 General Fund to support the implementation of the California Healthy School Food Pathways Program, which is a pre-apprenticeship, apprenticeship, and fellowship workforce training pipeline pilot program for school food service workers.
- **Apprenticeship Program Related and Supplemental Instruction (RSI) Rate**—An increase of \$20.5 million ongoing Proposition 98 General Fund to align the apprenticeship program RSI rate with the SCFF credit rate, rather than the noncredit rate.

### TECHNOLOGY-FOCUSED INVESTMENTS:

- **CCC Technology Modernization and Sensitive Data Protection**—An increase of \$100 million Proposition 98 General Fund, of which \$75 million is one-time and \$25 million is ongoing, to address modernization of CCC technology infrastructure, including sensitive data protection efforts at CCCs.

- **Common Course Numbering**—An increase of \$105 million one-time Proposition 98 General Fund to support the systemwide implementation of a common course numbering system pursuant to the provisions of Chapter 568, Statutes of 2021 (AB 1111). This investment builds upon \$10 million one-time Proposition 98 General Fund in the 2021 Budget Act to plan for and begin developing a common course numbering system throughout the CCCs.
- **Intersegmental Pathways Software**—An increase of \$25 million one-time Proposition 98 General Fund to assist CCCs with the procurement and implementation of software that maps intersegmental curricular pathways to help students choose their pathway, facilitate streamlined transfer between segments, and reduce excess units taken on the path to degree or program completion.

#### OTHER INVESTMENTS:

- **CCC Facilities**—General Obligation bond funding of \$403 million one-time for the construction phase of 19 projects anticipated to complete design by Spring 2023, the design phases of 2 projects, and both the working drawings and construction for 1 project. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.
- **Part-Time Faculty Health Insurance**—An increase of \$200 million ongoing Proposition 98 General Fund to augment the Part-Time Faculty Health Insurance Program to expand healthcare coverage provided to part-time faculty by community college districts.
- **College Augmentations**—An increase of \$171.5 million one-time Proposition 98 General Fund to support local requests.
- **Cost-of-Living Adjustments**—An increase of approximately \$64 million Proposition 98 General Fund for cost-of-living adjustments for select categorical programs.
- **Equal Employment Opportunity**—An increase of \$10 million ongoing Proposition 98 General Fund to support the sustainable implementation of Equal Employment Opportunity program best practices to diversify community college faculty, staff, and administrators.
- **Financial Aid Administration**—An increase of \$10 million ongoing Proposition 98 General Fund to augment resources provided to community college financial aid offices.

- **State Operations Support**—An increase of approximately \$3.9 million ongoing General Fund to support 26 new positions at the CCC Chancellor's Office beginning in 2022-23, bolstering the Chancellor's Office capacity to support the CCC system.
- **Local Property Tax Adjustment**—A decrease of \$117.4 million ongoing Proposition 98 General Fund as a result of increased offsetting local property tax revenues.
- **Classified Community College Employee Summer Assistance Program**—An increase of \$10 million ongoing Proposition 98 General Fund to establish the Classified Community College Employee Summer Assistance Program.
- **Foster and Kinship Care Education Program**—An increase of \$500,000 ongoing Proposition 98 General Fund to backfill an estimated decrease in federal matching funds provided to Foster and Kinship Care Education programs, maintaining current funding levels.
- **Deferred Maintenance**—An increase of approximately \$840.7 million one-time Proposition 98 General Fund to address deferred maintenance needs.

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## CALIFORNIA STUDENT AID COMMISSION

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### CAL GRANT REFORM

The Budget commits to prioritize the Cal Grant Reform Act beginning in 2024-25 if a determination is made in the spring of 2024 that General Fund over the multiyear forecast is available to support this ongoing augmentation. The Cal Grant Reform Act would make significant changes to the state's largest financial aid program, replacing the existing Cal Grant program with a new version of the program that provides a Cal Grant 2 for eligible CCC students with financial need, and provides a Cal Grant 4 for eligible four-year university students with financial need.

#### DETAILED BUDGET INVESTMENTS:

- **Middle Class Scholarship**—An increase of \$515 million ongoing General Fund, for a combined total of \$632 million, to support a modified version of the Middle Class Scholarship Program that will focus resources toward reducing a student's total cost of attendance consistent with the 2021 Budget Act. The Budget also includes intent to add \$227 million on a one-time basis in 2023-24 to supplement funding available for the program.

- **Learning-Aligned Employment Program**—An increase of \$300 million one-time General Fund for the Learning-Aligned Employment program, which provides a two-year total of \$500 million when combined with funds provided to establish the program in the 2021 Budget Act. This investment is consistent with intent expressed in the 2021 Budget Act.
- **Independent Institutions**—The Budget includes several investments benefitting students attending independent higher education institutions. The Budget provides \$15.5 million ongoing General Fund to increase the maximum Cal Grant award for students attending independent institutions to \$9,358 in the 2022-23 award year, and to extend availability of access awards for students with dependent children and foster youth or former foster youth attending independent institutions. Additionally, the budget commits to prioritize continued availability of CCC Cal Grant Entitlement Awards upon an eligible student's transfer to an independent institution beginning in 2024-25, if a determination is made in the spring of 2024 that General Fund over the multiyear forecast is available to support this ongoing augmentation.
- **Inland Empire Student Opportunity and Access Program (Cal-SOAP)**—An increase of \$2.4 million ongoing General Fund to support Inland Empire Cal-SOAP projects.
- **Cash for College Program**—An increase of \$500,000 one-time General Fund to expand and supplement existing Cash for College Regional Coordinating Organizations that offer technical assistance to help complete college financial aid applications.
- **California Indian Nations College**—An increase of \$5 million one-time General Fund to support the California Indian Nations College as it seeks federal accreditation.
- **Financial Aid Programs**—An increase of approximately \$1.4 million ongoing General Fund and 8 positions at the California Student Aid Commission beginning in 2022-23 to support financial aid programs.

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## SCHOLARSHARE INVESTMENT BOARD

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### CHILD SAVINGS ACCOUNTS

The Budget provides additional resources for the ScholarShare Investment Board to implement and administer the California Kids Investment and Development Savings Program (CalKIDS), which funds college savings accounts targeted to low-income and



underrepresented public school students, in addition to establishing college savings accounts for all newborns.

### DETAILED BUDGET INVESTMENTS:

- **Future CalKIDS Cohorts**—An increase of approximately \$170 million ongoing General Fund to establish college savings accounts for incoming first-grade cohorts of low-income public school students, as defined for purposes of the Local Control Funding Formula, with supplemental investments for foster youth and homeless students enrolled in a public school. This investment is consistent with intent expressed in the 2021 Budget Act.
- **CalKIDS Implementation**—An increase of approximately \$5.3 million one-time General Fund in 2022-23, approximately \$2.1 million ongoing General Fund, and 2 positions to support CalKIDS implementation and administration, including participant notifications and marketing, call center services, and information technology needs.
- **Financial Literacy**—An increase of \$5 million ongoing General Fund for financial literacy outreach efforts that will inform families of the long-term benefits of savings associated with CalKIDS.
- **Coordination with Local Programs**—An increase of \$5 million one-time General Fund for local child savings account programs' outreach and coordination with CalKIDS.

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## UC HASTINGS COLLEGE OF THE LAW

### DETAILED BUDGET INVESTMENTS:

- **Base Growth**—An increase of \$2 million ongoing General Fund for operational costs.
- **Support for 100 McAllister Street Project**—An increase of \$90 million one-time General Fund to support the facility improvement project at the institution's 100 McAllister Street building. This project will provide for the institution's continued use of 252 campus housing units at below-market rents, will add at least 5 additional campus housing units, and will renovate space within the facility to be used for academic purposes.
- **Support for Renaming Costs**—An increase of \$885,000 one-time General Fund to support costs associated with changing the name of the institution, conditioned upon enactment of legislation authorizing a name change.

## CALIFORNIA STATE LIBRARY

### DETAILED BUDGET INVESTMENTS:

- **Library Infrastructure**—An increase of \$50 million one-time General Fund in 2022-23, and a planned increase of \$100 million one-time General Fund in 2023-24, for an equity-focused matching grant program to support local library maintenance, improve energy efficiency and sustainability, and expand digital and physical access to libraries.
- **Dolly Parton Imagination Library**—An increase of \$68.2 million one-time General Fund to establish the Statewide Imagination Library.
- **State Parks Passes**—As referenced in the General Government and Statewide Issues Chapter, an increase of \$13.5 million one-time General Fund for the California Department of Parks and Recreation to expand availability of state parks passes offered via local libraries, in partnership with the California State Library.
- **Digitization of Significant Materials**—An increase of \$12.8 million one-time General Fund and \$1.2 million ongoing General Fund for 9 positions, equipment, and other resources to support the digitization of historically and culturally significant materials, improved cataloging of library collections, and specialized digital concierge services for state agencies.
- **Online Job Training and Workforce Development**—An increase of \$10.2 million one-time General Fund to support two additional years of free online job training and educational upskilling programs available through local public libraries.
- **Lunch at the Library**—An increase of \$5 million ongoing General Fund and 2 positions to expand the number of library jurisdictions providing summer meal programs for students in low-income communities.
- **Ethnic Media Grants**—An increase of \$5 million one-time General Fund for ethnic media outreach grants.
- **Holocaust Library Renovation**—An increase of \$3 million one-time General Fund to renovate and enhance the Jewish Family and Children's Services Holocaust Center Library and Archives building.
- **Building Rental Costs**—An increase of \$2.2 million ongoing General Fund for increased building rental expenses at the Library and Courts II building.

- **Library Services Modernization and Online Database Subscriptions**—An increase of \$570,000 ongoing General Fund to modernize State Library services with an automated loan system, and provide subscriptions to e-books and specialized online databases.
- **Administrative Workload**—An increase of \$363,000 ongoing General Fund and 3.5 positions to support increased administrative and personnel workload.
- **Communications and Outreach to Local Libraries**—An increase of \$335,000 ongoing General Fund and 3 positions to expand public outreach and education to California local libraries and patrons in under-served and multilingual communities.

## 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. In addition to \$2 billion one-time General Fund set-aside by the 2021 Budget, the 2022 Budget provides \$200 million one-time General Fund for this program, bringing the total allotment to \$2.2 billion for student housing grants over a three-year period.

Using funds appropriated for this program for the 2021-22 and 2022-23 fiscal years, the Budget provides approximately \$1.4 billion one-time General Fund for student housing construction grants for specified projects. Of this amount, \$389 million is provided for UC projects, \$487.9 million is provided for CSU projects, \$542.1 million is provided for CCC projects, and \$9.1 million is provided for an intersegmental project. In addition, the Budget provides \$18 million one-time General Fund for planning grants at specified CCCs. Additional General Fund resources are allocated in 2023-24, for a total of \$2.2 billion for student housing grants.

The Budget also includes intent language to provide \$1.8 billion one-time General Fund over a two-year period in 2023-24 and 2024-25, to establish a student housing revolving loan program for the UC, the CSU, and the CCCs. Additional details are contingent upon future legislation.

### ADDITIONAL INVESTMENTS:

- **Bureau for Private Postsecondary Education**—The Budget includes \$24 million General Fund over three years to provide the Bureau with stable funding while the Bureau develops an improved fee model for its licensees. This funding will help

support the continuation of the Bureau's role to protect students and consumers through the oversight of California's private postsecondary educational institutions.

- **Carnegie Science Grant**—The Budget includes \$20 million one-time General Fund for the Office of Planning and Research to support a grant to Carnegie Science for the Pasadena Climate Research Hub facility.
- **Student Loan Borrower Assistance**—The Budget includes \$10 million one-time General Fund for the Department of Financial Protection and Innovation to implement a Student Loan Borrower Assistance Program that includes a marketing campaign and grant program to provide assistance and information to the approximately 3.9 million Californians with outstanding student loans.
- **Golden State Awards**—The Budget includes \$10 million one-time General Fund for the California Education Learning Lab to establish and support the Golden State Awards Program.
- **California Education Learning Lab Restoration**—The Budget includes an increase of \$2 million General Fund annually through 2025-26 to restore the 2020 Budget Act reduction to the California Education Learning Lab's grant pool.
- **Individualized Adaptive Learning**—The Budget includes \$1 million General Fund annually through 2025-26 for the California Education Learning Lab to establish an open educational resources platform offering free and responsive homework modules in science, technology, engineering, and mathematics.

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## BROAD-BASED RELIEF

The COVID-19 Pandemic significantly destabilized low-income families over the past two years. Persistent supply chain disruptions and the Russian war in Ukraine have now driven inflation to its highest rates in 40 years, disproportionately affecting the ability of low-income households to cover basic needs.

Inflation is expected to exceed 7 percent in 2021-22, triggering an accelerated increase of the state's minimum wage on January 1, 2023. Under current law, the state's minimum wage will increase to \$15.50 per hour for all employers. The increase in minimum wage will help millions of households during a time of rising costs especially for immediate needs like food and gas. To further address rising prices and return tax proceeds to Californians, the Budget includes numerous proposals to provide broad-based relief to Californians totaling over \$17 billion.

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### **BROAD-BASED RELIEF PACKAGE**

The Budget provides \$17.2 billion of assistance and relief to millions of California families and small businesses facing elevated costs of living and continued economic pressures from the COVID-19 Pandemic. This includes \$449 million for relief and support of small businesses as described in the Economic Growth, Job Creation, and Expanded Opportunity Chapter.

### **BETTER FOR FAMILIES TAX REFUND**

The Better for Families tax refund will return an estimated \$9.5 billion to taxpayers by providing payments to over 17 million California families to help offset the rising price of gas, food, and many other goods and services. The tax refund is broad-based, with payments going to 97.5 percent of tax returns for individuals who are not claimed as dependents on another return. Payments are structured progressively so that taxpayers in lower income tiers receive a larger amount. Taxpayers claiming at least one dependent will receive an additional benefit. Overall, the majority of payments, or almost 86 percent, are estimated to go to single filers earning up to \$75,000 and to joint filers earning up to \$150,000.

Payments are expected to be distributed to California taxpayers beginning in October 2022. The amount each taxpayer will receive is determined as follows:

- Single filers earning up to \$75,000 and joint filers earning up to \$150,000 will receive \$350 per taxpayer, plus an additional \$350 if they claimed one or more dependents. The maximum payment issued under the program will be \$1,050.
- Single filers earning more than \$75,000 and up to \$125,000 and joint filers earning more than \$150,000 and up to \$250,000 will receive \$250 per taxpayer, plus an additional \$250 if they claimed one or more dependents.
- Single filers earning more than \$125,000 and up to \$250,000 and joint filers earning more than \$250,000 and up to \$500,000 will receive \$200 per taxpayer, plus an additional \$200 if they claimed one or more dependents.

### **DIESEL SALES TAX PAUSE**

The broad-based relief package includes a 12-month pause, effective October 1, 2022, on the state General Fund (3.9375-percent rate) portion of the sales tax rate on diesel fuel. This pause will provide relief and reduce cost pressures from rising diesel prices to the businesses who utilize the bulk of diesel fuel in the state. Given the role diesel plays in goods transportation, rising diesel prices can significantly increase businesses' operating costs, which in turn can indirectly affect the cost of a broad range of consumer products. This pause is estimated to reduce revenues by \$327 million in 2022-23 and \$112 million in 2023-24. Revenue from this portion of the diesel fuel tax is generally dedicated to the Public Transportation Account (PTA). The Budget continues making transfers from the General Fund to the PTA as if the full amount of tax were being collected, thereby having no impact on transportation funding.

## **EMERGENCY RENTAL ASSISTANCE**

The Budget includes \$1.95 billion one-time General Fund in 2021-22 to repay the cash flow loan authorized by Chapter 2, Statutes of 2022 (SB 115), which allows the state to continue to make payments to individuals in the federal Emergency Rental Assistance Program while the federal government processes reallocations of unused rental assistance funding from other states. The state continues to seek federal reallocation funding, but the timing and amounts of such reallocations and repayments to the General Fund are still unknown. In total, the state and local governments have disbursed over \$4 billion in payments to help over 800,000 low and moderate-income individuals maintain their housing and avoid eviction.

## **ADDITIONAL UTILITY PAYMENTS SUPPORT**

As part of the Energy Package investments, the Budget includes \$1.2 billion to address residential electric utility arrearages through the Department of Community Services and Development to mitigate the outstanding debt leading to increased utility rates. More information can be found in the Climate Change Chapter. The Budget also includes \$200 million to address residential water and wastewater arrearages. More information on this can be found in the Health and Human Services Chapter.

## **CALIFORNIA PREMIUM SUBSIDY PROGRAM**

The Budget includes \$304 million for Covered California to reinstitute California's premium subsidy program that was in effect in 2020 and 2021 if federal action is not taken to extend American Rescue Plan Act premium subsidies for 2023 and beyond. The 2021 state subsidy program design would continue providing premium support for lower- and middle-income Californians under 600 percent of the federal poverty level.

## **TEMPORARY EXTENSION OF CHILD CARE AND PRESCHOOL FAMILY FEE WAIVERS**

The Budget includes \$136 million one-time federal funds for the California Department of Social Services and \$21.3 million one-time General Fund (\$10.8 million Proposition 98 General Fund, \$10.5 million non-Proposition 98 General Fund) for the California Department of Education to waive family fees for state-subsidized preschool and childcare and development services from July 1, 2022 through June 30, 2023.

## **CALWORKS GRANT INCREASES**

The Budget includes an ongoing 11-percent increase to CalWORKs Maximum Aid Payment (MAP) levels, which is estimated to cost \$296.2 million in 2022-23. These



## BROAD-BASED RELIEF

increased grant costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund.

The Budget also includes a temporary 10-percent increase to CalWORKs grants, which is estimated at \$816.2 million through September 30, 2024, in addition to the ongoing MAP increase with intent language to increase CalWORKs grants to 50 percent of the federal poverty level beginning October 1, 2024, subject to an appropriation and determination that there are sufficient ongoing General Fund revenues.

### **SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP) INCREASE**

The Budget includes \$150 million General Fund in 2022-23 and 2023-24 for an SSP increase effective January 1, 2023. Additionally, the Budget assumes \$296 million General Fund in 2023-24 and \$593 million ongoing General Fund for an additional increase beginning January 1, 2024.

### **FOOD BANK SUPPORT**

The Budget includes \$112 million one-time General Fund in 2022-23 and \$52 million one-time General Fund in 2023-24 to support food banks to purchase, store, and transport food grown or produced in California.

### **HOSPITAL AND NURSING FACILITY WORKER RETENTION PAYMENTS**

The Budget includes \$1.1 billion one-time General Fund for retention payments to hospital, skilled nursing facility, and other specified workers. Retaining essential workers in these settings is a priority of the Administration and these payments are designed to retain this critical workforce. More information on this can be found in the Health and Human Services Chapter.

# ECONOMIC GROWTH, JOB CREATION, AND EXPANDED OPPORTUNITY

California is home to innovative industries that have fundamentally changed the way the world lives and communicates. It is the place where the spark of an idea can transform the world and create substantial economic opportunity. It is a beacon showing the way toward shared prosperity and climate sustainability. It is also the home to world-leading businesses that embody California values and speak out for the LGBTQ+ community and reproductive freedoms.

The COVID-19 Pandemic triggered the deepest recession since the Great Depression. While the economic toll was steep, economic recovery has been swift. Much of the remarkable rebound was made possible by state and federal support for individuals and small businesses.

An early action package, enacted in February 2022, took the following steps to support small businesses:

- Restored the use of business tax credits and net operating losses one year earlier than planned to continue to invest in companies that fueled the recovery.
- Exempted amounts received by businesses from the federal Restaurant Revitalization Fund and Shuttered Venue Operators Grant programs from state income tax and allowing normal deductibility for the expenses related to the grants. This keeps money in the pockets of business owners who experienced some of the

greatest losses during the pandemic. These proposals reduced revenues by \$130 million in 2021-22 and \$144 million in 2022-23, and will result in nearly \$500 million in total revenue loss over several years.

- Provided an additional \$150 million one-time for the California Small Business COVID-19 Relief Grant Program, bringing the total investment to approximately \$4.2 billion (\$2.7 billion General Fund and \$1.5 billion federal funds).

The Budget includes additional tax relief and grants to small businesses, including farms and related businesses impacted by the drought. The Budget also extends the California Competes (CalCompetes) tax credit and grant programs to create high-paying jobs and spur economic growth in the state. In keeping with the state's commitment to lifting up the values of liberty and freedom, beginning in 2023-24, CalCompetes will consider a company's willingness to choose California over states that do not protect LGBTQ+ or reproductive rights, and commitment to good labor practices, in its awards.

The Budget also includes placeholder funding—\$1.05 billion General Fund over four fiscal years—for climate-related grants to companies headquartered in California that will be allocated in the summer after additional discussions with the Legislature.

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## ECONOMIC GROWTH AND JOB CREATION

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### CONTINUING THE SUCCESS OF CALIFORNIA COMPLETES

The CalCompetes Tax Credit, in effect since 2014, incentivizes businesses to locate or stay in California, and thus to invest, grow, and create quality full-time jobs in the state. Since its inception, GO-Biz has awarded over 1,150 businesses more than \$1.8 billion in tax credits for commitments to create over 150,000 new, full-time jobs and make over \$31 billion in capital improvements in the state. Building off the success of the CalCompetes Tax Credit, the 2021 Budget Act included \$120 million one-time General Fund for a CalCompetes grant program. Grants were aimed at 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. In April 2022, the CalCompetes Committee approved \$120 million in grants to eight companies that committed to create more than 7,600 new, full-time jobs in California and bring over \$3.6 billion in new capital investments to the state.

To continue the success of CalCompetes, the Budget includes the following provisions:

- Extends the CalCompetes Tax Credit program from 2023-24 through 2027-28 at the current level of \$180 million per year.
- Provides \$120 million one-time General Fund for a second year of the CalCompetes grant program.
- For both of these programs, beginning in 2023-24, CalCompetes will consider a company's willingness to choose California over states that do not protect LGBTQ+ or reproductive rights, and commitment to good labor practices, in its awards.

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## SMALL BUSINESS INVESTMENTS

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### TAX RELIEF FOR CALIFORNIA BUSINESS AFFECTED BY THE PANDEMIC

California generally conformed to the federal treatment of Paycheck Protection Program (PPP) grants in April 2021 (Chapter 17, Statutes of 2021). The federal government extended the PPP grant program for an additional two months in spring of 2021, too late to be included in California's 2021 tax conformity legislation. To bring the state into full conformity so that no company shall have an additional state tax obligation from the PPP, the Budget includes a \$436 million reduction in revenue over the next five fiscal years, including \$160 million in each of 2021-22 and 2022-23, to extend the time window for the federal PPP grants to be excluded from the definition of income for the purposes of state taxation.

The Main Street Tax Credits I and II were adopted in 2020 and 2021 to provide relief to small businesses that were significantly harmed by the COVID-19 Pandemic and hired and retained new employees in the second half of 2020 and the first half of 2021. To claim the credits, businesses were required to reserve their qualified credit amount with the California Department of Tax and Fee Administration and then subsequently claim the credit on a tax return. Under current law, taxpayers that want to apply the credit against income tax are required to claim the credit on their original return. Many businesses that had reserved credits did not claim the credit on their original 2020 tax return, primarily because they had no tax liability. Under current law, these businesses are precluded from claiming any of the credit in future years. The Budget includes statutory changes that would allow taxpayers that did not claim the credit on their original return to claim the credit in the subsequent five tax years.

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## DROUGHT RELIEF ASSISTANCE FOR SMALL AGRICULTURAL BUSINESSES

The Budget includes \$75 million one-time General Fund for the California Small Agricultural Business Drought Relief Grant Program to provide direct assistance to eligible agriculture-related businesses that have been affected by severe drought conditions. The Administration will work with the Legislature over the summer on statutory changes to implement this program.

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## SUPPLEMENTAL PAID SICK LEAVE GRANTS

The Budget includes \$250 million one-time General Fund for relief grants for small businesses and non-profits to offset costs of their employees who have utilized the state's supplemental COVID-19 paid sick leave. The Administration will work with the Legislature over the summer on statutory changes to implement this program.

### THE BUDGET INCLUDES THE FOLLOWING SIGNIFICANT INVESTMENTS:

- **California Investment and Innovation Program**—\$50 million one-time General Fund to provide grants to community development financial institutions to provide technical assistance and capital access to economically disadvantaged communities in the state.
- **Fee Waivers for New Businesses**—\$39.8 million one-time General Fund to waive filing fees for new businesses registering with the Secretary of State from July 1, 2022 through June 30, 2023.
- **Regional Initiative for Social Enterprises Program**—\$25 million one-time General Fund to provide financial and technical assistance to employment social enterprises to enable them to build their capacity to create and retain jobs in communities. Employment social enterprises are businesses that provide jobs, on-the-job training, and specialized supports to people who face high barriers to work, including people previously incarcerated or homeless, or who have substance use or mental health issues.
- **California Innovation Hubs and Entrepreneurship Grants**—\$20 million General Fund over four years to expand the number of Hubs from 10 to 13 regions across the state and to establish the Entrepreneurship Fund to provide grants to businesses incubated at each of the Hubs.

- **California Tourism Recovery**—\$15 million one-time General Fund to support strategic media recovery campaigns that will help continue the recovery of the California travel and tourism industry.
- **Women’s Business Centers**—\$8 million one-time General Fund, to be spent over three years, to support Women’s Business Centers.
- **Small Business Technical Assistance Program and Capital Infusion Program**—\$6 million General Fund in 2022-23, and \$26 million ongoing, to permanently extend the California Office of the Small Business Advocate’s Small Business Technical Assistance Program and Capital Infusion Program.

## INFRASTRUCTURE

Infrastructure investments have a powerful multiplier effect—these investments enhance accessibility and facilitate trade, improve mobility, generate greater employment opportunities, and boost overall economic productivity.

The Budget makes unprecedented investments in state infrastructure—\$47 billion—to enhance the state’s transportation system, promote energy innovation and reliability, advance statewide housing goals, support the Pre-K-12 and higher education segments, and to make the state more resilient to climate change. These investments will build a more resilient, just, equitable and thriving future for all Californians.

### THESE INVESTMENTS INCLUDE:

- \$14.8 billion for transportation, including \$7.7 billion over four years for high-priority transit and rail infrastructure, \$1 billion for Active Transportation Program projects, and \$4.2 billion Proposition 1A for the High-Speed Rail Authority to continue construction of the 119-mile Central Valley Segment from Madera to just north of Bakersfield.
- \$6.1 billion over four years for Zero-Emission Vehicles and associated infrastructure.
- \$2 billion over two years for housing initiatives, most notably \$450 million for Adaptive Reuse, \$425 million for the Infill Infrastructure Grant Program, and \$325 million for the Multifamily Housing Program.
- \$1.2 billion over two years for wildfire and forest resilience projects.
- \$2.8 billion over four years for drought resilience and response.

## ECONOMIC GROWTH, JOB CREATION, AND EXPANDED OPPORTUNITY

- Nearly \$6 billion for Pre-K-12 education facilities, including more than \$4.2 billion for the School Facility Program.
- Nearly \$4.8 billion for the higher education segments, including \$2 billion for student housing loan and grant programs, in addition to \$2 billion for student housing grants over a three-year period in the 2021 Budget Act.
- \$6.6 billion over multiple years for energy innovation and reliability projects.
- \$550 million to expand broadband infrastructure in 2023-24 and 2024-25.
- \$150 million in 2021-22 for additional Homekey project awards.

# CLIMATE CHANGE

California has a unique opportunity to build upon the state's history of innovation, economic growth, and science-based policymaking to lead global efforts to adapt to and mitigate climate change. The state is positioned to simultaneously confront the climate crisis and build a more resilient, just, and equitable future for all communities.

Integrating climate solutions with equity and economic opportunity can transform every aspect of how Californians live in their communities. The Budget reflects the need for urgent and comprehensive action across government. Record-breaking heat waves, a vanishing Sierra snowpack and life-threatening historic wildfires demonstrate that climate emergencies are growing with frequency and intensity in California. A record-breaking lack of precipitation from January through mid-April pushed California into a third consecutive year of drought. Climate change also continues to cause unprecedented stress on California's energy system—driving high demand and constraining supply—compounded by geopolitical and supply chain issues.

Building on the state's climate leadership and the historic \$15 billion climate resilience investments in the 2021 Budget Act, the Budget includes \$38.8 billion over five years, for a total \$53.9 billion under a climate and opportunity agenda to deliver community resilience, affordable housing, and expanded access to health care and education while advancing equity and expanding the number of Californians that share in the state's economic growth.



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## CLIMATE ON THE MOVE

Responsible for more than half of the state's climate emissions, the transportation sector generates air pollution, with a disproportionate impact in low-income and underrepresented communities. The Budget's climate investments will deliver opportunities for affected communities, accelerating job-creating clean technologies, advancing environmental justice, and reducing emissions from the transportation system.

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### ZERO-EMISSION VEHICLES (ZEV) ACCELERATION

The 2021 Budget Act committed \$3.9 billion towards ZEV acceleration through 2023-24. It included market-changing investments—ranging from cleaning up short-haul trucks, transit, and school buses to accelerating equitable electrification of passenger vehicles, e-bikes and rail—coupled with infrastructure and incentives for in-state manufacturing.

The Budget includes an additional \$6.1 billion (\$3.5 billion General Fund, \$1.5 billion Proposition 98, \$676 million Greenhouse Gas Reduction Fund, and \$383 million Federal Funds) one-time over five years to accelerate the state's transition to ZEVs, which includes \$3.5 billion that will be allocated in the summer after additional discussions with the Legislature. The Budget focuses on communities that are most impacted by air pollution impacts, to decarbonize California's most polluting sector and improve public health.

#### SIGNIFICANT INVESTMENTS INCLUDE:

- **Heavy-Duty Zero-Emission Vehicles**—\$1.5 billion one-time Proposition 98 General Fund to advance electric school buses in a coordinated effort between educational, air pollution, and energy agencies; and \$600 million one-time Greenhouse Gas Reduction Fund to support zero-emission trucks, buses & off-road equipment.
- **Low-Income Zero-Emission Vehicles**—\$76 million one-time Greenhouse Gas Reduction Fund to support low-income consumer purchases through Clean Cars 4 All and other equity programs.
- **Zero-Emission Vehicle Infrastructure**—\$383 million one-time federal funds to implement ZEV charging infrastructure programs pursuant to the federal Infrastructure Investments and Jobs Act.

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## TRANSPORTATION

Alongside the investments in ZEVs and infrastructure, the Budget includes \$13.8 billion one-time General Fund and bond funds over two years for transportation programs and projects that align with climate goals, advance public health and equity, and improve access to opportunity. Further, the state will be competitively positioned to pursue significant federal investments from the Infrastructure Investment and Jobs Act. These investments will create thousands of jobs, accelerate new investments to modernize existing transportation options, and support clean transportation projects that address climate change and equity.

### SIGNIFICANT INVESTMENTS INCLUDE:

- **Active Transportation**—\$1.2 billion General Fund for projects to transform the state's active transportation networks, improve equity, and support carbon-free transportation options, including funding for: Active Transportation Program projects, the Reconnecting Communities: Highways to Boulevards Pilot Program, and bicycle and pedestrian safety projects.
- **High-Speed Rail and Transit**—\$4.2 billion Proposition 1A bond funds for High-Speed Rail, \$8 billion General Fund over four years for statewide, regional and local transit and rail projects, including \$350 million General Fund for high-priority rail safety improvements.
- **Climate Adaptation**—\$400 million (\$200 million General Fund and \$200 million federal funds) for climate adaptation projects that support climate resiliency and reduce infrastructure risk.

See the Transportation Chapter for additional detail.

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## CLIMATE RESILIENCE

Building on the over \$15 billion in multi-year climate resilience investments in the 2021 Budget, the Budget advances programs to protect communities from the imminent climate threats of wildfire and drought, while implementing budget priorities on extreme heat, nature-based solutions, sea-level rise, and community resilience.

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## DROUGHT RESILIENCE AND RESPONSE

Climate change is spurring warmer conditions in California and creating larger gaps between significant precipitation events that are vital to water supply. This year, water project operators will make only minimal deliveries to farms and cities, and wildlife managers are taking extraordinary action to relocate salmon to streams with cooler water than can be made available below major reservoirs.

Lessons learned in the 2012-to-2016 drought inform the current state response, which has also benefitted from significant investments, new data tools, and policy shifts over the last several years. This includes new laws related to safe drinking water, drought planning, water conservation, and local management of groundwater.

The historic three-year, \$5.2 billion investment in California water systems enacted in 2021-22 has helped to minimize immediate economic and environmental damage from the drought and enabled hundreds of projects by local water suppliers to prepare for and be more resilient to future droughts.

The Budget includes an additional \$2.8 billion one-time General Fund over multiple years to support drought resilience and response, which includes \$1.5 billion that will be allocated in the summer after additional discussions with the Legislature. The Budget focuses on drought relief, promoting water conservation, and response designed to help communities and fish and wildlife avoid immediate negative impacts as a result of extreme drought while continuing to advance projects and programs that prepare the state to be more resilient to future droughts.

### SIGNIFICANT INVESTMENTS INCLUDE:

- **Immediate Drought Support**—\$431.5 million to provide grants to urban water districts and smaller community water suppliers for drought relief projects; support public education campaigns; support local technical assistance and emergency drinking water response, including the purchase and pre-positioning of water storage tanks; and enhance water rights enforcement.
- **Drinking Water, Water Supply and Reliability, Flood**—\$500 million to advance drinking water and clean water projects that leverage significant federal infrastructure funds, support dam safety, and flood management.
- **Water Conservation/Agriculture**—\$280 million to support agricultural water conservation practices, provide on-farm technical assistance, provide direct relief to small farm operators, and support additional water conservation projects.

- **Fish and Wildlife Protection**—\$88.3 million to address fish and wildlife impacts associated with drought and climate change, and tribal co-management activities.

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## WILDFIRE AND FOREST RESILIENCE

The ongoing impact of climate change on California's wildlands continue to drive critically dry fuel conditions and longer, more severe fire seasons. In 2021, the state experienced 5 of the 20 largest wildfires in its history, and California communities continue to rebuild from successive climate change-driven catastrophic wildfire seasons.

The 2021 early action package and 2021 Budget Act included a combined \$1.5 billion one-time investment in restoring the state's wildfire resilience by increasing the pace and scale of forest and fuel management practices.

The Budget includes an additional \$1.2 billion over two years to support wildfire and forest resilience which includes \$530 billion that will be allocated in the summer after additional discussions with the Legislature. This funding supports a comprehensive wildfire and forest resilience strategy to continue to reduce the risk of catastrophic wildfires.

### SIGNIFICANT INVESTMENTS INCLUDE:

- **Resilient Forests and Landscapes**—\$400 million to enhance wildfire resilience across California's diverse landscapes by thinning forests, replanting trees, expanding grazing, utilizing prescribed fire, and supporting reforestation, which will also improve biodiversity, watershed health, carbon sequestration, air quality, and recreation.
- **Wildfire Fuel Breaks**—\$265 million to support strategic fuel breaks projects that will enable local communities to develop their own fire safety projects.
- **Community Hardening**—\$5 million to expand defensible space inspections.

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## NATURE BASED SOLUTIONS, EXTREME HEAT, AND OTHER CLIMATE RESILIENCE ACTIVITIES

The 2021 Budget included \$3.7 billion one-time General Fund over three years for investments that support multi-benefit and nature-based solutions, address impacts of extreme heat, build ocean and coastal resilience, advance environmental justice, and deliver community resilience and capacity where resources are most needed. The

Budget includes approximately \$2.1 billion General Fund in 2022-23, associated with the second year of investments.

The Budget includes \$4.2 billion General Fund that will be allocated in the summer after additional discussions with the Legislature across various climate activities including: \$768 million General Fund over two years for nature based solutions; \$300 million over two years for extreme heat; and \$3.1 billion over four years to support various other investments that support climate and energy activities, including climate-related grants to companies headquartered in California.

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## ENERGY

Climate change is causing unprecedented stress on California's energy system—driving high demand and constraining supply. Extreme weather events from climate change—including heat waves, wildfires, and the impact of drought on hydropower capacity, combined with other factors such as supply-chain disruptions—are jeopardizing California's ability to build out the electric infrastructure in the time frame and at the scale needed.

The Budget includes a total of \$8.1 billion one-time General Fund over five years to support energy reliability, relief, and clean energy investments, which includes \$3.8 billion that will be allocated in the summer pending additional discussions with the Legislature.

### **SIGNIFICANT INVESTMENTS OF THE REMAINING \$4.3 BILLION INCLUDE:**

- **Strategic Electricity Reliability**—\$2.2 billion one-time General Fund to support strategic energy reserve resources that will be available when the grid is stressed. This will increase the state's ability to withstand extreme and coincident climate events, but will not take the place of the longstanding obligations of all load serving entities to procure sufficient resources to maintain reliability.
- **California Arrearages Payment Program**—\$1.2 billion one-time General Fund to relieve California households by addressing energy utility arrearages, which builds upon the \$1 billion in federal American Rescue Plan Act funds included in the 2021 Budget that supported over 1.5 million residential and commercial accounts.
- **Distributed Electricity Backup Assets**—\$550 million one-time General Fund to provide incentives to deploy new zero or low emission technologies, including fuel cells, at

existing or new facilities, and as replacements or to substantially improve the environmental performance of existing backup generators.

- **Demand Side Grid Support**—\$200 million one-time General Fund to support the development of demand-side grid support initiatives. These efforts will help reduce energy demand on the grid during peak energy times.
- **Long Duration Storage Incentives**—\$140 million one-time General Fund to invest in long duration storage projects throughout the state to support grid reliability. This investment will help with resilience in the face of emergencies, including wildfires, and provide a decarbonized complement to intermittent renewables, which will provide the state with additional energy storage options during periods of low renewable power availability.

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## LITHIUM VALLEY DEVELOPMENT

Lithium is becoming an increasingly critical resource as the state—and the world—moves toward a clean energy future to tackle the climate crisis. This metal is a crucial component of batteries needed to power electric vehicles, enable a 100-percent clean electric grid, and move the state's homes and industries away from fossil fuels.

California has abundant untapped lithium reserves, including in geothermal brine more than a mile underground near the Salton Sea. Building out a world-class battery manufacturing ecosystem in tandem with lithium production and processing would also increase economic opportunity in the Salton Sea region, delivering quality jobs and community benefits.

The Budget includes a statutory framework for local governments, residents, and disadvantaged communities to benefit from the development and extraction of lithium in the Imperial Valley and will also contribute to the maintenance, operations, and restoration of the Salton Sea.

The Budget includes a volume-based tax on lithium extraction that will take effect on January 1, 2023, with 80 percent of proceeds going to local governments and 20 percent towards Salton Sea restoration efforts and community-benefit projects in the region. The tax rate will be as follows: \$400 per ton for the first 20,000 tons of lithium carbonate equivalent that a firm extracts, \$600 per ton for the next 10,000 tons, and \$800 per ton for all lithium carbonate equivalent extracted over 30,000 tons. These rates

will be indexed to the California Consumer Price Index and will be adjusted annually starting on January 1, 2025.

The Budget also includes \$5 million designated for Imperial County, to be used for a county programmatic environmental impact report and a health impact assessment, and to support community outreach related to lithium development.

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## CAP-AND-TRADE EXPENDITURE PLAN

The Budget includes \$1.3 billion Greenhouse Gas Reduction Fund to support various programs that advance the state's greenhouse gas reduction and climate goals, while advancing equity and environmental justice.

### SIGNIFICANT INVESTMENTS INCLUDE:

- **Zero-Emission Vehicle Investments**—\$676 million Greenhouse Gas Reduction Fund to support low-income consumer purchases and zero-emission trucks, buses and off-road equipment.
- **AB 617 Community Air Protection Program**—\$300 million (\$260 million Greenhouse Gas Reduction Fund and \$40 million General Fund) in 2022-23 and \$300 million General Fund in 2023-24 on a one-time basis for the Community Air Protection Program, which reduces emissions in communities with disproportionate exposure to air pollution through targeted air monitoring and community emissions reduction programs.
- **Organic Waste Infrastructure**—\$180 million one-time Greenhouse Gas Reduction Fund to advance organic waste infrastructure and support a circular economy that recognizes waste as a resource, shifting the state's focus to a more resilient and renewable economy in California.
- **Sea Level Rise**—\$120 million (\$80 million Greenhouse Gas Reduction Fund and \$40 million General Fund) in 2022-23 and \$300 million General Fund in 2023-24 for the Climate Ready Program for purposes of funding nature-based projects to address sea level rise.
- **Methane Satellites**—\$100 million Greenhouse Gas Reduction Fund on a one-time basis to expand the number of satellites launched for methane observations, which would provide weekly measurement of large methane emissions in the state and enhance enforcement capabilities. This data will allow California to identify the source of these emissions, work with programs to hold emitters accountable for

violations, and further reduce the amount of short-lived climate pollutants in the atmosphere.

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## SUSTAINABLE COMMUNITIES

The state is committed to building sustainable and equitable communities by creating and preserving housing in areas that are closer to neighborhood-serving amenities. Building housing in these locations supports the reduction of climate emissions and helps reduce the exposure of low-income Californians to the impacts of the climate crisis. To that end, the Budget invests \$925 million General Fund in housing development that also furthers the state's climate goals.

### THESE INVESTMENTS INCLUDE:

- **Infill Infrastructure Grant Program**—\$425 million General Fund over two years to prioritize housing production on prime infill parcels in downtown-oriented areas, including brownfields.
- **Adaptive Reuse**—\$400 million General Fund over two years for adaptive reuse incentive grants. These grants will help remove cost impediments to adaptive reuse (e.g., structural improvements, plumbing/electrical design, exiting) and help accelerate residential conversions, with a priority on projects located in downtown-oriented areas.
- **State Excess Sites Development**—\$100 million General Fund over two years to expand affordable housing development and adaptive reuse opportunities on state excess land sites.

See the Housing and Homelessness Chapter for additional detail.

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## 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 Budget includes key investments to integrate and elevate health and equity into California's climate agenda.



### SIGNIFICANT INVESTMENTS INCLUDE:

- **Climate and Health Resilience Planning**—\$25 million one-time General Fund for a grant program to bolster the actions of local health jurisdictions and develop regional Climate and Health Resilience Plans.
- **Climate, Health and Disease Monitoring**—\$10 million ongoing General Fund to establish a monitoring program to track emerging or intensified climate-sensitive health impacts and diseases.
- **Community Health Workers**—\$281.4 million one-time General Fund over three years to recruit, train, and certify 25,000 new community health workers by 2025, in areas such as climate health, homelessness, and dementia.

See the Health and Human Services Chapter and the Labor and Workforce Development Chapter for additional detail.

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## CLIMATE SCHOOLS AND RESEARCH

California's K-12 and higher education systems are critical in meeting the state's ambitious climate goals. The Budget includes significant investments in research that will support the next generation of innovations to address climate change, and serve as catalysts for expanded opportunity for all Californians. Additionally, the Budget includes infrastructure investments in K-12 and higher education that decarbonize these systems, reducing emissions, improving health of students, and lowering costs over the long term.

The Budget includes \$185 million one-time General Fund for research and initiatives to address climate change at the University of California, including:

- \$100 million for climate action research seed and matching grants, and grants for projects at UC Innovation and Entrepreneurship Centers to incentivize and expand climate innovation and entrepreneurship.
- \$47 million to support climate initiatives at the Riverside campus.
- \$20 million to support climate initiatives at the Santa Cruz campus.
- \$18 million to support climate initiatives at the Merced campus.

The Budget includes climate resilient infrastructure for K-12 schools and universities:

- \$1.5 billion one-time Proposition 98 to support greening K-12 school transportation, including electric school buses, as part of the broader acceleration of ZEVs.
- \$249 million over a three-year period (\$83 million each year, beginning in 2022-23) for the UC Berkeley Clean Energy Campus project.
- \$83 million one-time General Fund to support construction of the California State University (CSU) Bakersfield Energy Innovation Center.
- \$75 million one-time General Fund to support equipment and facilities upgrades at the CSU University Farms, which provide hands-on experience for career preparation in climate resilience, regenerative agriculture, animal welfare, food processing, and water and natural resources management.
- \$30 million one-time and \$3 million ongoing General Fund to continue supporting and expanding the Farm to School Program's investments to improve the health and well-being of California school children through integrated nutrition education and healthy food access.
- \$20 million one-time General Fund for a grant to Carnegie Science to support the Pasadena Climate Research Hub facility, which will house approximately 200 researchers focused on climate resilience.

For additional information on these investments, please see the K-12 Education Chapter and the Higher Education Chapter.

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## CLIMATE JOBS AND OPPORTUNITY

In addition to the significant investments outlined above, the Budget expands workforce training opportunities in climate-related fields so more Californians can participate in the state's economic growth. These investments will reduce harmful emissions in California's communities, and will support workers transitioning to new climate jobs and opportunities. The Budget includes \$315 million one-time General Fund over three years to continue expanding workforce strategies to reach its climate goals:

- **Oil and Gas Well Capping**—\$100 million one-time General Fund over two years to plug orphan or idle wells, decommission attendant facilities, and complete associated environmental remediation.

- **Well-Capping Workforce Pilot for Displaced Oil and Gas Workers**—\$20 million one-time General Fund to support a workforce training pilot to train displaced oil and gas workers in remediating legacy oil infrastructure, as the state aims to establish California as the leader in both well remediation activity and workforce training.
- **Displaced Oil and Gas Worker Pilot Fund**—\$40 million one-time General Fund for a pilot support fund to address the needs of oil and gas workers facing displacement.
- **Goods Movement Workforce Training Facility**—\$110 million General Fund over three years for a Goods Movement Training Center in Southern California.
- **Low Carbon Economy Workforce**—\$45 million General Fund in total over three years to restart the California Workforce Development Board's Low Carbon Economy Workforce grant program.

See the Labor and Workforce Development Chapter for additional detail.

# 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 \$231.3 billion (\$68 billion General Fund and \$163.2 billion other funds) for all programs overseen by this Agency.

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## REPRODUCTIVE HEALTH

The Budget includes over \$200 million in investments to protect the right to safe and accessible reproductive health care.

### SIGNIFICANT ADJUSTMENTS:

- **Uncompensated Care Funding for Reproductive Health Services**—\$40 million one-time General Fund, available over six years, for the Department of Health Care Access and Information to award grants to reproductive health care providers to offset the cost of providing care to uninsured and underinsured individuals who do not have health care coverage for abortion care services.
- **Equity and Infrastructure Payments for Clinic Abortion Providers**—\$30 million General Fund over two years for the Department of Health Care Services to provide supplemental payments to non-hospital community clinics that offer abortion care services to Medi-Cal beneficiaries.

- **Los Angeles County Abortion Access Safe Haven Pilot Program**—\$20 million one-time General Fund for the Department of Health Care Services to establish a pilot program for the purpose of expanding and improving access to reproductive health care.
- **Abortion Practical Support Fund**—\$20 million one-time General Fund to the Department of Health Care Access and Information to provide grants for non-profit organizations that assist patients overcoming barriers to abortion care.
- **California Reproductive Health Service Corps**—\$20 million one-time General Fund for the Department of Health Care Access and Information for a Reproductive Health Service Corps.
- **Clinical Infrastructure: Reproductive Health**—\$20 million General Fund for the Department of Health Care Access and Information to provide scholarships and loan repayments to a variety of health care provider types that commit to providing reproductive health care services.
- **Capital Infrastructure: Reproductive Health**—\$20 million one-time General Fund in grant funding to the Department of Health Care Access and Information to assist reproductive health care facilities in securing their physical and information technology infrastructure and to enhance facility security.
- **Covered California Subsidies**—\$20 million General Fund for Covered California to support the One-Dollar Premium Subsidy program which subsidizes the cost of Covered California consumers for health plans due to federal policy concerning abortion coverage.
- **California Reproductive Justice and Freedom Fund**—\$15 million one-time General Fund for the Department of Public Health to award grants to community-based reproductive health, rights, and justice organizations to conduct medically accurate and culturally competent outreach and education on sexual health and reproductive health issues.
- **Backfill Federal Title X Funding**—\$10 million one-time General Fund for the Department of Health Care Services to backfill the loss of federal Title X family planning funding to support the delivery of family planning services to low-income individuals.
- **Family Planning, Access, Care and Treatment (PACT) HPV Vaccine Coverage**—\$8 million (\$4.6 million General Fund) in 2022-23 and ongoing for the Department of Health Care Services to add the human papillomavirus vaccine as a covered benefit under the Family PACT program, effective July 1, 2022.

- **Comprehensive Reproductive Rights Website**—\$1 million one-time General Fund for the Department of Public Health to develop and maintain a website providing accurate and updated information to the public on the right to abortion care under state law, providers, and options for reproductive services coverage.
- **Research on the Unmet Needs for Reproductive Health Care Services**—\$1 million one-time General Fund for the Department of Public Health to research the unmet needs for access to reproductive health care services.

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## CHILDREN'S BEHAVIORAL HEALTH

The Budget includes \$290 million one-time General Fund investments over three years to implement a multi-pronged approach to address the urgent youth mental health crisis.

### SIGNIFICANT ADJUSTMENTS:

- **Urgent Needs and Emergent Issues in Children's Behavioral Health**—\$120.5 million General Fund in 2022-23, \$25.5 million General Fund in 2023-24, and \$29 million General Fund in 2024-25 for the Department of Health Care Services to provide wellness and resilience building supports for children, youth, and parents, support the School-Based Peer Mental Health Demonstration project, develop a video series to provide parents with resources and skills to support their children's mental health, and to develop next generation digital supports for remote mental health assessment and intervention.
- **Youth Suicide Reporting and Crisis Response Pilot Program**—\$50 million General Fund for the Department of Public Health to support a youth suicide reporting and crisis response pilot program.
- **Children and Youth Suicide Prevention Grants and Outreach Campaign**—\$40 million one-time General Fund for the Department of Public Health to support a children and youth suicide prevention grant program and outreach campaign.
- **Early Talents**—\$25 million onetime for the Department of Health Care Access and Information to establish a program to attract and support high school students who are considering professional careers in behavioral health.

## 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.

### SIGNIFICANT ADJUSTMENTS:

- **Medi-Cal Coverage to All Income-Eligible Californians**—\$835.6 million (\$626.1 million General Fund) in 2023-24 and \$2.6 billion (\$2.1 billion General Fund) at full implementation and annually thereafter, inclusive of In-Home Supportive Services (IHSS) costs, to expand full-scope eligibility to all income-eligible adults aged 26 through 49 regardless of immigration status. Beginning no later than January 1, 2024, Medi-Cal will be available to all income-eligible Californians.
- **Skilled Nursing Facility Financing Reform**—\$340.2 million (\$164.6 million General Fund) in 2022-23 increasing to up to an estimated \$1.4 billion (\$773.8 million General Fund) in 2026-27 for skilled nursing facility financing reform. More specifically, the Budget includes an average 4-percent rate increase and establishes a new Workforce & Quality Incentive Program focused on achieving quality. In addition, the Budget includes a one-year extension of the 10-percent COVID-19 rate increase and includes additional rate increases subject to facilities meeting specified workforce standards such as a collective bargaining agreement or labor-management committee.
- **Retention Payments to Hospital and Nursing Facility Workers**—\$1.1 billion one-time for retention payments to hospital, skilled nursing facility, and other specified workers. Retention payment amounts are subject to available funding and dependent upon the number of eligible applicants.
- **Behavioral Health Bridge Housing Program**—\$1.5 billion General Fund over two years for additional housing and treatment supports to those with behavioral health needs.
- **California Advancing and Innovating Medi-Cal (CalAIM) Initiative**—\$3.1 billion (\$1.2 billion General Fund) in 2022-23 and an estimated \$1.9 billion (\$698.5 million General Fund) in 2024-25 to continue the implementation of the CalAIM initiative.

- **Medi-Cal Community-Based Mobile Crisis Intervention Services**—\$1.4 billion (\$335 million General Fund) over five-years to add qualifying community-based mobile crisis intervention services no sooner than January 1, 2023 as a Medi-Cal covered benefit through the Medi-Cal behavioral health delivery system.
- **Equity and Practice Transformation Provider Payments**—\$700 million (\$350 million General Fund) available through June 30, 2027, with \$140 million (\$70 million General Fund) in 2022-23, for payments to Medi-Cal managed care plans or providers to advance equity, reduce COVID-19-driven care disparities, improve quality measures in children's preventive, maternity, and behavioral health care, and provide grants and technical assistance to allow small physician practices to upgrade their clinical infrastructure that allow the adoption of value-based and other payment models that improve health care quality while reducing costs.
- **Los Angeles County Justice-Involved Population Services and Supports**—\$100 million one-time General Fund for a grant program to support and expand access to treatment for individuals with behavioral health disorders that are involved in the justice system, of which \$50 million is to be targeted to individuals charged with a misdemeanor and found incompetent to stand trial. This replaces lease revenue bond authority that was competitively awarded to Los Angeles County through the Board of State and Community Corrections for a county jail construction project through AB 900, Phase II.
- **Elimination of Various Chapter 3, Statutes of 2011 (AB 97) Rate Reductions**—\$19.6 million (\$9.0 million General Fund) in 2022-23, \$21.2 million (\$9.7 million General Fund) in 2023-24 and ongoing to exempt approximately 35 Medi-Cal providers and services from rate reductions implemented pursuant to AB 97 effective July 1, 2022 or January 1, 2023.
- **Sunset the Child Health and Disability Prevention Program**—The Budget includes the sunset of the Child Health and Disability Prevention Program and the implementation of the Children's Presumptive Eligibility Program effective July 1, 2024 to streamline and improve the delivery of services to children.
- **Pharmacy Retroactive Recoupment**—\$114.4 million General Fund in 2022-23 and \$28.4 million General Fund in 2023-24 to repay the federal government for foregoing recoupments from independent pharmacies for reimbursement rate reductions in Medi-Cal.
- **Medi-Cal Programs Contingent on Future Resources**—The Budget commits to prioritize providing continuous Medi-Cal coverage for children aged zero through four, and aligning the monthly maintenance income level to the income limit for



Medi-Cal without a share of cost for older and disabled adults if a determination is made in the spring of 2024 that General Fund over the multiyear forecast is available to support these ongoing augmentations.

- **Village San Francisco and Yurok Tribe of California Regional Wellness Center**—\$15 million one-time General Fund for the Friendship House of American Indians to support the construction costs of The Village San Francisco and \$15 million one-time General Fund to support the Yurok Tribe of California in establishing a Regional Wellness Center.
- **California Peer-Run Warm Line**—\$16.4 million General Fund and \$13.6 million Mental Health Services Fund for a one-time augmentation to support the California Peer-Run Warm Line.
- **Indian Health Program Grant Restoration**—\$12 million one-time General Fund each in 2022-23 and 2023-24 to restore grant funding for Tribal Health Programs. More information on this can be found in the Labor and Workforce Development chapter.
- **9-8-8 National Suicide Prevention Lifeline Augmentation**—\$8 million one-time General Fund to support the capacity of call centers to launch and operate the 9-8-8 National Suicide Prevention Lifeline, effective July 16, 2022. See the Emergency Response chapter for more information.

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## 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**—\$296.2 million in 2022-23 for an 11-percent increase to CalWORKs Maximum Aid Payment levels. These increased grant costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund.
- **Temporary Relief CalWORKs Grant Increase**—\$816 million one-time General Fund to be expended over fiscal years 2022-23 through 2024-25 for a temporary 10-percent increase to CalWORKs grants from October 2022 through September 2024.

- **Supplemental Security Income/State Supplementary Payment (SSI/SSP) Increase**—\$150 million General Fund in both 2022-23 and 2023-24 for an SSP increase effective January 1, 2023. The Budget assumes an additional \$296 million General Fund in 2023-24 and \$593 million ongoing General Fund for an additional increase beginning January 1, 2024.
- **Family Finding and Engagement Grant**—\$150 million one-time General Fund available over five years for a county-optional program to supplement foster caregiver recruitment and retention. The resources will support statewide training and technical assistance on evidence-based best practices for intensive family finding and engagement services.
- **Caregiver Approvals**—\$50 million General Fund ongoing beginning in 2022-23 to assist counties in reducing approval timelines for foster caregiver applications. The resources will allow counties to hire additional staff to reduce pending and probationary resource family applications.
- **Flexible Family Supports for Home-Based Foster Care**—\$50 million one-time General Fund in both 2022-23 and 2023-24 for additional resources to support resource families.
- **Placement Prior to Approval**—\$16.4 million General Fund and federal TANF block grant funds ongoing to provide caregivers with up to four months of emergency assistance payments pending resource family approval and up to twelve months for cases that meet good cause criteria.
- **California Food Assistance Program (CFAP) Expansion**—\$35.2 million General Fund for planning purposes, increasing to \$113.4 million General Fund annually in 2025-26, to expand the CFAP program to Californians age 55 and older regardless of immigration status, based on statute related to the 2021 Budget Act.
- **Food Bank One-Time Support**—\$112 million one-time General Fund in 2022-23 and \$52 million one-time General Fund in 2023-24 for food banks to purchase, store, and transport food grown or produced in California.
- **Rapid Response Efforts**—\$175 million one-time General Fund for Rapid Response efforts to provide additional support for migrant arrivals at the Southern California border and funding for other emergent issues.
- **Minor Victims of Commercial Sexual Exploitation**—\$25 million one-time General Fund for prevention, intervention, and services for youth who have been the victims of sex trafficking.

- **Assistance for Promise Neighborhoods**—\$12 million one-time General Fund available over three years to support Promise Neighborhoods in Chula Vista, Corning, Hayward, and Mission.
- **California Immigrant Justice Fellowship**—\$10 million one-time General Fund in 2022-23 for the California Immigrant Justice Fellowship.
- **IHSS Permanent Backup Provider System**—\$34.4 million (\$15.4 million General Fund) ongoing to establish a permanent back-up provider system for IHSS recipients to avoid disruptions to caregiving due to an immediate need or emergency and to provide a \$2 wage differential for backup providers.
- **Operating Subsidy Reserves for Board and Care Facilities**—\$55 million one-time General Fund for operating subsidy reserves for existing adult and senior residential care facilities as part of the Community Care Expansion program.
- **California Holocaust Survivors Program**—\$36 million one-time General Fund for grants for specialized services to holocaust survivors and their caregivers to help them remain independent and safe in their communities.

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## CHILD CARE AND DEVELOPMENT PROGRAMS

The Department of Developmental Services transitioned the 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:

- **Extension of Family Fee Waivers**—\$136 million one-time federal funds to extend family fee waivers for state-subsidized childcare and development services from July 1, 2022 through June 30, 2023.
- **Hold Harmless: Reimbursement Based on Maximum Certified Care**—\$114 million (\$6 million General Fund, \$108 million federal funds) for DSS to extend reimbursement of child care providers based on maximum authorized care from July 1, 2022 through June 30, 2023.
- **Child Care Providers United – California (CCPU) Health and Retirement Benefits**—\$100.2 million one-time General Fund for DSS and \$100,000 one-time General Fund for the California Department of Human Resources to reflect a side

letter agreement with CCPU that includes start-up funding to support health and retirement access for providers represented by CCPU.

- **Child Care and Development Infrastructure Grant Program Augmentation**—\$100.5 million one-time federal funds for the acquisition, construction, development, and renovation of child care facilities.
- **Emergency Child Care Bridge Program Expansion**—\$35 million ongoing General Fund to support and expand access to the Emergency Child Care Bridge Program.
- **Alternative Payment Program (APP) Capacity Grant**—\$20 million one-time General Fund for capacity grants to support APPs.

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## DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) provides individuals with developmental disabilities a variety of services 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:

- **Promoting Workforce Stability**—\$185.3 million one-time General Fund to address challenges in recruiting and retaining regional center service coordinators and direct support professionals through providing training stipends for direct support professionals (\$127.8 million General Fund), establishing a three-month training and internship program for workers who provide direct services (\$22.5 million General Fund), establishing a tuition reimbursement program for regional center service coordinators pursuing degrees or certifications in health and human services-related fields (\$30 million General Fund), and piloting a program to develop remote technology supports to increase consumer independence (\$5 million General Fund).
- **Acceleration of Service Provider Rate Reform**—\$263.7 million (\$159.2 million General Fund) in 2022-23 for a six-month acceleration in the phased-in implementation of service provider rate reform initiated through the 2021 Budget Act with a continued focus on improving outcomes and quality of services. The Budget also includes \$55.3 million (\$34.1 million General Fund) in 2023-24 and \$888.7 million (\$534.1 million General Fund) in 2024-25 to accelerate full implementation of the rate models and quality incentives program by one year.

- **Early Start: Part C to B Transitions**—\$65.5 million (\$45.1 million General Fund) in 2022-23, increasing to \$82.5 million (\$55.8 million General Fund) ongoing in 2023-24, to strengthen support for families navigating the transition process for children with intellectual and/or developmental disabilities moving from the Early Start program (Part C of the federal Individuals with Disabilities Education Act (IDEA)) to special education (or from Part C to Part B of IDEA). This funding supports reduced service coordinator-to-child caseload ratios, initiatives for preschools to increase inclusion of children served by regional centers, establishment of IDEA specialists at each regional center, and resources to facilitate interagency coordination. See the K-12 Education Chapter for additional information.
- **Early Start Eligibility: Developmental Delay Threshold and Fetal Alcohol Syndrome**—\$6.5 million General Fund in 2022-23, increasing to \$29.5 million General Fund ongoing in 2024-25, to support adjustments in identifying children with qualifying signs of developmental delays and highlighting Fetal Alcohol Syndrome as a risk factor for intellectual and/or developmental delays.
- **Communications Assessments for Individuals Who Are Deaf+**—\$15 million (\$9 million General Fund) one-time to support communications assessments that will be used in developing individual program plans to improve services for individuals with intellectual and/or developmental disabilities who are deaf (Deaf+).
- **Service Access and Equity Grant Program**—\$11 million one-time General Fund in 2022-23 to increase the resources currently available for the Service Access and Equity Grant Program, which focuses on supporting strategies to reduce disparities and increase equity in regional center services.
- **Reform of Developmental Services Appeals Process**—\$4.4 million ongoing (\$3.7 million General Fund) to support the new Division of Community Assistance and Resolution within DDS, which includes a unit focused on implementing reforms to the appeals and hearings process for consumers and families, with an emphasis on increasing ease of access and equity while adopting best practices for alternative and informal processes for dispute resolution.
- **Work Activity Programs: New Service Model**—\$8.3 million one-time (\$5 million General Fund) to establish a service model pilot program focused on expanding career preparedness for individuals with intellectual and/or developmental disabilities who are currently served through Work Activity Programs or are recent high school graduates.
- **Financial Management Services for Self-Determination Program Participants**—\$7.2 million ongoing (\$4.4 million General Fund) to support participants in the

Self-Determination Program by amending statute to move the cost of Financial Management Services out of their individual budgets.

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## DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

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

### SIGNIFICANT ADJUSTMENTS:

- **Energy Arrearages**—\$1.2 billion in one-time California Emergency Relief Funds to support the California Arrearage Payment Program in further addressing residential utility arrearages accrued during the COVID-19 Pandemic.
- **Low Income Household Water Assistance Program (LIHWAP)**—\$200 million one-time federal fund authority to further address the residential water and wastewater arrearages accrued during the COVID-19 Pandemic.

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## DEPARTMENT OF PUBLIC HEALTH

The California Department of Public Health (CDPH) is the state department responsible for public health in California.

### SIGNIFICANT ADJUSTMENTS:

- **The SMARTER Plan and the Next Phase COVID-19**—\$1.8 billion one-time California Emergency Relief Fund to continue to respond to the pandemic as well as provide a roadmap for ongoing emergency preparedness. Specific adjustments for the CDPH include:
  - **Medical Staffing**—\$100 million to support upfront staffing costs for facilities needing additional medical surge staff during COVID-19 surges consistent with the SMARTER Plan.
  - **Testing**—\$530 million for purchasing additional antigen test kits, supporting school testing activities with end-to-end vendors, continuing rapid testing and treatment sites, and supporting laboratory network costs.

- **Vaccines**—\$93 million to prioritize vaccination of youth under five years old, additional boosters for eligible populations over 50 years old, and continuation of mobile vaccination sites through the end of 2022-23. In addition, \$230 million is for the Office of Community Partnerships and Strategic Communications to support COVID-19 vaccine-related public education and outreach campaigns previously implemented by CDPH.
- **Enhanced Surveillance**—\$16 million to continue activities that allow tracking and monitoring of transmission of COVID-19 through wastewater surveillance, epidemiologic data analysis, modeling of future data trends, and research on the long-term impacts of COVID-19.
- **Test-to-Treat Therapeutics**—\$158 million to implement a Test-to-Treat Program for therapeutic treatment targeted at low-income, uninsured, and underinsured populations.
- **Border Operations**—\$468 million for border operations that will continue the state's COVID-19 response and humanitarian activities at the southern border in anticipation of increased arrivals.
- **Operations Support**—\$183 million for the COVID-19 call center, contractor support and contract costs, and the Public Health Reserve Corps.
- **Emergency Contingency Funds**—\$250 million to support unanticipated COVID-19 emergency response needs.
- **Fitness Council**—\$7 million General Fund to support the Governor's Advisory Council on Physical Fitness and Mental Well-Being and an outreach campaign promoting the benefits of physical activity.
- **Public Health Workforce**—\$75.6 million one-time General Fund over three years to strengthen and expand the state's public health workforce. The Budget includes the specific following investments:
  - **Public Health Workforce: Incumbent Upskilling**—\$12.8 million General Fund over four years.
  - **Public Health Workforce: CA Public Health Pathways Training Corp**—\$24 million General Fund over three years.
  - **Public Health Workforce: CA Microbiologist Training**—\$9.6 million General Fund over three years.

- **Public Health Workforce: Public Health Lab Aspire**—\$9.6 million General Fund over three years.
- **Public Health Workforce: CA Epidemiology Investigation**—\$9.6 million General Fund over three years.
- **Clinical Dental Rotations**—\$10 million one-time General Fund for the Office of Oral Health to establish community-based clinical education rotations for dental students in their final year or dental residents.

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## 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 ADJUSTMENTS:

- **Community Based Adult Services (CBAS) COVID-19 Mitigation & Resilience Grants**—\$61.4 million General Fund to provide one-time funding to support CBAS providers in responding to and mitigating the impact of COVID-19 with adult day services.
- **Modernizing the Older Californians Act**—\$59.3 million General Fund to provide one-time funding to pilot restoring various local aging programs such as Community Based Support Programs, Family and Caregiver Support, Aging in Place, and Senior Volunteer Development.

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## DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

The 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:

- **CalRX Biosimilar Insulin Initiative**—\$100.7 million General Fund in 2022-23 and \$700,000 General Fund annually between 2023-24 and 2025-26 to develop low-cost insulin products, including \$50 million for the development of low-cost interchangeable biosimilar insulin products, \$50 million for a California-based insulin manufacturing facility, and \$700,000 (\$2.8 million over four years) for state operations to fulfill requirements of the contract partnership, including monitoring, oversight, and legal compliance.
- **Office of Health Care Affordability**—\$13 million General Fund in 2023-24, \$31.6 million General Fund in 2024-25, and \$31.5 million General Fund in 2025-26 and annually thereafter to create and implement activities of the Office of Health Care Affordability. The Office will work to bend the health care cost curve by analyzing the health care market for cost trends and drivers of spending and enforcing health care cost targets while promoting quality and equity. The Budget includes a reappropriation of \$30 million General Fund for the Office, originally included in the 2021 Budget Act.
- **Health Care Workforce Investments**—\$1.06 billion one-time (\$1.05 billion General Fund) over three years to HCAI to strengthen and expand the state's health and human services workforce. The budget includes the specific following investments:
  - **Nursing Initiative**—\$220 million General Fund over three years.
  - **Community Health Workers**—\$281.4 million General Fund over three years.
  - **Social Work Initiative**—\$126 million General Fund over three years.
  - **Public Health Workforce: Waive Public Health Nurse Certification Fees**—\$10 million General Fund.
  - **Behavioral Health Workforce: Addiction Psych/Medicine Fellowships**—\$50 million General Fund over two years.
  - **Behavioral Health Workforce: Universities/College Grants for Behavioral Health Professionals**—\$52 million General Fund over two years.
  - **Behavioral Health Workforce: Expand MSW Slots at Public Universities/Colleges**—\$60 million General Fund over two years.
  - **Behavioral Health Workforce: Psychiatry GME and Loan Repayment**—\$38 million General Fund over two years.

- **Primary Care Workforce: Song-Brown Residencies**—\$30 million General Fund over three years.
- **Primary Care Workforce: Health IT Workforce Training**—\$15 million General Fund.
- **California Reproductive Health Service Corps**—\$20 million General Fund.
- **Certified Nurse Midwives in Song-Brown**—\$1 million General Fund.
- **Song-Brown Nurses**—\$50 million General Fund over three years.
- **Golden State Social Opportunities Program**—\$10 million in Mental Health Services Fund.
- **Clinic Workforce**—\$75 million General Fund.

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## OTHER HEALTH AND HUMAN SERVICES

### SIGNIFICANT ADJUSTMENTS:

- **Federal Public Health Emergency Extension**—\$1.6 billion (\$993.5 million in General Fund savings) in 2022-23 and \$1.1 billion (\$276.4 million General Fund) in 2023-24 to reflect enhanced Federal Medical Assistance Percentage savings for the Department of Health Care Services, Department of Developmental Services, Department of Social Services, and Department of Child Support Services and caseload costs in Medi-Cal associated with the assumed extension of the federal Public Health Emergency from July 15, 2022 to October 15, 2022. Redeterminations are expected to begin January 2023.
- **Felony Incompetent to Stand Trial Waitlist Solutions**—\$535.5 million General Fund in 2022-23, increasing to \$638 million General Fund per year in 2025-26 and ongoing at the Department of State Hospitals for solutions focusing on Early Stabilization and Community Care Coordination and Expanding Diversion and Community-Based Restoration Capacity for the Incompetent to Stand Trial (IST) population. This proposal will establish 5,000 beds over four years to support felony ISTs.
- **Community Assistance, Recovery and Empowerment (CARE) Court**—\$64.7 million General Fund in 2022-23 and roughly \$49 million General Fund ongoing for the Department of Health Care Services, the Judicial Branch, and the Department of Aging to administer CARE Court, contingent on adoption of statutory changes. The Administration continues to work with Judicial Council and counties to estimate

costs associated with this new court process. See the Judicial Branch Chapter for more information.

- **Non-designated Public Hospital Bridge Loan Program**—\$40 million one-time General Fund for the California Health Facilities Financing Authority to support cash flow loans to be repaid within two years for non-designated public hospitals to address financial impacts of the COVID-19 public health emergency.
- **Specialty Dental Clinic Grant Program**—\$50 million one-time General Fund over two years for the California Health Facilities Financing Authority to support infrastructure grants to specialty dental clinics to increase access to oral health.
- **Office of Youth and Community Restoration**—\$10 million ongoing General Fund to support activities, including but not limited to, technical assistance, disseminate best practices, and issue grants to counties and probation departments for the purpose of transforming the juvenile justice system to improve outcomes for justice involved youth.
- **Affordability in Covered California**—\$304 million for Covered California to reinstitute California's premium subsidy program that was in effect in 2020 and 2021 if federal action is not taken to extend American Rescue Plan Act premium subsidies for 2023 and beyond. The 2021 state subsidy program design would continue providing premium support for lower- and middle-income Californians under 600 percent of the federal poverty level.
- **Pass-Through of Child Support Collections for Formerly Assisted Families**—Under current law, families formerly receiving state assistance (such as CalWORKs) do not receive the full "pass-through" of child support payments collected by the state. The Budget waives the state's share of recoupment to be passed on to families, along with the counties and federal government's shares of recoupment, resulting in a total estimated pass-through to formerly assisted families of \$187 million annually.
- **Earned Income Tax Credit and Young Child Tax Credit**—The Budget includes several changes to the state's Earned Income Tax Credit (EITC) and Young Child Tax Credit (YCTC) administered by the Franchise Tax Board, as follows:
  - Create a new \$1,000 refundable tax credit beginning in the 2022 tax year for young adults age 18 through 25 who have come through the foster care system, at an estimated annual ongoing cost of around \$20 million.
  - Index the \$1,000 YCTC amount for inflation beginning in the 2022 tax year, at an estimated additional cost of \$14 million in fiscal year 2022-23, growing to \$102 million in fiscal year 2025-26.

- Allow the YCTC to be claimed by households with zero earned income but who would otherwise qualify for the state's EITC, beginning in the 2022 tax year and at an estimated ongoing cost of around \$55 million.
- Prohibit most state tax offsets of delinquent accounts for payments related to EITC and YCTC recipients, beginning in the 2024 tax year. This applies to debts such as unpaid registration fees, tolls and fines, but will exclude child support payments.

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# HOUSING AND HOMELESSNESS

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## HOUSING

In recent years, the state has invested billions in incentives for housing production, including \$10.3 billion in the 2021 Budget Act. The Budget invests an additional \$2.9 billion for affordable housing production and homeownership opportunities, for a total housing package of \$11.2 billion over multiple years.

### AFFORDABLE HOUSING PRODUCTION

The Budget includes over \$2 billion General Fund over the next two years for affordable housing production in the following programs:

- **Adaptive Reuse**—\$450 million one-time General Fund (\$200 million in 2022-23 and \$250 million in 2023-24) to convert existing commercial or office space to affordable housing. \$50 million of this investment is for the Los Angeles County and University of Southern California General Hospital adaptive reuse project.
- **Infill Infrastructure Grant Program**—\$425 million one-time General Fund (\$200 million in 2022-23 and \$225 million in 2023-24) to fund necessary infrastructure for affordable housing in downtown-oriented areas.
- **Multifamily Housing Program**—\$325 million one-time General Fund (\$100 million in 2022-23 and \$225 million in 2023-24) to augment the Multifamily Housing Program,

which is expected to exhaust the remainder of the \$1.5 billion provided to the program in the Veterans and Affordable Housing Bond Act of 2018 in 2022-23.

- **California Housing Accelerator Program**—\$250 million one-time General Fund toward the California Housing Accelerator program for affordable housing projects awaiting awards from the California Tax Credit Allocation Committee or the California Debt Limit Allocation Committee.
- **Portfolio Reinvestment Program**—\$150 million one-time General Fund (\$50 million in 2022-23 and \$100 million in 2023-24) for the Portfolio Reinvestment Program to further preserve targeted units in downtown-oriented areas and continue increasing the state's affordable housing stock.
- **State Excess Sites Developments**—\$100 million one-time General Fund (\$25 million in 2022-23 and \$75 million in 2023-24) to expand affordable housing development and adaptive reuse opportunities on state excess land sites. This will leverage state land as an asset to expedite housing opportunities by offering low-cost, long-term ground leases in exchange for affordable and mixed-income housing.
- **Manufactured Housing Opportunity and Revitalization Program**—\$100 million one-time General Fund (\$25 million in 2022-23 and \$75 million in 2023-24) for the Department of Housing and Community Development's (HCD) Manufactured Housing Opportunity and Revitalization Program (formerly the Mobilehome Park Rehabilitation and Resident Ownership Program). These funds will finance the preservation and development of affordable mobilehome parks.
- **Veterans Housing and Homeless Prevention Program**—\$100 million one-time General Fund (\$50 million in 2022-23 and \$50 million in 2023-24) to augment the Veterans Housing and Homeless Prevention Program, which is expected to exhaust the \$600 million provided to the program in the Veterans Housing and Homeless Prevention Bond Act of 2014 in 2022-23.
- **Joe Serna Jr. Farmworker Housing Grant Program**—\$50 million one-time General Fund to augment the Joe Serna Jr. Farmworker Housing Grant Program to fund new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower income households.
- **Accessory Dwelling Unit Financing**—\$50 million one-time General Fund for the California Housing Finance Agency to provide grants to reimburse pre-development and non-reoccurring closing costs associated with the construction of an Accessory Dwelling Unit.

## HOMEOWNERSHIP

The Budget includes \$850 million to help very-low-, low-, and moderate-income individuals purchase or remain in homes.

- **California Dream for All Program**—\$500 million one-time General Fund to establish the California Dream for All Program at the California Housing Finance Agency to provide shared-appreciation loans in conjunction with interest-rate buy downs to low- and moderate-income first-time homebuyers to assist with down payments and rising interest rates.
- **CalHome**—\$350 million one-time General Fund (\$250 million in 2022-23 and \$100 million in 2023-24) to provide grants to local public agencies and nonprofit corporations for first-time homebuyer and housing rehabilitation assistance, homebuyer counseling, and technical assistance activities to enable low- and very-low-income individuals to become or remain homeowners.

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## HOMELESSNESS

The Budget builds on the previous year's historic commitment of funds for addressing homelessness by providing an additional \$3.4 billion over three years to continue the state's comprehensive approach toward services and supports for individuals who are experiencing homelessness, or who are at risk of experiencing homelessness. The Budget homelessness package totals \$10.2 billion over two years.

### SIGNIFICANT ADJUSTMENTS INCLUDE:

- **Encampment Resolution Grants**—\$300 million General Fund for 2022-23, and \$400 million General Fund for 2023-24, to expand the Encampment Resolution Grants program. Of the 2022-23 funds, \$150 million is prioritized for assisting persons living in encampments located on a state right-of-way.
- **Homeless Housing, Assistance, and Prevention Program (HHAP)**—\$1 billion General Fund for HHAP, and \$1 billion General Fund for 2023-24 for the program. HHAP is a source of funds for cities, counties, and continuums of care to create comprehensive plans to address their homelessness challenges in ways that best meet local needs.
- **Homekey 2.0**—\$150 million General Fund in 2021-22 to augment the \$1.5 billion provided for Homekey 2.0 and \$1.3 billion for 2022-23. Awards from Homekey 2.0



continue to be announced, and cumulatively have helped to facilitate more than 10,000 new units of housing for Californians experiencing homelessness.

- **Behavioral Health**—\$1.5 billion General Fund over two years for the Behavioral Health Bridge Housing Program to expand access to housing for individuals with complex behavioral health needs. The Budget also continues to invest in community restoration placements and services for individuals deemed incompetent to stand trial. See the Health and Human Services Chapter for more details.
- **Transitional Housing and Housing Navigators**—\$34 million ongoing General Fund for HCD's Transitional Housing Program (\$25.3 million) and Housing Navigators Program (\$8.7 million) to provide transitional housing and services to youth who were formerly in the foster system or on probation.

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### TOTAL HOUSING AND HOMELESSNESS INVESTMENTS

The Budget further commits funds to equitably build more affordable and climate-smart housing for Californians and expand access to housing for vulnerable populations, including individuals with complex behavioral health conditions and people living in unsheltered settings. In total, the Budget includes \$11.2 billion for housing resources and \$10.2 billion for homelessness resources in 2022-23, as detailed below.

**Affordable Housing Funding at 2022 Budget Act**

(Dollars in Millions)

Department	Program	Total Funding
Department of Housing and Community Development <sup>11</sup>	Veterans and Affordable Housing Bond Act Programs (Prop 1)	\$431.9
	No Place Like Home Program	\$400.0
	Building Homes and Jobs Fund Programs (SB 2)	\$233.8
	Federal Funded Programs for Housing	\$260.2 <sup>2/</sup>
	CalHome	\$250.0 <sup>3/</sup>
	Accelerator	\$250.0
	Adaptive Reuse	\$200.0 <sup>3/</sup>
	Infill Infrastructure Grant Program	\$200.0 <sup>3/</sup>
	Multifamily Housing Program	\$100.0 <sup>3/</sup>
	Veterans Housing and Homelessness Prevention	\$125.0 <sup>3/1/</sup>
	Joe Sema Farmworker Housing Grants	\$50.0 <sup>3/</sup>
	Portfolio Reinvestment Program (Preservation)	\$50.0 <sup>3/</sup>
	State Excess Sites	\$25.0 <sup>3/</sup>
	Manufactured Housing Opportunity and Revitalization Program	\$25.0 <sup>3/</sup>
	Various	\$13.0
Office of Migrant Services	\$5.6	
California Housing Finance Agency <sup>4/</sup>	Low-Moderate Income Housing	\$50.0
	Single Family First Mortgage Lending	\$2,500.0
	Homeowner Assistance Fund	\$1,055.0
	Multifamily Conduit Lending	\$1,300.0
	California Dream For All	\$500.0
	Multifamily Permanent Lending	\$350.0
	Single Family Down Payment Assistance/Homebuyer Assistance	\$140.0 <sup>5/</sup>
	Mixed-Income Loan Program	\$43
	Accessory Dwelling Unit Financing	\$50.0
Tax Credit Allocation Committee	Low Income Housing Tax Credits (State)	\$645.5 <sup>6/</sup>
	Low Income Housing Tax Credits (Federal)	465.7 <sup>7/</sup>
	Farmworker Housing Assistance Tax Credits	\$4.6
Strategic Growth Council	Affordable Housing and Sustainable Communities	\$477.0 <sup>8/</sup>
Department of Veterans Affairs	CalVet Farm and Home Loan Program (Prop 1)	\$150.0
Judicial Council	Legal Assistance for Renters and Homeowners	\$50.0
Office of Emergency Services	Domestic Violence Housing First Program	\$23.0
	Transitional Housing Program	\$17.0
	Specialized Emergency Housing	\$10.0
	Domestic Violence Assistance, Equality in Prevention and Services, Human Trafficking Victim Assistance, North American Domestic Violence and Sexual Assault	- <sup>9/</sup>
California Department of Corrections and Rehabilitation	Returning Home Well	\$10.6
	Specialized Treatment of Optimized Programming, Parolee Service Center, Day Reporting Center, Female Offender Treatment and Employment Program, Proposition 47 Grant Program	- <sup>9/</sup>
Board of State and Community Corrections	Transitional Housing for Division of Juvenile Justice Youth	\$3.0
Department of Public Health	Housing Opportunities for Persons with AIDS (HOPWA)	\$5.0
	Housing Plus Program	\$1.0
	HIV Care Program	- <sup>9/</sup>
California Community Colleges		10/
California State University	Higher Education Student Housing Grant Program	\$750.0
University of California		
<b>Total</b>		<b>\$11,219.9</b>

1/ Notwithstanding multiyear or continuous appropriations, these estimates depict HCD's appropriations for the 2022 Budget Act.

2/ This amount reflects programs that receive federal funds, such as the Community Development Block Grant program.

3/ Note the 2022 Budget includes an outyear appropriation for this program in 2023-24.

4/ CalHFA is self-supporting and its single family and conduit lending programs do not rely on the state General Fund. Funding estimates are based on lending activities from 2020-21, market demand for homeownership, available program resources, volume cap allocation, and multifamily lending pipeline projections.

5/ This program receives no General Fund allocation and is continuously financed based on market demand. This estimate is based on last year's lending activities and market demand for the first mortgage homeownership product.

6/ This includes \$500 million state tax credits allocated in the 2021 Budget Act.

7/ This represents the estimated 9 percent and 4 percent tax credits available in 2022 and the remaining 9 percent federal disaster credits from 2021.

8/ The Affordable Housing and Sustainable Communities program amount reflects 20 percent of projected Cap and Trade revenues and \$22 million that is proposed to be reappropriated from the 2014 Budget Act.

9/ The state provides a number of wrap-around supportive services through these programs including housing, which cannot be separated from the program's overall budget.

10/ The 2022-23 funding for the Higher Education Student Housing Grant Program represents the second year of a total \$2.2 billion investment planned over a three-year period. The 2021 and 2022 Budget Acts provided \$700 million for this purpose in 2021-22 to increase availability of affordable student housing.

11/ The 2022 Budget Act includes \$50 million General Fund for the Veterans Housing and Homeless Prevention program in 2022-23.

**Homelessness Funding at 2022 Budget Act**  
(Dollars in Millions)

Department	Program	Total Funding
Department of Housing and Community Development	Continued Homekey Acquisitions	\$1,300.0
	Federal Funded Programs for Homelessness	\$148.0 <sup>1/</sup>
	Foster Youth Housing Navigators	\$13.7
	Transitional Housing Program	\$42.3
California Interagency Council on Homelessness	Flexible Aid	\$2,000.0 <sup>2/</sup>
	Homeless Landscape Assessment	\$0.6
	Encampment Resolution Efforts	\$700.0 <sup>3/</sup>
Office of Emergency Services	Various Homeless Youth Programs	\$1.0
	Youth Emergency Telephone Network	\$0.6
Department of Social Services	Community Care Expansion (Operating Subsidies)	\$55.0
	CalWORKS Housing Support Program	\$285.0
	Housing and Disability Advocacy Program	\$175.0
	Bringing Families Home	\$92.5
	Home Safe Program	\$92.5
Department of Health Care Services	Behavioral Health Continuum Infrastructure Program	\$1,724.7 <sup>4/</sup>
	Behavioral Health Bridge Housing Program	\$1,500.0 <sup>5/</sup>
	Naloxone Distribution Project for Individuals Experiencing Homelessness	\$15.0
	Housing and Homelessness Incentive Program	\$1,299.6 <sup>6/</sup>
	Project for Assistance in the Transition from Homelessness	\$8.8
Department of State Hospitals	IST Sub-Acute Bed Capacity Expansion	\$88.5 <sup>7/</sup>
	Community-Based Restoration (CBR)	\$78.4 <sup>7/</sup>
	IST Solutions	\$398.2 <sup>7/</sup>
Department of Transportation	Encampment Relocation Coordinators and Homeless Services Liaisons	\$2.7
	Clean California - additional Hazardous Material Removal	\$25.0
	Hazardous Material Removal at Encampments	\$20.6
California Community Colleges	Basic Needs Resource Centers Funding - Student Hunger and Homelessness Programs	\$40.0 <sup>8/</sup>
	Rapid Rehousing	\$19.0 <sup>8/</sup>
California State University	Basic Needs Funding - Student Hunger and Homelessness Programs	\$25.0 <sup>8/</sup>
	Rapid Rehousing	\$6.5 <sup>8/</sup>
University of California	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15.0 <sup>8/</sup>
	Rapid Rehousing	\$3.5 <sup>8/</sup>
<b>Total</b>		<b>\$10,176.7</b>

<sup>1/</sup> This amount reflects programs that receive federal funds, such as the Emergency Solutions Grant and the National Housing Trust Fund programs.

<sup>2/</sup> This amount reflects \$1 billion General Fund in both 2022-23 and 2023-24.

<sup>3/</sup> This amount reflects \$300 million General Fund in 2022-23 and \$400 million General Fund in 2023-24.

<sup>4/</sup> Of the \$2.2 billion total funds over 2021-22 and 2022-23, \$1.7 billion is General Fund and \$530 million is Coronavirus Fiscal Recovery Fund. 2022-23 includes \$277.5 million carried over from 2021-22.

<sup>5/</sup> The proposal includes \$1 billion General Fund in 2022-23 and \$500 million General Fund in 2023-24.

<sup>6/</sup> This program is part of the Home and Community-Based Services Spending Plan. This proposal includes \$650.2 million (\$325.1 million Federal Fund) in 2022-23 and \$649.4 million (\$324.7 million in Federal Fund) in 2023-24.

<sup>7/</sup> 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.

<sup>8/</sup> 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 in the 2019 and 2021 Budget Acts to address student mental health. Program funding reflected for UC Basic Needs and UC/CSU/CCC Rapid Rehousing was provided on an ongoing basis in the 2019 Budget Act, and program funding for CCC Rapid Rehousing was increased by \$10 million ongoing Proposition 98 General Fund in the 2022 Budget Act. Program funding reflected for CCC and CSU Basic Needs was provided on an ongoing basis in the 2021 Budget Act. Program funding for CCC and CSU basic needs was increased by \$10 million ongoing General Fund and \$10 million ongoing Proposition 98 General Fund, respectively, in the 2022 Budget Act.

# PANDEMIC RESPONSE AND FEDERAL ASSISTANCE

The Budget responds to the changing nature of COVID-19 by implementing the state's "Shots, Masks, Awareness, Readiness, Testing, Education, and Rx" (SMARTER) Plan approach to COVID-19. Additional details regarding the SMARTER Plan can be found on [covid19.ca.gov/smarter](https://covid19.ca.gov/smarter).

The Administration is using the lessons of the last two years to implement mitigation and adaptation measures through effective and timely strategies. Throughout the pandemic, California has relied on science and tools that protect its population, including vaccines, masks, tests, isolation and quarantine, improved ventilation, and community outreach within the hardest-hit communities. In the future, California will be prepared to apply a variety of strategies in more precise ways, integrating new innovations and information to protect Californians from variants of the virus.

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## IMPLEMENTATION OF THE SMARTER PLAN

The SMARTER Plan, which establishes metrics for the state to continue to respond to the pandemic as well as a roadmap for ongoing emergency preparedness, includes new activities such as test-to-treat therapeutics, wastewater surveillance, and research on the long-term health impacts of COVID-19. The Budget includes additional resources to support the continuation of COVID-19 response efforts and activities in 2022-23, in

alignment with the SMARTER Plan. Specific adjustments for the California Department of Public Health (CDPH) include:

- **Medical Staffing**—\$100 million to support upfront staffing costs for facilities needing additional medical surge staff during COVID-19 surges consistent with the SMARTER Plan. Facilities needing additional medical surge staff are required to reimburse the state for deployed staff. The Budget includes \$40 million for staff to prepare for the release of vaccines for children under five years old, continue second boosters for eligible populations, and increase staffing capacity at pediatric sites.
- **Testing**—\$530 million for purchasing additional antigen test kits, supporting school testing activities with end-to-end vendors, continuing rapid testing and treatment sites, and supporting laboratory network costs.
- **Vaccines**—\$93 million to prioritize vaccination of youth under five years old, additional boosters for eligible populations over 50 years old, and continuation of mobile vaccination sites through the end of 2022-23. In addition, \$230 million is for the Office of Community Partnerships and Strategic Communications to support COVID-19 vaccine-related public education and outreach campaigns previously implemented by CDPH.
- **Enhanced Surveillance**—\$16 million for tracking and monitoring of transmission of COVID-19 through wastewater surveillance, epidemiologic data analysis, modeling of future data trends, and research on the long-term impacts of COVID-19.
- **Test-to-Treat Therapeutics**—\$158 million to implement a Test-to-Treat Program for therapeutic treatment targeted at low-income, uninsured, and underinsured populations.
- **Border Operations**—\$468 million for border operations that will continue the state's COVID-19 response and humanitarian activities at the southern border in anticipation of increased arrivals. An additional \$9 million is provided for the Office of Emergency Services to continue its portion of these border response operations.
- **Operations Support**—\$183 million for the COVID-19 call center, contractor support and contract costs, and the Public Health Reserve Corps.
- **Emergency Contingency Funds**—\$250 million to support unanticipated COVID-19 emergency response needs.

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## ADDRESSING COVID-19 RESPONSE COSTS

To minimize the net General Fund impact of direct COVID-19 emergency response costs, the Administration continues to maximize the use of various federal funds and the Federal Emergency Management Agency (FEMA) Public Assistance Program. The 100-percent FEMA reimbursement of COVID-19 emergency response costs was extended through July 1, 2022. These costs will be reimbursed at a 90-percent FEMA cost-share after July 1, 2022. The Budget assumes that FEMA reimbursement of COVID-19 costs will end on September 30, 2022. The process to compile, submit, and receive funding from FEMA is lengthy for most disasters and will likely be lengthy for the COVID-19 emergency given its scope.

The Budget includes \$2.3 billion General Fund in 2022-23 for direct COVID-19 emergency response costs. The following chart summarizes the activities and budgeted funding levels for 2022-23 compared to 2021-22 as revised by the early action package. From 2019-20 through 2022-23, direct emergency response costs are estimated to be \$15.6 billion.

**COVID-19 Direct Response Activities  
2022-23 Budget Act Compared to 2021-22 Revised Budget**

<b>Cost Category</b> <sup>1/</sup>	<b>2021-22 Revised Total Funding</b> <sup>2/</sup>	<b>2022-23 Budget Act</b>	<b>2022-23 Budget Act Over 2021-22 Revised</b>
Statewide Testing	\$1,430,621,000	\$659,759,000	(\$770,862,000)
Vulnerable Populations and Other Support Services <sup>3/</sup>	\$0	\$420,025,000	\$420,025,000
Vaccine Distribution and Administration	\$789,128,000	\$364,501,000	(\$424,627,000)
State Response Operations	\$773,115,000	\$332,636,000	(\$440,479,000)
Contingency	\$0	\$250,000,000	\$250,000,000
Therapeutics	\$0	\$158,129,000	\$158,129,000
Hospital and Medical Surge	\$561,019,000	\$110,149,000	(\$450,870,000)
Contact Tracing	\$20,590,000	\$18,284,000	(\$2,306,000)
Surveillance	\$0	\$16,465,000	\$16,465,000
Hotels for Healthcare Workers	\$33,237,000	\$1,056,000	(\$32,181,000)
Procurements	\$59,317,000	\$859,000	(\$58,458,000)
Information Technology (CalREDIE)	\$6,000,000	\$0	(\$6,000,000)
Project Hope	\$84,000	\$0	(\$84,000)
Housing for the Harvest	\$69,000	\$0	(\$69,000)
<b>Totals</b>	<b>\$3,673,180,000</b>	<b>\$2,331,863,000</b>	<b>(\$1,341,317,000)</b>

<sup>1/</sup>An additional \$8.4 million was appropriated to the Department of General Services in the current year from 2019-20 Mission Tasking.

<sup>2/</sup> Includes Control Section 11.91 transfers.

<sup>3/</sup> In April 2021, \$360 million General Fund was provided through the Disaster Response Emergency Operations Account (DREOA) to the California Department of Public Health for administering emergency response activities at the border, of which \$57.4 million will be carried over to 2022-23.

## CORONAVIRUS STATE FISCAL RECOVERY FUNDS

California received \$27 billion in State Fiscal Recovery Funds (SFRF) from the American Rescue Plan Act of 2021 to respond to the COVID-19 public health emergency and its negative economic impacts, replace lost revenue, and to make investments in infrastructure like broadband. For revenue replacement, states are permitted to use an amount of SFRF equivalent to their calculated lost revenue to fund government services. Using a fiscal year methodology permitted by U.S. Treasury, the Budget estimates a total revenue loss of up to \$17.2 billion.

To maximize funding flexibility and streamline administrative procedures, the Budget shifts \$2 billion in three SFRF-funded projects to General Fund support: (1) Revitalize California Tourism, (2) Statewide Child Savings Account, and (3) Education and Training Grants for Displaced Worker projects. The increased General Fund will be offset with an

equivalent amount of additional revenue replacement funding from the SFRF, so there are no net General Fund costs. The Administration will provide final allocation plans to the Legislature for any additional swaps of projects necessary to streamline administration of these projects. Future fund shifts also will not change total funding levels for any of the impacted programs. The chart below summarizes the SFRF funding plan and the shifts in fund source.

**Revised Allocation of \$27 Billion Coronavirus State Fiscal Recovery Fund**

(Dollars in Millions)

Coronavirus State Fiscal Recovery Fund Allocations	2022-23 Governor's Budget <sup>1/</sup>	2022-23 Budget Act	Difference
<b>Address Public Health Impacts</b>	<b>\$738.8</b>	<b>\$738.8</b>	<b>\$0.0</b>
COVID-19 Direct Response Costs	\$208.8	\$208.8	\$0.0
Behavioral Health Continuum Infrastructure Program	\$530.0	\$530.0	\$0.0
<b>Address Negative Economic Impacts</b>	<b>\$11,328.8</b>	<b>\$9,353.4</b>	<b>-\$1,975.4</b>
Address Increased Homelessness and Housing Shortages	\$4,750.0	\$4,750.0	\$0.0
Community Care Expansion	\$450.0	\$450.0	\$0.0
Relief for Unpaid Water and Energy Utility Bills and Arrearages	\$2,000.0	\$2,000.0	\$0.0
Child Savings Accounts to Address Equity Gap and Increase Opportunities for Higher Education	\$1,407.9	\$0.0	-\$1,407.9
Small Business Grants	\$1,500.0	\$1,500.0	\$0.0
Training and Education Support for Displaced Workers	\$472.5	\$0.0	-\$472.5
Emergency Financial Aid for Community College Students	\$250.0	\$250.0	\$0.0
Youth Workforce Development	\$185.0	\$185.0	\$0.0
Californians for All College Service Program	\$127.5	\$127.5	\$0.0
Revitalize California Tourism	\$95.0	\$0.0	-\$95.0
Legal Aid for Renters	\$80.0	\$80.0	\$0.0
Federal Tracking, Accountability, and Cost Recovery	\$10.9	\$10.9	\$0.0
<b>Replace Lost State Revenue <sup>2/</sup></b>	<b>\$11,158.3</b>	<b>\$13,133.7</b>	<b>\$1,975.4</b>
<b>Broadband Infrastructure, Access, and Affordability</b>	<b>\$3,772.4</b>	<b>\$3,772.4</b>	<b>\$0.0</b>
<b>Reserve for Accountability and Oversight</b>	<b>\$18.6</b>	<b>\$18.6</b>	<b>\$0.0</b>
<b>Total</b>	<b>\$27,017.0</b>	<b>\$27,017.0</b>	<b>\$0.0</b>

Note: These figures reflect 2021-22 appropriations. Unless otherwise stated, any budgetary adjustments made to these figures will be reflected in fiscal year 2021-22. This table also reflects point-in-time budgetary adjustments. Future adjustments may occur pursuant to Control Section 11.96, subject to notification to the Joint Legislative Budget Committee.

<sup>1/</sup> This column incorporates an early action shift of \$1.9 billion in programs funded by the State Fiscal Recovery Fund to either the General Fund or other state funds to maximize funding flexibility and streamline federal reporting activities in the 2021 Budget Act.

<sup>2/</sup> The net amount in the 2022-23 Budget Act reflects the state's updated revenue loss estimate and an additional \$4.1 billion set-aside reserve for potential compliance risks above what was estimated at Governor's Budget.



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# EMERGENCY RESPONSE

Some of the most challenging emergencies in state history have occurred over the past few years, often concurrently, including the COVID-19 Pandemic and catastrophic wildfires. While the pandemic is evolving from an acute crisis to an ongoing public health challenge, climate change continues to intensify and lengthen the wildfire season in California. In 2021, the state experienced 5 of the 20 largest wildfires in its history, and California communities continue to rebuild from successive climate change-driven catastrophic wildfire seasons. Accordingly, the Budget builds on recent investments to continue to enhance the state's ability to prepare for, respond to, and recover from future disasters and protect vulnerable communities.

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## OFFICE OF EMERGENCY SERVICES

The state is responsible for mitigating the effects of disasters and for protecting Californians' lives and property. The Office of Emergency Services (Cal OES) serves as the state's leadership hub during all major emergencies and disasters. This includes responding, directing, and coordinating local, state and federal resources and mutual aid assets across all regions to support the diverse communities across the state.

Cal OES also builds disaster resilience by supporting local jurisdictions and communities through planning and preparedness activities, training, and facilitating the immediate response to an emergency through the longer-term recovery phase. During this process, Cal OES serves as the state's overall coordinator and agent to secure federal

government resources through the Federal Emergency Management Agency. The Budget includes \$2.4 billion (\$853 million General Fund) and 1,752 positions for Cal OES.

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### **STRENGTHENING CALIFORNIA'S EMERGENCY RESPONSE CAPACITY AND CAPABILITIES**

The Budget includes \$222.8 million (\$193 million General Fund) and 110 positions to address the more frequent, complicated, and often simultaneous emergencies and disasters across the state. This includes:

- **Safeguarding the Availability and Delivery of Emergency Supplies and Commodities**—\$114.3 million one-time General Fund to provide warehouse space, purchase new and replace expiring personal protective equipment, increase commodity supply for an all-hazard event, and secure logistic support equipment. This proposal will support California's ability to act quickly and help ensure appropriate resources are available across the state for all emergencies.
- **Modernizing All Hazard Response and Mutual Aid System Through Technology**—\$30 million ongoing General Fund and 31 positions (\$5.6 million and 20 positions for the Department of Forestry and Fire Protection (CAL FIRE)) to establish the Fire Integrated Real-time Intelligence System (FIRIS) program to increase the real-time information and situational awareness available to the state and California's mutual aid system responders and managers on all hazards events, including wildfires. FIRIS will utilize a combination of aircraft, high-definition real-time video, and data analysis dispatched throughout the state to provide nearly instantaneous, accurate visual situation awareness that informs public safety and emergency management operational and tactical decisions. Early detection and rapid intelligence allows for the strategic and efficient allocation of resources before, during, and after disaster incidents, and a more effective response to reduce loss of life and property. The intelligence gathered will also provide data and support to the Wildfire Forecast and Threat Intelligence Integration Center, as established through SB 209 (Chapter 405, Statutes of 2019).
- **Responding to the Pandemic**—\$29.5 million one-time to continue COVID-19 testing efforts and provide resources to activate the state's mutual aid system in the event of future outbreaks. For additional information, please see the Pandemic Response and Federal Assistance Chapter.
- **Modernizing Technology and Data Analytics**—\$19 million General Fund in 2022-23, \$10.5 million ongoing, and 8 positions to modernize Cal OES's technology and data

capabilities through new technology and updating outdated systems. Reliable data analytics have proven more important than ever to make data-informed decisions impacting the state's emergency response and overall recovery strategy.

- **Enhancing the Fire and Rescue Mutual Aid Fire Fleet**—\$11.2 million General Fund in 2022-23, \$10.9 million ongoing, and 11 positions to enhance the California State Fire and Rescue Mutual Aid System's fire fleet. The Cal OES Fire and Rescue Division provides federal, state, and local firefighting and rescue surge capacity. Given the severity and increased frequency of wildfires in California, the potential for earthquakes, floods, mud and debris flows, and hazardous materials incidents, these resources will enhance the capacity of the mutual aid system to meet the demands of the state's disaster response entities.
- **Enhancing Emergency Warning and Response**—\$8.1 million General Fund in 2022-23, \$5.2 million ongoing, and 19 positions for the California State Warning Center to better analyze, monitor, coordinate, and inform decision-makers on critical emergency incidents and disasters. The Warning Center identifies potential emerging threats 24 hours a day, 365 days a year. This proposal will increase training, improve staff retention, and establish an alternate site to strengthen operational readiness.
- **Addressing Heightened Risks Through Enhanced Partnerships**—\$5.8 million in 2022-23 (\$5.5 million General Fund), \$5.1 million ongoing (\$4.8 million General Fund), and 20 positions to enhance Cal OES's regional response capacity and key partnerships with local governments and other local stakeholders. Regional disaster response and recovery capacity have been stretched thin by more frequent and higher intensity disasters. These resources will increase disaster resilience capacity based on each region's unique needs.
- **Expand Disaster Logistics Capabilities**—\$4.9 million ongoing General Fund and 21 positions to improve Cal OES's core operations and effectiveness, foster quality improvement projects, and enhance emergency response capabilities.

## OTHER ADJUSTMENTS

- **Providing Local Law Enforcement Mutual Aid Deployment Resources**—\$25 million General Fund and five positions annually for three years to provide local law enforcement support during disasters and emergencies. This funding will reduce local costs, accelerate response time, and provide sustainable participation of all 58 counties within the State Law Enforcement Mutual Aid system by minimizing funding considerations from the decision-making process.

- **Nonprofit Security Grant Program**—\$50 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, LGBTQ+, Black, Latinx, and Jewish communities. Security enhancement projects include reinforced doors and gates, high-intensity lighting and alarms, and other security-related improvements.

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### EMERGENCY PREPAREDNESS INFRASTRUCTURE

The Budget also contains \$35.9 million General Fund for strategic improvements to emergency preparedness infrastructure, including ongoing support for the earthquake early warning system. This includes:

- **California Earthquake Early Warning System**—\$17.1 million ongoing General Fund and 3 positions to support education and outreach, operations, and research and development of the California Earthquake Early Warning Program. This funding will allow the state to increase its earthquake sensor density in the rural parts of Northern California and the Sierra Nevada Microwave Telemetry project as well as offer grants to community-based organizations to educate socially isolated groups and other underserved communities. Cal OES will also undertake new research in the use of Frequency Modulation radio frequencies, television broadcasting networks, and crowd sourcing for expanded ways to alert the public when a significant earthquake occurs.
- **Cal OES Emergency Operations Centers and Security Improvements**—\$13.4 million one-time General Fund (\$11.6 million in 2022-23 and \$1.8 million in 2023-24) to complete design and construction for a renovated State Operations Center at the Cal OES facility in Sacramento and enhanced site security renovations.
- **Strengthening Southern California Response**—\$5.4 million one-time General Fund for design of a permanent Southern Regional Emergency Operations Center at the former Fairview Developmental Center in Costa Mesa. This new facility will provide for coordinated response efforts between federal, state, and local partners in the Southern California region, and it will be the critical focal point for mobilizing Southern California disaster response assets and intelligence.

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## **PUBLIC SAFETY COMMUNICATIONS**

Public Safety Communications, within Cal OES, is responsible for the design, installation, maintenance, and repair of statewide emergency and public safety communication systems. The Budget includes \$7.5 million General Fund in 2022-23, \$6 million ongoing, and 10 positions to support equipment for transferring calls between the 9-8-8 National Suicide Prevention Lifeline and the 9-1-1 system. See the Health and Human Services Chapter for more information.

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## **DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

The Department of Forestry and Fire Protection (CAL FIRE) provides resource management and wildland fire protection services covering 31 million acres. It operates 234 fire stations and also staffs local fire departments as funded by those local governments. CAL FIRE also contracts with six counties within the state to provide wildland fire protection services. The Budget includes \$3.9 billion (\$2.9 billion General Fund) and 11,273 positions for CAL FIRE.

The ongoing impact of climate change on California's wildlands continue to drive critically dry fuel conditions and longer, more severe fire seasons. The Budget recognizes these conditions and their impact on both firefighting operations and the state's wildfire and forest resilience. The Budget makes further investments to enhance CAL FIRE's fire protection capacity and strengthen the state's wildfire and forest resilience.

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## **ENHANCING CAL FIRE'S FIRE PROTECTION SURGE CAPACITY FOR THE 2022 FIRE SEASON**

Drought conditions persist in California, creating heightened fire conditions and danger. January, February, and March 2022 marked the driest consecutive first quarter on record, and predominantly dry weather is expected to worsen these conditions over the next several months. As a result, significant fire potential will remain above normal throughout California.

The Budget includes \$83.1 million one-time General Fund to augment CAL FIRE's fire protection resources through December 2022 given current drought conditions, increasing fire severity and size, and declining inmate camp populations. This funding will allow CAL FIRE to continue to staff 16 additional firefighter fire crews, provide

chainsaw operators to support California Military Department surge fire crews, expand training center capacity to accommodate these crews, and fund additional vehicle repair/maintenance costs as well as associated administrative cost.

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### **CAL FIRE STAFFING AND FIRE PROTECTION OPERATIONAL ENHANCEMENTS**

The Budget includes \$671.4 million (\$662.9 million General Fund) and 1,265 positions in 2022-23 to enhance CAL FIRE's capabilities to meet the demands of wildland firefighting in a changing climate. These amounts also include fire crews-related resources for the California Conservation Corps (CCC) and the California Military Department (CMD). This includes:

- **Fire Crews**—\$348.6 million General Fund in 2022-23, \$303.2 million ongoing, and 1,141 positions, phased in over four years, to: (1) right-size existing CCC crews, (2) convert 16 existing seasonal CCC and CMD crews to year-round crews (6 CCC and 10 CMD), and (3) add 37 new year-round crews (17 firefighter fire crews, 4 CCC fire crews, 4 CMD fire crews, and 12 contract county fire crews). These proposals will increase the overall number of permanent fire crews available to: (1) respond to wildfires throughout the year, (2) implement high-priority fuel reduction projects to protect communities from wildfire, and (3) participate in prescribed fire and other fuels treatment projects to achieve more resilient landscapes. This package builds upon existing partnerships and will partially offset the projected loss of Department of Corrections and Rehabilitation inmate crews.
- **Additional Fire Hawk Helicopters**—\$100 million General Fund in 2022-23, \$12.7 million ongoing, and 5 positions to purchase and operate four additional helicopters to support 24/7 operations of the enhanced helicopter fleet. California continues to invest in the acquisition and delivery of twelve S70i Fire Hawk helicopters, with 8 of 12 currently in California. These larger helicopters have the capability to drop up to 1,000 gallons of water at a time and operate at night, which can significantly slow advancing wildfires. The acquisition of four additional helicopters will provide additional aircraft availability to help maintain 24/7 flight operations during critical fire weather conditions when frontline helicopters are due for maintenance.
- **Firefighter Relief Staffing**—\$97.2 million General Fund in 2022-23, \$84.9 million ongoing, and 455 positions, phased in over four years, to improve the health and wellness of CAL FIRE firefighters and appropriately staff CAL FIRE to meet the demands of wildland firefighting in a changing climate. Over the past decade, firefighters from CAL FIRE have battled and endured 14 of the 20 largest wildfires in

the state's history. Current conditions appear to indicate above-average wildfire severity and intensity will continue in the coming years.

- **Exclusive Use Type 1 Helitankers**—\$52 million General Fund and 29 positions annually for three years to contract for 10 exclusive use helitankers each year while the state awaits the delivery of retardant dropping C-130 aircrafts from the federal government. CAL FIRE operates 12 state-owned firefighting helicopters, and 1 firefighting helicopter under contract with San Diego County, located strategically at 11 helitack bases across California. This proposal will augment the statewide aviation fleet with ten additional heavy helicopters, each capable of dropping 1,000-2,000 gallons of water at a time.
- **Direct Mission Support**—\$37.8 million (\$29.3 million General Fund) in 2022-23, \$35.6 million (\$27.5 million General Fund) ongoing, and 190 positions to improve operational effectiveness by strengthening and enhancing the core administrative and program support critical to sustain CAL FIRE's direct mission functions in an increasingly complex environment.
- **Surge Equipment: Fire Engines and Bulldozers**—\$35.8 million General Fund in 2022-23 and \$2.8 million ongoing for surge capacity dozers and fire engines. CAL FIRE operates 356 frontline fire engines and 59 bulldozers across the state. This equipment requires regular maintenance and can have unexpected mechanical breakdowns. This proposal will add two surge engines per unit and contract county, and ten additional bulldozers, to provide additional resources that can be staffed during critical fire conditions and resource drawdown.

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## WILDFIRE AND FOREST RESILIENCE

In 2021, the Administration and Legislature approved a \$1.5 billion investment in a comprehensive wildfire and forest resilience strategy. Continuing to address the scale and urgency of the state's wildfire risks, the Budget includes an additional \$670 million to advance projects that will provide the most immediate benefits during the 2022 fire season and in advance of the 2023 fire season, including the following:

- \$400 million to enhance wildfire resilience across California's diverse landscapes by thinning forests, replanting trees, expanding grazing, utilizing prescribed fire, and supporting reforestation, which will also improve biodiversity, watershed health, carbon sequestration, air quality, and recreation.



## EMERGENCY RESPONSE

- \$265 million to support strategic fuel breaks projects that will enable local communities to develop their own fire safety projects.
- \$5 million to expand defensible space inspections.

The Budget also sets aside an additional \$530 million over two years that will be allocated in the summer pending additional discussions with the Legislature to support additional wildfire and forest resilience actions.

In total, this results in a \$2.7 billion four-year investment to support critical wildfire and forest resilience programs to increase the pace and scale of forest health activities and decrease fire risk.

# JUDICIAL BRANCH

The Judicial Branch consists of the Supreme Court, courts of appeal, trial courts, the Habeas Corpus Resource Center, and the Judicial Council. 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 \$5.2 billion (\$3.3 billion General Fund and \$1.9 billion other funds) in 2022-23 for the Judicial Branch, of which \$2.8 billion is provided to support trial court operations. The Judicial Council is responsible for managing the resources of the Judicial Branch.

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## REDUCING FINES AND FEES FOR ALL CALIFORNIANS

In recent decades, the state substantially increased fines, fees, assessments, and surcharges levied on individuals convicted of criminal offenses to generate funding for specific state and local programs and services. The Judicial Council estimates these fines and fees generated nearly \$1 billion in revenue in 2020-21.

Recognizing the financial hardship these increased fines and fees have created for Californians, the Legislature and Administration have worked to implement various statutory and budget changes. For example, the 2018 Budget Act included resources to implement an Ability-to-Pay program to allow indigent and low-income individuals to apply online to have their fines and fees from traffic infractions reduced in accordance with their ability to pay. The 2021 Budget Act expanded this program statewide and incorporated both traffic and non-traffic infractions. Furthermore, the 2020 and

## JUDICIAL BRANCH

2021 Budget Acts included resources and statutory changes to eliminate the ability of state and local agencies to impose certain administrative fees for criminal offenses, such as fees imposed to recover costs related to public defense and probation supervision and to collect restitution, among others.

In continuation of these efforts to provide financial relief for individuals from the imposition of fines and fees, the Budget includes statutory changes to reduce civil assessment fees from a maximum of \$300 to \$100. The Budget includes \$67 million ongoing General Fund to backfill the resulting loss in revenue for trial courts. To provide additional financial relief, the Budget also waives past civil assessment debt prior to July 1, 2022, and includes \$10 million one-time General Fund to backfill the trial courts. Lastly, the Budget makes statutory changes to deposit collected civil assessments into the General Fund instead of the Trial Court Trust Fund.

The Budget also expands the pool of individuals eligible for automatic court filing fee waivers by raising the income threshold from 125 to 200 percent of the federal poverty level, and exempting those receiving certain government benefits. The Budget includes \$18 million ongoing General Fund to backfill the Trial Court Trust Fund for the resulting loss in revenue.

### OTHER SIGNIFICANT ADJUSTMENTS:

- **Trial Court Inflationary Adjustment and Fiscal Equity**—\$184.2 million ongoing General Fund for trial court operations. This amount includes \$84.2 million to adjust for statewide inflation and \$100 million to be allocated by the Judicial Council to promote fiscal equity among the trial courts.
- **Trial Court Trust Fund Revenue Backfill**—\$151.5 million ongoing General Fund to continue backfilling the expected revenue decline in the Trial Court Trust Fund and to maintain existing service levels. Additionally, the Budget includes \$10.3 million ongoing General Fund to backfill trial courts for revenue losses from the repeal of fees by Chapter 257, Statutes of 2021 (AB 177).
- **Superior Court Judgeships**—\$42.6 million General Fund in 2022-23 and \$42.3 million ongoing for 23 additional superior court judgeships, including associated security costs. The judges will be allocated based on the Judicial Council's 2020 Judicial Needs Assessment. With this augmentation, the Judicial Branch will be fully funded to fill all judgeships authorized under law.
- **Branch-Wide Information Technology Modernization**—\$34.7 million General Fund in 2022-23, increasing to \$40.3 million in 2025-26 and ongoing, for information

technology initiatives to modernize the Judicial Branch and increase access to justice for the public.

- **Fire, Life, and Safety Trial Court Facility Improvements**—\$29.7 million one-time General Fund to repair existing elevators, escalators, and air conditioning in the San Diego County Superior Court Hall of Justice. The Budget also includes \$15.3 million one-time General Fund to address egress deficiencies in the San Diego Superior Court East County Regional Center. Lastly, the Budget includes \$11.3 million one-time General Fund to address increased project costs for an existing fire, life, and safety improvement project in the Orange County Superior Court Central Justice Center.
- **Trial Court Employee Benefits**—\$20.9 million ongoing General Fund for trial court employee health benefit and retirement costs.
- **Judicial Training for Environmental Issues**—\$1.2 million ongoing General Fund to establish a unit within the Judicial Council to provide training, technical assistance, and legal support to judicial officers and court personnel on water law, climate change, and environmental issues.
- **Community Assistance, Recovery, and Empowerment (CARE) Court**—\$39.5 million General Fund in 2022-23 and \$37.7 million ongoing for the Judicial Branch to conduct CARE court hearings and provide resources for self-help centers, contingent on adoption of statutory changes. The Administration continues to work with the Judicial Council and counties to estimate costs associated with this new court process. See the Health and Human Services Chapter for more information.
- **Legal Aid Resources**—\$30 million one-time General Fund for Legal Aid eviction defense and \$15 million one-time General Fund for a Legal Aid for Consumer Debt Pilot program to assist consumers with debt incurred during the pandemic.
- **Dependency Counsel**—\$30 million ongoing General Fund for court-appointed counsel for children, non-minor dependents, and parents in juvenile court dependency proceedings.
- **Court Appointed Special Advocate (CASA) Expansion**—\$20 million General Fund in 2022-23, 2023-24 and 2024-25 to expand the CASA program capacity, and recruitment and training.
- **Firearm Relinquishment Program**—\$40 million one-time General Fund to establish a court-based firearm relinquishment pilot program in six courts for the safe removal of firearms from individuals prohibited from owning or possessing firearms. See the Criminal Justice Chapter for more information.

- **Courthouse Lactation Facilities**—\$15 million one-time General Fund to expand public access to lactation facilities in courthouses.
- **Criminal Remote Proceedings**—To continue to increase access to justice, the Budget extends, until January 1, 2024, the ability of defendants to consent to a remote appearance in misdemeanor and felony proceedings, with the exception of trial and felony sentencing. The parties and the court may consent to a remote appearance by a witness in criminal proceedings except for felony trials, and attorneys may appear remotely when appropriate.

# CRIMINAL JUSTICE

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## 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 rehabilitation programs to help them reintegrate into the community. The Department strives to facilitate the successful reintegration of the 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 of \$14 billion (\$13.4 billion General Fund and \$603.2 million other funds) for CDCR in 2022-23. Of this amount, \$3.7 billion General Fund is for health care programs, which provide incarcerated individuals with access to mental health, medical, and dental care services that are consistent with the standards and scope of care appropriate within a custodial environment.

The COVID-19 Pandemic has affected every aspect of prison operations, and the state has taken swift action to mitigate the spread of the virus. These actions and other factors have significantly impacted current population projections. The average daily adult incarcerated population for 2022-23 is now projected to be 102,932, a decrease of 9 percent since the Governor's Budget.

Spring projections indicate the adult incarcerated population is temporarily trending upward and is expected to increase by 3,342 individuals between 2021-22 and 2022-23,

from 99,590 to 102,932, primarily because CDCR resumed intake of individuals sentenced to prison who remain in county jails awaiting transfer to state prison. The population is then projected to resume long-term downward trends in 2023-24, declining to 95,655 in 2024-25.

The Governor's Budget projected an overall parolee average daily population of 42,963 in 2022-23. The average daily parolee population is now projected to increase by 628 to 43,591 in 2022-23, an increase of 1.5 percent from the Governor's Budget projections. The parole population is projected to decline to 37,818 by June 30, 2026.

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### **COVID-19 UPDATE**

Active COVID-19 cases have declined significantly statewide since the peak of the Omicron surge in January, when CDCR reported 6,375 active incarcerated adult COVID-19 cases and 5,113 active staff cases. As of late June 2022, CDCR was tracking 643 active incarcerated adult and 1,112 active staff cases.

The Budget includes \$240.1 million to enable CDCR to continue taking proactive measures and precautions to protect the incarcerated population and staff, consistent with its Roadmap to Reopening. This includes resources to support staff and incarcerated individual testing, utilization of masks and other personal protective equipment, and extra cleaning and sanitation services.

### **INCREASED INTAKE TO STATE PRISONS**

In March 2020, the state halted intake of incarcerated persons from county jails to reduce the risk of COVID-19 entering the state prison system. CDCR resumed intake on a limited basis in August 2020, although public health conditions subsequently necessitated halting intake again in November 2020 and in January 2022. Since February, CDCR has resumed intake while maintaining precautions including requiring testing and symptom screening prior to intake.

The Department also requires quarantine of all new arrivals for a minimum of ten days in its reception centers. At the height of the pandemic, counties held 10,755 incarcerated persons on behalf of the state. The intake backlog has been cleared as of June 2022.

The state has provided \$255.9 million General Fund to counties for holding incarcerated persons on behalf of the state, reflecting payments for individuals held in county jails between March 2020 and December 2021. Current projections suggest a total of up to

approximately \$32.9 million in additional reimbursements may be issued for 2021-22 for intake between January and June 2022.

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## **PRISON CAPACITY AND CLOSURE**

The adult prison population has steadily declined over many years, which presented 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. CDCR terminated its final in-state contract correctional facility in May 2021. In total, the termination of these contracts has saved the state hundreds of millions of dollars in annual expenditures. Consistent with the 2021 Budget Act, the Department closed Deuel Vocational Institution in Tracy in September 2021, achieving savings of \$150.3 million General Fund annually beginning in 2022-23.

On April 13, 2021, CDCR announced its intent to close a second prison, the California Correctional Center (CCC) in Susanville, as well as minimum security portions of the California Correctional Institution (CCI) and the California Training Facility (CTF). On July 28, 2021, the City of Susanville filed litigation in the Lassen County Superior Court challenging the closure of CCC, and the Court issued a preliminary injunction in September, prohibiting CDCR from taking any action to further the closure of CCC. The injunction remains in effect as of June 2022 and the process of closing CCC is currently on hold. Although the closure of CCC is currently on hold, statutory changes included in the Budget specify that CCC will close by June 30, 2023. As of June 2022, the incarcerated population at CCC was 2,232. The closure of CCC will result in estimated annual savings of \$122 million.

The Administration remains committed to right-sizing California's prison system to reflect the needs of the state. Based on current projections that exhibit ongoing declines in the incarcerated population, and understanding that future policy changes may significantly affect long-range population projections, it may be possible to close three additional state prisons by 2024-25.

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## **PROMOTING REHABILITATION AND REENTRY**

Increasing access to rehabilitative and reentry programs is integral to improving post-release outcomes for incarcerated individuals and reducing recidivism. CDCR's academic, vocational, and rehabilitative programs prepare incarcerated individuals to successfully reenter their communities following their release from prison. The Budget



includes targeted resources to further enhance these programs, with the goal of improving public safety through rehabilitation:

- **Bachelor's Degree Expansion**—\$5 million General Fund in 2022-23, and \$4.7 million ongoing, to permanently fund Bachelor's degree programs at seven institutions in collaboration with the California State University system. These programs will be available to incarcerated students upon successful completion of their community college programs, enabling them to further prepare to enter the workforce and find gainful employment upon their release from prison.
- **Returning Home Well**—\$10.6 million General Fund annually for three years (total of \$31.3 million) to continue the Returning Home Well Program. This program, initiated during the pandemic, provides transitional housing to individuals who would otherwise be at risk of being unhoused at the time of their release, with the goal of supporting successful community reintegration.
- **Expansion of Reentry Beds**—\$40 million General Fund annually for three fiscal years (total of \$120 million) to support an expansion of CDCR's community reentry programs. These programs have demonstrated success in reducing recidivism by enabling incarcerated individuals to serve a portion of their sentence in a community-like setting, with the goal of facilitating their successful transition back into their communities following their release.
- **Rehabilitative, Restorative Justice, and Reentry Programming**—more than \$37 million one-time General Fund to support in-prison rehabilitation programs, including the creation of a veterans hub at the Correctional Training Facility in Soledad and restorative justice programming to further support the incarcerated population in transforming their lives, better preparing them to reenter society. The Budget also includes \$6 million one-time General Fund to enhance CDCR's data collection and evaluation capabilities to better understand the outcomes of formerly incarcerated individuals.
- **Delancey Street**—The Budget establishes the Delancey Street Restaurant Management Program at California State Prison, Solano, which will provide participants with the skills needed to operate a full-service restaurant. The program will focus on restaurant operations, service, and hospitality, teaching participants marketable skills that will be useful in gaining employment upon their release.

**SIGNIFICANT ADJUSTMENTS:**

- **Staff Misconduct and Disciplinary Process Improvements**—\$35.6 million General Fund in 2022-23, and \$34.2 million ongoing, for CDCR to support implementation of the new process by which CDCR will handle complaints filed by incarcerated individuals that include allegations of staff misconduct. Additionally, the Budget includes \$7.9 million General Fund in 2022-23, and \$15.1 million ongoing, for the Office of the Inspector General to monitor CDCR's new staff misconduct process.
- **Integrated Substance Use Disorder Treatment Program**—\$126.6 million General Fund in 2022-23, and \$162.5 million ongoing, to expand the Integrated Substance Use Disorder Treatment Program and enhance the Department's ability to treat individuals with substance use disorders. These resources will enable CDCR to serve an increasing number of program participants with Medication Assisted Treatment and make other targeted enhancements, including increasing patient screening and adding an aftercare component for individuals who complete the core Integrated Substance Use Disorder Treatment programming.
- **Continued Expansion of Video Surveillance Systems**—\$97.6 million General Fund in 2022-23, and \$7.8 million ongoing, to install fixed camera systems at ten additional institutions and deploy body-worn cameras at four additional institutions to enhance CDCR's ability to monitor activity and maintain a safe environment for staff and the incarcerated population.
- **Cellular Interdiction**—\$12.6 million General Fund in 2022-23, \$18.5 million in 2023-24, and \$1.7 million ongoing beginning in 2024-25 to establish an Enhanced Managed Access System to block contraband cell phone usage within 20 prisons. The enhanced technology will stop calls and texts, including on newer technologies such as 5G networks.
- **Facility and Infrastructure Improvements**—The Budget includes General Fund resources to address necessary maintenance and operations of CDCR facilities, including \$73 million one-time for roof replacement projects at the California Institution for Men and the California Medical Facility; \$22.2 million one-time for accessibility improvements at various institutions for individuals with disabilities; \$29.2 million ongoing for utilities and waste removal expenditures; and \$8.6 million ongoing to clean increased health care space.

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## LOCAL PUBLIC SAFETY

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### CRIMINAL JUSTICE INVESTMENTS FOR SAFE AND SECURE COMMUNITIES

The Budget adds multifaceted criminal justice investments to increase the safety and security of our communities. The goals are to improve community policing; address organized retail theft; reduce guns and illegal drugs; increase access to probation services; and add to the efforts of locating, identifying, and preventing missing Indigenous persons from tribal lands.

#### OFFICER WELLNESS AND TRAINING GRANTS

Supporting peace officers' physical, mental, and emotional health is fundamental to creating safer communities and building meaningful relationships. The Budget includes \$50 million one-time General Fund for grants intended to improve general officer health and well-being, build resiliency, decrease stress and trauma, and improve community trust and relations. The grants will be distributed by the Board of State and Community Corrections to counties and cities to support eligible programs.

The Budget also includes \$5 million one-time General Fund for the Commission on Peace Officer Standards and Training to develop a Law Enforcement Wellness Program to support officers' overall health.

In addition to officer wellness, the Budget includes \$10 million General Fund for a pilot training program to improve community policing strategies. The training will focus on peace officer use-of-force and effective de-escalation strategies.

#### ADDRESSING ORGANIZED RETAIL THEFT AND OTHER CRIMES

The Budget includes a total of \$564.4 million General Fund over three years, including \$241.4 million in 2022-23, to bolster local law enforcement efforts to address organized retail theft and other crimes, and support affected businesses:

- \$85 million annually for three years in competitive grants for local law enforcement to combat organized retail crime so Californians and businesses across the state can feel safe.
- \$10 million annually for three years for competitive grants to local District Attorneys to create dedicated retail theft vertical prosecution teams.

- \$6 million annually in 2022-23 through 2024-25 and ongoing resources to provide a total of \$15 million annually for the California Highway Patrol (CHP) to expand and make permanent its Organized Retail Theft Taskforce. This unit will work with local law enforcement to address organized theft in the Bay Area, Sacramento, San Joaquin Valley, Los Angeles, and San Diego regions.
- \$5.5 million one-time for CHP to address sideshow activity throughout the state.
- \$4 million in 2022-23 and \$3.3 million in 2023-24 and 2024-25 for CHP to create a Highway Violence Task Force to address violent crimes occurring on state highways.
- \$11 million annually for three years and \$5.5 million ongoing for the Department of Justice to continue leading anti-crime task forces around the state, including High Impact Investigation Teams, Los Angeles interagency efforts, and task forces to combat human trafficking and gangs. This funding will also support regional task forces combatting organized retail theft and to prosecute retail theft cases that span multiple jurisdictions.
- \$25 million annually for three years to provide local law enforcement support during disasters and emergencies. This funding will reduce local costs, accelerate response time, and provide sustainable participation of all 58 counties within the State Law Enforcement Mutual Aid system by minimizing funding considerations from the decision-making process.
- \$5 million annually for three years to support the Internet Crimes Against Children Task Force Program, which helps state and local law enforcement agencies develop an effective response to technology-facilitated child sexual exploitation and combat underground child pornography rings. This investment maintains the level of state resources provided to this effort in each of the last three years.
- \$25 million one-time for the Board of State and Community Corrections to establish a competitive grant program to support local gun buyback programs.
- \$40 million one-time to establish a firearm relinquishment program administered by the Judicial Council (See the Judicial Branch Chapter for more information). This statewide effort will not only provide opportunities for the safe removal and disposal of firearms, but will also serve to promote awareness about gun and youth violence.
- \$30 million (\$15 million in 2022-23 and \$15 million in 2023-24) to expand the Military Department's existing drug interdiction efforts to prevent drug-trafficking transnational criminal organizations throughout the state, with a particular focus on assisting federal, state, local, and tribal law enforcement agencies in combatting fentanyl.

- \$7.9 million in 2022-23, and \$6.7 million ongoing, to establish the Fentanyl Enforcement Program within the Department of Justice to combat the manufacturing, distribution, and trafficking of fentanyl throughout, and into, the state by organized criminal enterprises.
- \$2 million ongoing to support research conducted by the Firearm Violence Research Center at the University of California, Davis.

### **MOBILE PROBATION CENTERS**

Increasing access to probation services, particularly among individuals who are unhoused and struggling to meet supervision requirements, is critical to enhance public safety and successfully support their reintegration. The Budget includes \$20 million one-time General Fund to establish a competitive grant program for counties to establish mobile probation centers.

Grant funding will help with one-time investments, such as the purchase of vehicles and technology, including computers, internet, phones, televisions, and video communication. The mobile service centers will facilitate court appearances and pre-trial check-ins, complete needs assessments, and identify housing, employment, and other related services.

### **GRANTS FOR MISSING AND MURDERED INDIGENOUS PERSONS**

California has one of the largest Native American populations in the United States, and research has shown that Indigenous people experience violence and trauma at disproportionately higher rates than the general population. To address these disparities, the Budget includes \$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 locate and identify missing Indigenous persons. These funds will be available to provide resources for tribal police and prosecutors, counseling services, education, and other activities.

### **COUNTY-OPERATED JUVENILE FACILITIES**

Upon the closure of CDCR's Division of Juvenile Justice on June 30, 2023, counties will be responsible for serving all justice-involved youth across the juvenile justice continuum. Accordingly, the Budget includes \$100 million one-time General Fund to support improvements to county-operated juvenile facilities to make these locations more conducive to serving justice-involved youth with a wide range of needs, with a focus on providing therapeutic, youth-centered, trauma-informed, and

developmentally appropriate rehabilitative environments for youth. This investment, along with statutory changes included in the Budget to establish processes to continue serving the highest need youth in state facilities following DJJ's closure, is intended to assist county probation departments in the realignment of youth from the state to counties. As the transition continues, the Administration is committed to supporting counties in these efforts.

**SIGNIFICANT ADJUSTMENTS:**

- **Proposition 47 Savings**—Proposition 47, passed in 2014, requires misdemeanor rather than felony sentencing for certain property and drug crimes and permits incarcerated persons previously sentenced for these reclassified crimes to petition for resentencing. Proposition 47 established a fund to invest savings from reduced prison utilization in prevention and support community programs.

The Department of Finance estimates net General Fund savings of \$161.1 million in 2022-23. These funds are allocated according to the formula specified in the initiative, 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 \$20.9 million one-time General Fund for county probation departments to supervise the temporary increase in the average daily population of individuals on Post Release Community Supervision as a result of the implementation of Proposition 57.
- **Community Corrections Performance Incentive Grant**—The Budget includes a total of \$123.8 million General Fund annually through 2023-24 to provide county probation departments with a consistent level of funding based on prior performance, so county probation departments are not unduly impacted by lingering effects of the pandemic on probation populations, law enforcement practices, or court processes. The Community Corrections Performance Incentive Grant, Chapter 608, Statutes of 2009 (SB 678), was created to provide incentives for counties to reduce the number of felony probationers sent to state prison.

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## VICTIM SERVICES

Crime victims and their families bear significant physical, emotional, and financial burdens. The Budget continues the state's commitment to both assist crime victims and their families in recovering from such traumas, and to proactively make strategic investments to protect those who face a high risk of victimization, by including the following:

- **Trauma Recovery Centers**—\$23 million one-time General Fund, to be spent over three years, to support existing trauma recovery centers, and to establish an innovative pilot program to operate satellite offices in hard-to-reach and/or rural areas affiliated with a local organization and overseen by an existing trauma recovery center.
- **Victim Benefits**—\$7 million ongoing Federal Trust Fund expenditure authority to reflect the Federal Victims of Crime Act reimbursement rate increase from 60 percent to 75 percent. The additional federal funding will be used, in part, to support an increase in benefit limits for crime scene cleanup costs (from \$1,000 to \$1,700), funeral/burial costs (from \$7,500 to \$12,800), and relocation claims (from \$2,000 to \$3,400) to adjust for inflation since these limits were set in 2000.
- **Erroneous Conviction Compensation**—\$7 million ongoing General Fund and statutory changes authorizing the California Victim Compensation Board to approve claims for incarcerated individuals who were falsely accused of crimes.
- **Media Outreach to Victims of Violent Crime**—\$3 million one-time Restitution Fund to conduct an outreach campaign to raise awareness of statewide victim support services, while targeting hard-to-reach populations.

The Budget commits to prioritizing changes to the victims compensation benefit program and for the elimination of the restitution fine, if a determination is made in the spring of 2024 that General Fund over the multiyear forecast is available to support this ongoing augmentation.

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## 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 \$1.2 billion, including \$433.6 million General Fund, to support DOJ.

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## BUREAU OF FIREARMS

The Bureau of Firearms regulates the manufacture, sale, ownership, safety training, and transfer of firearms. In recent years, several laws have been enacted that affect the purchase and ownership of firearms in California, thereby increasing the Bureau's workload. The Budget includes the following significant investments to support the Bureau:

- **Firearm Information Technology Modernization**—\$5.2 million one-time Dealer Record of Sale (DROS) Special Account to continue the planning and development phase of combining and modernizing 11 existing firearms tracking systems. This builds upon the \$2.4 million one-time DROS Special Account in the 2020 Budget Act for the modernization of the systems.
- **Firearm Transfers**—\$2.3 million (\$6,000 General Fund and \$2.3 million DROS Special Account) in 2022-23, increasing to \$3.5 million in 2023-24, and \$973,000 ongoing, to implement modifications to DOJ's firearms databases to align with firearm transfer laws pursuant to Chapter 250, Statutes of 2021 (SB 715).
- **Firearm Precursor Parts**—\$223,000 ongoing General Fund to support accelerated implementation and ongoing workload associated with tracking the sale, possession, and transfer of precursor parts in California, pursuant to Chapter 730, Statutes of 2019 (AB 879). Given the increased risk to public safety associated with illegal possession of firearms constructed through precursor parts kits ("ghost guns"), Chapter 29, Statutes of 2020 (SB 118) accelerated the implementation timeline of AB 879 by three years. These resources build upon the \$5.9 million General Fund in 2020-21 and \$8.3 million in 2021-22 included in the 2020 Budget Act to track the sale of firearm precursor parts.
- **Firearms Tracing**—\$327,000 General Fund in 2022-23, and \$306,000 ongoing, to analyze and report information submitted by local law enforcement agencies to DOJ related to firearms that were illegally possessed, used in a crime, or suspected of being used in a crime pursuant to Chapter 683, Statutes of 2021 (AB 1191).



**SIGNIFICANT ADJUSTMENTS:**

- **Bureau of Forensic Services**—\$35.4 million one-time General Fund to backfill a decline in fine and fee revenues to the DNA ID Fund. The backfill is needed to maintain current service levels to process forensic evidence for local jurisdictions.
- **Reparations Task Force**—\$2.5 million one-time General Fund to cover increased DOJ workload, external consultants to develop and finalize task force recommendations, and travel and per diem costs for task force members pursuant to Chapter 319, Statutes of 2020 (AB 121). This investment is in addition to \$2.2 million General Fund over two years for the task force provided in the 2021 Budget Act.
- **Peace Officer Use of Force**—\$2.3 million General Fund in 2022-23, and \$1.6 million in 2023-24 and ongoing, to investigate officer-involved shootings that result in the death of an unarmed civilian pursuant to Chapter 326, Statutes of 2020 (AB 1506). These resources will support DOJ's ability to physically appear and respond to an event to determine whether it requires a full investigation pursuant to AB 1506. This builds upon \$15.6 million ongoing to implement AB 1506 provided in the 2021 Budget Act.
- **Peace Officer Release of Records**—\$7.4 million (\$3.4 million General Fund and \$4 million Legal Services Revolving Fund) in 2022-23 and \$6.5 million (\$2.7 General Fund and \$3.8 million Legal Services Revolving Fund) to prepare records pertaining to police officer conduct for public disclosure pursuant to Chapter 402, Statutes of 2021 (SB 16).
- **Various Criminal Resentencing Efforts**—Overall, the Budget includes augmentations of \$4.8 million General Fund to implement recently enacted legislation pertaining to criminal resentencing. Specifically, the Budget includes \$396,000 in 2022-23, and \$382,000 ongoing, to provide legal response to appeals when criminal resentencing is denied, or a defendant claims error occurred in resentencing, pursuant to Chapter 719, Statutes of 2021 (AB 1540); \$3.6 million in 2022-23, and \$3.5 million ongoing, to address an increase in resentencing and vacatur appeals pursuant to Chapter 551, Statutes of 2021 (SB 775); and \$794,000 in 2022-23, and \$768,000 in 2023-24, to address increased resentencing hearings pertaining to initial sentence enhancements pursuant to Chapter 728, Statutes of 2021 (SB 483).

- **Reproductive Health Care Services**—\$879,000 General Fund in 2022-23, and \$671,000 ongoing, to implement new data reporting requirements, prepare an annual report that details anti-reproductive healthcare rights violations and criminal offenses, and provide legal guidance to state and local entities pursuant to Chapter 191, Statutes of 2021 (AB 1356).

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# LABOR AND WORKFORCE DEVELOPMENT

As the recovery continues from the impacts from the COVID-19 Pandemic, the state must remain focused on providing opportunities for Californians by strengthening the state's workforce. In furtherance of this goal, the Budget includes over \$4.5 billion over three years for workforce development, enforcement of labor laws, modernization of the Employment Development Department, and to provide relief to small businesses related to the Unemployment Insurance (UI) Trust Fund debt.

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## WORKFORCE DEVELOPMENT

With the goal of creating 500,000 earn-and-learn and apprenticeship opportunities by 2029, the state's workforce strategy continues to support pathways to quality jobs for Californians. The Budget invests approximately \$2.2 billion to create additional apprenticeships, invest in the care economy, provide training to mitigate the effects of climate change, and provide job training and other assistance to the justice-involved population.

### SUPPORTING APPRENTICESHIPS

The Budget includes \$345 million one-time General Fund and \$20.5 million ongoing Proposition 98 General Fund to expand apprenticeships and earn-and-learn pathways:

- **Apprenticeship Innovation Fund**—\$175 million one-time General Fund (\$55 million in 2022-23, and \$60 million in 2023-24 and 2024-25) to invest in and expand non-traditional apprenticeships.
- **California Youth Apprenticeship Program**—\$65 million one-time General Fund (\$20 million in 2022-23 and 2023-24, and \$25 million in 2024-25) to expand apprenticeship and pre-apprenticeship opportunities for youth.
- **California Youth Leadership Corps Earn-and-Learn Pathways**—\$60 million one-time General Fund (\$20 million annually through 2024-25) for youth community pathway programs at select community colleges throughout the state.
- **California Healthy School Food Pathways Program**—An increase of \$45 million one-time Proposition 98 General Fund to support the implementation of the California Healthy School Food Pathways Program, which is a pre-apprenticeship, apprenticeship, and fellowship workforce training pipeline pilot program for school food service workers.
- **Apprenticeship Program Related and Supplemental Instruction (RSI) Rate**—An increase of \$20.5 million ongoing Proposition 98 General Fund to align the apprenticeship program RSI rate with the Student Centered Funding Formula credit rate, as opposed to the noncredit rate.

## HEALTHCARE WORKFORCE INVESTMENTS

The Budget includes approximately \$1.5 billion one-time General Fund over three years to create more innovative and accessible opportunities to recruit, train, hire, and advance an ethnically and culturally inclusive health and human services workforce, with improved diversity, wages, and health equity outcomes. The package includes:

- \$486.6 million (\$476.6 million General Fund) over four years for public health, behavioral health, primary care, and clinical workforce investments.
- \$281.4 million General Fund over three years to recruit, train, and certify Community Health Workers.
- \$220 million General Fund over three years for the Comprehensive Nursing Initiative.
- \$126 million General Fund over three years to support the expansion of social worker training programs.

- \$135 million General Fund for training and career advancement programs in healthcare sectors for individuals with barriers to employment through High Road Training Partnerships.
- \$130 million one-time Proposition 98 General Fund over a three-year period for Healthcare Vocational Education for English Language Learners, as referenced in the Higher Education Chapter.
- \$60 million one-time General Fund for the Emergency Medical Services Corps.
- \$26 million one-time Opioid Settlements Fund for substance use disorder workforce training.
- \$25 million General Fund for the Healthcare Workforce Advancement Fund.
- \$24 million General Fund over two years for the Indian Health Program Grant Restoration program.
- \$20 million one-time General Fund for Clinical Infrastructure: Reproductive Health scholarships and loan repayments.

## CLIMATE AND CLEAN ENERGY ECONOMY

The Budget includes \$315 million one-time General Fund to expand opportunities for communities impacted by climate change across the state and to create high-quality jobs, while advancing a healthy and more equitable California.

- **Goods Movement Workforce Training Facility**—\$110 million General Fund over three years for a Goods Movement Training Center in southern California, to support workforce resilience in the face of supply chain disruption and accelerate the deployment of zero-emission equipment and technologies.
- **Oil and Gas Well Capping**—\$100 million General Fund over two years for the Department of Conservation to plug orphan or idle wells, decommission attendant facilities, and complete associated environmental remediation.
- **Low Carbon Economy Program**—\$45 million one-time General Fund (\$15 million annually from 2022-23 through 2024-25), to restart the California Workforce Development Board's Low Carbon Economy Workforce grant program.
- **Displaced Oil and Gas Worker Pilot Program**—\$40 million one-time General Fund for a pilot program to address the needs of oil and gas workers facing displacement. This proposed pilot investment is designed to provide financial stipends that

complement the state's existing unemployment services to minimize disruptions to the livelihoods of impacted workers and their families.

- **Well-Capping Workforce Pilot for Displaced Oil and Gas Workers**—\$20 million one-time General Fund to support a workforce training pilot to train displaced oil and gas workers in remediating legacy oil infrastructure. The state aims to establish California as the leader in both well remediation activity and workforce training to provide these workers with a way to transition into quality jobs.

### **OTHER WORKFORCE INVESTMENTS:**

- \$67.5 million one-time General Fund to provide workforce training and assistance to the justice-involved population to help those individuals reenter society.

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## **ENFORCEMENT AND COMPLIANCE**

The Budget includes \$50 million one-time General Fund over two years to continue the California COVID-19 Workplace Outreach Project, which educates workers and employers on how to minimize the spread of COVID-19 in the workplace, and educates essential workers about COVID-19-related labor laws.

The Budget also includes \$15 million General Fund ongoing for the Department of Industrial Relations to establish the Women in Construction Priority Unit to support women and non-binary individuals in the construction trades.

Additionally, the Budget includes 22 positions and \$3.9 million special fund, gradually increasing to 79 positions and \$14 million special fund ongoing in 2025-26 to increase the Retaliation Complaint Unit at the Department of Industrial Relations.

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## **EMPLOYMENT DEVELOPMENT DEPARTMENT**

The Employment Development Department (EDD) has spent years preparing to modernize its benefit systems. The pandemic emphasized the importance of these efforts while also informing a new approach that improves customer service. The 2021 Budget Act included \$11.8 million one-time General Fund to reengage the planning of the Department's benefit systems. The Budget continues that momentum with investments that stabilize EDD's workload needs and supports the department's long-term modernization.

## EDDNext—LONG-TERM MODERNIZATION

The Budget includes \$136 million (\$68 million General Fund) in one-time resources for EDDNext, a five-year plan to modernize EDD. This includes efforts related to EDD's benefit systems—improving call centers, simplifying forms and notices, including user testing and engagement, developing data analysis tools to continue curbing fraudulent benefit claims, and upgrading department training and tools to increase the pace of application processing.

## FRAUD PREVENTION, INVESTIGATION SUPPORT, AND PROSECUTION

During the peak of the pandemic, EDD implemented anti-fraud vendor services, 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. The Budget includes \$313.4 million over the next three years to continue to address fraud in the Unemployment Insurance (UI) and State Disability Insurance programs.

- **Continuing Vendor Contracts**—\$96.3 million (\$86 million General Fund) in 2022-23 and \$45.1 million (\$36.8 million General Fund) for 2023-24 and 2024-25 to continue benefit service contracts that include fraud prevention services, essential document upload services, claims review, and testing consultants for EDD products.
- **Information Technology Branch Technology Modernization**—\$23.5 million General Fund for three years to maintain and improve benefit system usability to better serve claimants and prevent fraud.
- **Ongoing EDD Fraud Investigation and Interdiction Efforts**—\$19.6 million (\$8.9 million General Fund) in 2022-23, \$8 million (\$3.1 million General Fund) in 2023-24, and \$1.9 million in 2024-25 to support ongoing EDD fraud investigation and interdiction efforts. Investments include funding for district attorneys' offices to continue prosecution of criminal fraud cases and expanded fraud detection and prevention capabilities in the State Disability Insurance and Paid Family Leave programs.
- **Cybersecurity Resources**—\$10.2 million General Fund in 2022-23 and \$6.1 million General Fund through 2024-25 to support cybersecurity and prevention efforts to improve the security and integrity of EDD IT systems, which hold tax data and other personal information.
- **Unemployment Insurance Command Center**—\$1.5 million for three years for a UI Command Center that centralizes UI branch management, supports UI data analytics, and enhances training to improve customer service.



## UNEMPLOYMENT INSURANCE DEBT

In 2020, the federal government allowed states to borrow federal funds to pay regular UI benefits. The state's UI Trust Fund, which went insolvent in March 2020, borrowed significant sums of money to pay benefits and now owes over \$17.8 billion to the federal government. The debt is anticipated to have substantial costs to the state and the state's employers over the coming years.

### THE BUDGET INCLUDES:

- **UI Debt Payment**—\$1 billion General Fund over two years (\$250 million in 2022-23 and \$750 million in 2023-24) to pay down a portion of the UI debt. So long as the UI Trust Fund is insolvent, state employers, starting in 2023, will begin to see federal tax credit reductions of 0.3 percent per year until the fund returns to solvency. To reduce this debt and defray future liabilities owed by the state and employers, these payments will accelerate the timeline for the debt's payoff and, in doing so, reduce future taxes paid against the state's employers and reduce the amount the state pays on the debt's interest.
- **UI Small Business Relief**—The Budget includes \$500 million one-time General Fund in 2024-25 to offset the anticipated rising federal unemployment insurance tax rates because of the UI Trust Fund insolvency.
- **UI Interest**—\$342.4 million one-time General Fund to pay the forecasted UI interest payment, which will accrue over the full federal fiscal year and come due in September 2022.

# TRANSPORTATION

The funding provided in the Budget for transportation delivers climate and health benefits, while creating a foundation for the development of sustainable and inclusive communities. In addition to the sizeable infrastructure investments in transit and green transportation, the Budget includes funding and oversight for high-speed rail, and investments that will strengthen and modernize the state's goods movement capacity at ports.

The state is making strategic investments in California's transportation infrastructure that are critical to California's economic growth and equitable recovery from the COVID-19 Pandemic. Programs funded in this Budget will improve statewide transportation connectivity, reduce carbon emissions, and better position the state to leverage and maximize available federal funding.

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## STATE TRANSPORTATION INFRASTRUCTURE INVESTMENTS

The Budget includes approximately \$15 billion in additional state funded investments in transportation infrastructure over the next four years. The transportation infrastructure package focuses on increasing mobility options for Californians through rail, transit and active transportation projects; equity-related investments to reconnect communities; and enhanced safety projects.

In addition to funding for high-speed rail, the Budget establishes further oversight, review, and reporting processes for the High-Speed Rail Authority—including the

creation of the High-Speed Rail Authority Office of the Inspector General. The Inspector General has the authority to initiate audits and reviews, conduct independent fiscal analysis of the Authority's plans and estimates, identify best practices, recommend efficiencies, and evaluate contracts and contracting practices. The Inspector General will report regularly to the Legislature and Governor with a summary of findings and on the Authority's progress in delivering the project.

### THE BUDGET INCLUDES:

- **Transit and Rail Projects**—\$7.7 billion General Fund over four years to invest in high-priority transit and rail infrastructure projects throughout the state. Funding will be administered through the Transit and Intercity Rail Capital Program (TIRCP).
- **High Speed Rail**—\$4.2 billion High-Speed Passenger Train Bond Fund (Proposition 1A) to complete high-speed rail construction in the Central Valley.
- **Goods Movement and Ports**—\$1.2 billion General Fund for port-specific projects that increase goods movement capacity on rail and roadways at port terminals, including railyard expansions, new bridges, and zero-emission modernization.
- **Active Transportation**—\$1 billion General Fund for Active Transportation Program projects that encourage the increased use of active modes of transportation, such as walking and biking, and increase the safety and mobility of non-motorized users.
- **Grade Separations**—\$350 million General Fund to support critical high priority grade separation safety improvements throughout the state.
- **Climate Adaptation Programs**—\$200 million General Fund to identify transportation-related climate vulnerabilities throughout the state and assist in developing and implementing projects to adapt infrastructure given climate change impacts. The Budget also allocates \$200 million federal funds for these purposes.
- **Highways to Boulevards Pilot**—\$150 million to establish the Reconnecting Communities: Highways to Boulevards Pilot Program, which will inform the future conversion of key underutilized highways into multimodal corridors that serve existing residents. The program will further the development of complete streets features as outlined in the Department of Transportation's Climate Action Plan for Transportation Infrastructure.
- **Clean California Local Grants**—\$100 million General Fund in additional funding for the Clean California Program grant program in 2023-24.

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## **FEDERAL INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA)**

The federal Infrastructure Investment and Jobs Act (IIJA) authorizes a \$200 billion augmentation to existing and new transportation programs for highway, transit, highway safety, motor carrier, research, hazardous materials, and rail programs over five years. California will receive an average increase of \$2.2 billion annually in federal road and transit formula funding through 2025-26, bringing California's total share of federal formula funding to \$38 billion for the five-year period. The state funding commitments provided by this Budget will help California secure additional federal funding, over and above allocated formula funds, through competitive IIJA programs available to all states.

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# GENERAL GOVERNMENT AND STATEWIDE ISSUES

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

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## EMPLOYEE COMPENSATION AND COLLECTIVE BARGAINING

The Budget includes \$1.1 billion (\$498.1 million ongoing General Fund) for employee compensation, health care, and retiree health care prefunding costs for active state employees—including in these costs are collectively bargained salary and benefit increases. The Budget includes funding for telework stipends, pay differentials for psychiatric inpatient programs at the California Department of Corrections and Rehabilitation and for the Division of Juvenile Justice, increases related to minimum wage pursuant to Chapter 4, Statutes of 2016 (SB 3), and the recently negotiated contract with the Bargaining Unit 13 employees represented by the International Union of Operating Engineers.

The Budget also includes a one-time payment of \$1,500 per employee to state employees who provided 24-hour care or protection throughout the COVID-19 Pandemic despite exceedingly high workload and difficult in-person conditions for State Bargaining Units 5 (Highway Patrol), 6 (Correctional Officers), 7 (Protective Services and Public Safety), and 8 (CAL FIRE).

The Administration continues negotiations with five bargaining units representing attorneys and administrative law judges, firefighters, engineers, scientists, and psychiatric technicians, whose contracts or side letter agreements are expired or will expire in summer 2022.

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## STATE RETIREMENT CONTRIBUTIONS

### CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) CONTRIBUTIONS

The Budget includes \$8.2 billion one-time (\$4.6 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 \$2.9 billion in one-time Proposition 2 debt repayment funding for fiscal year 2022-23 to further reduce the unfunded liabilities of the CalPERS state plans. This proposed change will result in a minimum of \$5.8 billion in estimated savings for the state over the next three decades. Dependent on the availability of Proposition 2 funding, an additional \$5 billion is projected to be paid to CalPERS over fiscal years 2023-24 to 2025-26.

### CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CALSTRS) CONTRIBUTIONS

The Budget includes \$3.7 billion General Fund for state contributions to CalSTRS. 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** <sup>1/2/3/</sup>

(Dollars in Millions)

	CalPERS	CSU CalPERS	CalSTRS	JRS	JRS II	LRS <sup>5/</sup>	Active Health & Dental <sup>6/</sup>	Retiree Health & Dental	CSU Retiree Health	Employer OPEB Prefunding <sup>7/</sup>
2013-14	\$3,269	\$474	\$1,360	\$188	\$52	\$1	\$2,697	\$1,383	\$225	\$22
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 <sup>8/</sup>
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 <sup>4/</sup>	225	84	1	3,665	2,023	357	600
2021-22	5,363	677	3,862	193	86	1	4,018	2,335	410	1,292 <sup>9/</sup>
2022-23 <sup>10/</sup>	7,475	744	3,712	208	86	1	3,892	2,302	408	735

<sup>1/</sup> The chart does not include contributions for University of California pension or retiree health care costs.

<sup>2/</sup> 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), and the 2022 Budget Act.

<sup>3/</sup> 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.

<sup>4/</sup> 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 \$297 million in Proposition 2 supplemental pension payment authorized in the 2020 Budget.

<sup>5/</sup> The state continues to make employer contributions to the Legislators' Retirement System. CalPERS reported the estimated 2022-23 contribution amount is \$47,497.

<sup>6/</sup> These amounts include health, dental, and vision contributions for employees within state civil service, the Judicial and Legislative Branches, and the California State University (CSU).

<sup>7/</sup> Amount reflects the employer contribution to pay down the Other Post-Employment Benefits (OPEB) unfunded liability.

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

<sup>9/</sup> Amount includes \$616 million one-time Proposition 2 debt repayment funding to help ensure full funding of OPEB by 2046. This amount was provided by the state as employer, on behalf of employees, due to the suspension of employee prefunding contributions in 2020-21 as a result of the implementation of the Personal Leave Program 2020. The amount is based on the actuarial liability for each bargaining unit at that time.

<sup>10/</sup> Estimated as of the 2022 Budget Act, contributions sourced from the General Fund are estimated to be \$3,821 million for CalPERS, \$744 million for CSU CalPERS, \$1,827.9 million for Active Health and Dental, and \$365 million for OPEB Prefunding. Fiscal year 2022-23 contributions to CalSTRS, JRS, JRS II, LRS, and Retiree Health & Dental (including CSU) are all General Fund costs.

## STATE WORKFORCE DEMOGRAPHIC DATA COLLECTION

The California Department of Human Resources (CalHR) will work with the State Controller's Office to establish new demographic categories for the collection of data pertaining to the ancestry or ethnic origin of African American employees beginning on



or after January 1, 2024. The collection of this data continues CalHR's duties to maintain statistical information necessary for the evaluation of equal employment opportunity and upward mobility within state civil service, and will be included in the Annual Census of Employees in State Civil Services report released on or after January 1, 2025.

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### **LANGUAGE ACCESS PILOT**

The Budget includes \$5 million one-time General Fund in 2022-23, for the Government Operations Agency (GovOps) to establish a Language Access Pilot Program. The pilot program is intended to increase participation of non-English or limited-English speakers in California's public hearings and meetings. In developing the pilot program, GovOps will research various translation technologies and develop a pool of trained and qualified interpreters. Starting in January 2024, GovOps is required to deploy the Language Access Pilot Program during at least four public hearings. GovOps will provide pilot program updates annually during budget hearings including recommendations and scalability options to expand the pilot program statewide.

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### **BROADBAND MIDDLE-MILE INITIATIVE**

The Budget includes \$300 million one-time General Fund in 2023-24 and \$250 million one-time General Fund in 2024-25, for the California Department of Technology (CDT) to support the completion of the Broadband Middle-Mile Initiative. The 2021 Budget Act provided \$3.25 billion to CDT for the purpose of building an open-access middle-mile broadband network in unserved and underserved areas of California.

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### **CAL-HOPE PROGRAM**

The Budget provides \$100 million in General Fund in the 2022-23 fiscal year for the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Fund to start this new program. An ongoing \$15 million General Fund component is budgeted to specifically aid children in foster care. Funds in this account will be used to create trust accounts for children who have lost a parent or primary caregiver to COVID-19 and for children in long-term foster care. The deposits in the trust accounts may be used for any purpose by the recipients.

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## CANNABIS

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### CANNABIS TAX REFORM

The Budget includes statutory changes to reform cannabis taxes, provide relief to equity cannabis retailers, and authorize high-road cannabis employers and cannabis equity operators to claim tax credits. These policy changes simplify the tax structure and remove administrative burdens and costs, which reduces barriers to entry into the legal, regulated cannabis market. Major changes include the following:

- Effective July 1, 2022, eliminate the cultivation tax on all harvested cannabis that enters the commercial market.
- Effective January 1, 2023, shift the point of collection and remittance for excise tax from distribution to retail, maintaining a 15-percent excise tax rate through 2024-25.
- Until December 31, 2025, allow equity cannabis retailers who have received an equity fee waiver from the Department of Cannabis Control to retain 20 percent of the excise tax they collect, as a reimbursement for all costs associated with the collection of the cannabis excise tax.
- Allow high-road commercial cannabis businesses to claim tax credits of up to \$250,000 per business per year, for tax years 2023 through 2027, for an aggregate program total of \$20 million.
- Allow cannabis equity operators to claim tax credits of up to \$10,000 per business per year, for tax years 2023 through 2027.
- Set Allocation 3 funding for youth education/intervention/treatment, environmental restoration, and state and local law enforcement programs at a baseline of approximately \$670 million annually for 2022-23, 2023-24, and 2024-25. Up to \$150 million one-time General Fund is available as needed for these years to backfill Allocation 3 funding if tax revenues do not reach the baseline amount.
- Strengthen existing law that requires cannabis businesses to enter into labor peace agreements with their employees with additional enforcement tools, and lowers the threshold of applicable businesses from 20 employees to 10 employees beginning in July 1, 2024.
- Strengthen tax enforcement policies to increase tax compliance and collection and reduce unfair competition.

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## UPDATED ALLOCATION OF THE CANNABIS TAX FUND

Proposition 64 specifies the allocation of cannabis tax revenues 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 allocated to youth education, prevention, early intervention, and treatment; environmental protection; and public safety-related activities. The Budget estimates \$670 million will be available for these purposes in 2022-23, and the structure of these allocations is unchanged from 2021-22:

- **Education, prevention, and treatment of youth substance use disorders and school retention**—60 percent (\$401.8 million)
- **Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation**—20 percent (\$133.9 million)
- **Public safety-related activities**—20 percent (\$133.9 million)

These figures reflect a total increase of \$74.7 million compared to the Governor's Budget estimate. These estimates also reflect the statutory changes that restructure the cannabis tax framework and maintain a baseline level of funding for this allocation.

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## CANNABIS LOCAL JURISDICTION RETAIL ACCESS GRANT PROGRAM

The Budget includes \$20.5 million one-time General Fund to establish the Cannabis Local Jurisdiction Retail Access Grant Program that will provide funding to cities and counties that do not currently have a local cannabis retailer licensing program. This program is intended to aid localities with the development and implementation of local retail licensing programs and to support consumers in gaining access to regulated and tested products through an expansion of California's legal marketplace. This grant program will:

- Award up to \$10 million in grant funding by June 20, 2023 to eligible local jurisdictions to develop and implement a retailer licensing program, with priority given to local jurisdictions whose retail programs assist equity applicants.

- Award the remaining funds of up to \$10 million, on or after June 30, 2023, to eligible local jurisdictions based on the number of permits issued for the cannabis local jurisdiction retailer licensing program.
- Support costs related to staff salaries and benefits, equity applicants and licensees, environmental reviews, and permitting expenses.

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## CALIFORNIA ARTS COUNCIL

The California Arts Council's mission is strengthening arts, culture, and creative expression as the tools to cultivate a better California for all. The Arts Council administers grants and programs to support the state's arts and cultural communities through the development of partnerships with the public and private sectors to enhance the cultural, educational, social, and economic growth of California.

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## SIGNIFICANT INVESTMENTS

- **Support For Cultural Districts**—\$30 million one-time General Fund, to be spent over three years, to support the 14 existing cultural districts and expand the cultural districts program to support traditionally underserved communities that reflect the geographic and racial diversity of the state.
- **California Poet Laureate and Youth Poet Laureate**—\$173,000 ongoing General Fund to support the California Poet Laureate and California Youth Poet Laureate, and to provide outreach and technical assistance to all 58 counties for literary arts programs.
- **State Parks Partnership**—\$25 million one-time General Fund for the California Department of Parks and Recreation to create new California Cultural and Art Installations in the Parks Program for state and local parks. Art installations will reflect local cultural heritages, connect the public to natural resources of state and local parks, and provide contemporary experiences to visitors.

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## CALIFORNIA VETERAN HEALTH INITIATIVE

The United States Department of Veterans Affairs' 2021 National Veteran Suicide Prevention Annual Report stated that veterans die by suicide at a rate nearly double that of their non-veteran peers, and noted an emergent rise in suicides among veterans

in the 18-to-34 age group and among women veterans. Recognizing the importance of addressing the prevention of veteran suicide, the Budget includes \$50 million one-time General Fund, to be spent over three years, for the California Department of Veterans Affairs to establish the California Veteran Health Initiative to provide a comprehensive, coordinated approach to addressing veteran suicide. Specifically, the Initiative consists of the following three components:

- **Outreach and Education Campaign**—\$5 million for an awareness campaign that educates veterans and the broader community to inform the knowledge, behaviors, and attitude surrounding veteran suicide.
- **Veteran Suicide Surveillance and Review Program**—\$5 million to establish a multidisciplinary team of professionals and stakeholders focusing on the identification and collection of veteran-specific suicide data; coordinate a statewide assessment of veteran's mental health; and provide recommendations on future prevention, intervention, and post-intervention strategies. This program will build upon the work of the Violence Prevention Initiative at the California Department of Public Health.
- **Veteran Mental Health Support Network Grants**—\$40 million to provide competitive grants to local jurisdictions that provide matching grants to expand mental health service capacity by supporting a network of veteran-specific mental health services throughout the state. The intent of this program is to assist in the creation of self-sustaining, ongoing programs that support veterans and maximize available federal programs (U.S. Veterans Affairs and Medi-Cal).

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## PROMOTING EQUITABLE ACCESS TO STATE PARKS

The Administration is committed to advancing safe, equitable, and enjoyable access to parks, open spaces, natural resources, and recreational amenities for all Californians. The Budget includes \$131.3 million to increase equitable access to state parks through the following investments:

- **State Parks Infrastructure Funding**—\$50 million one-time General Fund for future State Parks infrastructure projects to increase equitable access to state parks, improve visitor experiences, and build recreational opportunities to foster community connections and remove barriers to park access.

- **Colonel Allensworth State Park**—\$28 million one-time General Fund for the construction of a new visitor center and other interpretive enhancements. The new visitor center will better tell the story of this historic African American community and the contributions of its founders and members.
- **K-12 and Interpretive Program Enrichment**—\$15 million one-time General Fund for outdoor environmental education and access programming through the expansion of existing K-12 programs. These programs will support outdoor environmental education for underserved youth statewide.
- **Partnership with CAAM**—\$15 million one-time General Fund for the Department of Parks and Recreation to partner with the California African American Museum (CAAM) to better tell the inclusive story of black history in state parks.
- **California State Library Partnership**—\$13.5 million one-time General Fund to expand a pilot program to provide state park passes for check out at local libraries. This funding will increase the number of passes available to local libraries.
- **State Parks Tribal Lands Acknowledgement, Interpretation, and Exhibit Improvements**—\$9.8 million one-time General Fund to support California Native Americans' engagement and interpretation in state parks. Tribal land acknowledgements will be addressed through signage and improved interpretation to connect the public with tribal history and contemporary experiences. These improvements will bring forward California Native American voices throughout state parks.

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## STATE CAPITOL ANNEX PROJECTS

The Budget includes a one-time \$917 million General Fund transfer to the State Project Infrastructure Fund (SPIF) to fully fund the remaining design, pre-construction, and construction activities for the State Capitol Annex Projects. This includes the replacement of the State Capitol Building Annex, construction of a new parking structure and a new Visitor Center facility, and West Wing improvements necessary to provide for a fully functional Capitol Building. Prior budgets have provided a total of \$183 million General Fund that has been transferred to the SPIF for planning and pre-construction activities that are currently underway. The Annex projects are currently scheduled for completion in 2026.

## **REDUCING BOND DEBT OBLIGATIONS**

To strengthen budget resiliency, the Budget includes several multi-year proposals that will contribute to a reduction in the state's long-term debt obligations. Capital projects totaling approximately \$3.2 billion currently authorized for lease revenue bond financing will be shifted to General Fund, including \$480 million in 2021-22, \$837 million (for the State Capitol Annex) in 2022-23 and approximately \$1.9 billion in 2023-24. In addition, approximately \$1.7 billion in callable GO bonds are proposed for redemption in the 2024-25 fiscal year. These proposals will utilize one-time funding to structure a multi-year approach to reducing the state's long-term bond debt obligations, and will provide flexibility in the event of an unexpected change in the state's fiscal condition. When fully implemented, these actions will result in total debt service savings of approximately \$2.5 billion over the life of the bonds.

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## **OFFICE OF PLANNING AND RESEARCH**

The Office of Planning and Research (OPR) assists the Governor and the Administration in planning, research, policy development, and legislative analysis. 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 Budget includes total funding of \$1.4 billion, including \$577.9 million General Fund, for OPR.

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## **OFFICE OF COMMUNITY PARTNERSHIPS AND STRATEGIC COMMUNICATIONS**

The Budget includes \$65 million General Fund in 2022-23 through 2025-26 to establish the Office of Community Partnerships and Strategic Communications within OPR. The Office will manage the state's highest priority public awareness and community outreach campaigns. The Budget also includes \$230 million one-time California Emergency Relief Fund for the Office to continue COVID-19 vaccine-related public education and outreach campaigns.

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## **CALIFORNIA INITIATIVE TO ADVANCE PRECISION MEDICINE**

The Budget includes \$10 million one-time General Fund to administer a competitive grant program using the principles of precision medicine to harness the power of computational analytics, next-generation genetic sequencing, and data sharing and

aggregation to provide interventions that are tailored to a specific patient, instead of an “average” patient. The Budget also includes \$9.3 million one-time General Fund to increase participation of underrepresented communities in biomedical research.

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## CALIFORNIA VOLUNTEERS

The Budget includes General Fund investments to support California Volunteers' efforts in engaging Californians in service, volunteerism, and civic engagement.

- **Summer Youth Jobs Program**—\$25 million one-time to continue the Youth Jobs Corps program that provides employment opportunities for youth in areas including COVID-19 recovery, food insecurity, and climate action. In addition to providing youth with employment opportunities, the program provides other services such as case management, resume preparation, and special job training.
- **Foster Grandparents and Senior Companions**—\$10 million one-time for volunteer programs to engage older adults in volunteer service that benefit schools, families, and communities across the state. The Foster Grandparent Program pairs older adult volunteers with children of all ages for intergenerational mentoring, tutoring, and connections.
- **Building Neighbor-to-Neighbor Networks**—\$10 million in 2022-23 through 2025-26 to expand California's existing volunteer infrastructure and bolster the statewide Neighbor-to-Neighbor initiative to recruit, train, equip, and organize neighbors to address community needs. This program builds on the community mobilization and connections that resulted from the pandemic.
- **California Climate Action Corps**—\$3.9 million in 2024-25 and 2025-26 to continue funding for the existing Climate Action Corps program. These resources will support the mission of empowering Californians to take meaningful actions to protect their communities against the harshest impacts of climate change.
- **Californians for All College Service Program**—\$73.1 million in 2024-25 and 2025-26 to continue funding for the Californians for All College Service Program. This state service and career development program will continue to provide opportunities for California college students, including AB 540 eligible students, to contribute to their communities while supporting lower debt college pathways for low-income students.



## STATE APPROPRIATIONS LIMIT

The State Appropriations Limit, or Gann Limit, caps the amount of revenues from proceeds of taxes that can be appropriated by the state, which serves to constrain state spending. Any excess revenues appropriated above the state's limit over a two-year period must ultimately be reallocated evenly between schools and taxpayer refunds. While at the May Revision, appropriations were estimated to be below the appropriations limit in the 2020-21 and 2021-22 fiscal years by \$2.6 billion, the Budget now projects the state to be \$11 billion below the limit for this two-year period based on statutory changes enacted as part of the Budget and a revision to the spending that counts toward the limit. As a result of these changes, the 2022-23 fiscal year is also estimated to be below the limit by over \$12 billion.

Specifically, consistent with the provisions of the State Appropriations Limit, the state expands the definition of state subventions by specifying that money provided to a local agency for identified state programs must first be accounted for in local limits, but only up to a local agency's appropriation limit. Additionally, the Budget revised the levels of excluded spending in the 2021-22 and 2022-23 fiscal years, which includes investments in state infrastructure and expenditures to provide relief to families, most notably, \$9.5 billion for the Better for Families Tax Refund.

Estimates for the 2020-21 and 2021-22 two-year state appropriations limit calculations are not final, because final revenue and expenditure adjustments for the 2021-22 fiscal year will not be determined until the 2023 Budget Act. The Administration will continue to monitor the limit and make recommendations to update it to reflect changes in the state's economy.

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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,  
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