

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION

ASSEMBLYMEMBER WENDY CARRILLO, CHAIR

MONDAY, MAY 15, 2023

UPON ADJOURNMENT OF SESSION – STATE CAPITOL, ROOM 444

*This hearing can be viewed via live stream on the Assembly's website at
<https://assembly.ca.gov/todayevents>.*

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub4@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted.

To provide public comment, please call toll-free number: 877-692-8957 / Access Code: 131 54 44

1. Call to Order

Issue 1: Presentation on Housing and Homelessness May Revision Proposals

Panelists:

- Andrew March, Principal Program Budget Analyst
- Chris Hill, Principal Program Budget Analyst
- Ted Doan, Finance Budget Analyst
- Lourdes Morales Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Issue 2: Presentation on Governor's Office of Business and Economic Development May Revision Proposals

Panelists:

- Emma Jungwirth, Assistant Program Budget Manager, Department of Finance
- Charles LaSalle, Finance Budget Analyst, Department of Finance
- Brian Uhler, Deputy Legislative Analyst, Legislative Analyst's Office

Issue 3: Presentation on Office of Planning and Research May Revision Budget Proposal on Staff Reorganization and IT UnitPanelists:

- Mark Jimenez, Department of Finance
- Kevin Clark, Department of Finance
- Scott Morgan, Office of Planning and Research
- Saharnaz Mirzazad, Office of Planning and Research
- Rachel Ehlers, Legislative Analyst's Office

Issue 4: Presentation on Department of Justice May Revision Budget ProposalsPanelists:

- Mark Jimenez, Department of Finance
- Kevin Clark, Department of Finance
- Chris Ryan, Department of Justice
- Anita Lee, Legislative Analyst's Office

Issue 5: Presentation on Labor and Workforce Development May Revision Budget Proposals:

- Employment Development Department
- Workforce Development Board
- Industrial Relations

Panelists:

- Andrew March, Principal Program Budget Analyst, Department of Finance
- Patrick Toppin, Finance Budget Analyst, Department of Finance
- Chas Alamo, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Issue 6: Presentation on Consumer Protection May Revision Budget Proposals

- Cannabis
- California Privacy Protection Agency
- Department of Consumer Affairs

Panelists:

- Charlene Manning, Principal Program Budget Analyst, Department of Finance
- Colby White, Principal Program Budget Analyst, Department of Finance
- Andrew Hoang, Finance Budget Analyst, Department of Finance
- Amy Ascencio, Finance Budget Analyst, Department of Finance
- Jared Sippel, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Seth Kerstein, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Issue 7: Presentation on General Government May Revision Budget Proposals

- State Controller's Office
- Exposition Park
- Secretary of State
- Veterans Affairs

Panelists:

- Jim Doyle, Department of Finance
- Michael McGinness, Department of Finance
- Emma Jungwirth, Assistant Program Budget Manager, Department of Finance
- Charles LaSalle, Finance Budget Analyst, Department of Finance
- Anthony Franzonia, Finance Budget Analyst, Department of Finance
- Nick Schroeder, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Ann Hollingshead, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Helen Kerstein, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Issue 8: Presentation on Government Operations May Revision Budget Proposals

- Department of Technology
- Department of Human Resources
- Department of General Services
- Public Employment Relations Board

Panelists:

- Danielle Brandon, Principal Program Budget Analyst, Department of Finance
- Brian Metzker, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Nick Schroeder, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Jared Sippel, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Issue 9: Presentation on State Employee Compensation and Retirement May Revision Budget Proposals

- Employee Compensation
- California Public Employees' Retirement System
- California State Teachers' Retirement System
- Judges Retirement System

Panelists:

- Evelyn Suess, Assistant Program Budget Manager, Department of Finance
- Aston Tennefoss Staff Finance Budget Analyst, Department of Finance
- Ryan Weinberg, Staff Finance Budget Analyst
- Nick Schroeder, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

STAFF COMMENTS

Issue 1: Housing and Homelessness Proposals

Major Discretionary Housing and Homelessness Spending as Proposed in May Revision						
Program	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
<i>Housing and Community Development</i>						
Homekey Program	1,600	1,300	0			
Housing Accelerator	1,750	250	0			
Emergency Rental Assistance	1,950	0	0			
Infill Infrastructure Grant Program	250	200	225			
Local Planning Grants	600	0	0			
Foreclosure Intervention						
Housing Preservation	155 ¹	0	50	100	100	95
Portfolio Reinvestment Program	300	50	100			
Adaptive Reuse	0	150	250			
CalHome	0	250	0 ²			
MultiFamily Housing Program	0	100	225			
State Excess Sites Development	45	25	75			
Transitional Housing Program	17	43	43	43	43	43
Joe Serna Jr. Farmworker Housing Grant Program	50	50	0			
Manufactured Housing Opportunity and Revitalization Program	0	25	75			
Veteran Housing and Homeless Prevention Program	0	50	50			
Golden State Acquisition Fund	50	0	0			
Housing Navigators Program	5	14	14	14	14	14
Migrant Farmworker Housing Deferred Maintenance	30	0	0			
Subtotals	6,802	2,507	1,207	157	157	152

¹ The May Revision proposes to defer \$345 million of the \$500 million included in the 2021 Budget for the Foreclosure Intervention Housing Preservation Program.

² The 2023-24 Governor's Budget proposes reducing \$100 million from 2023-24 and making it subject to a trigger restoration.

Major Discretionary Housing and Homelessness Spending as Proposed in May Revision (Cont.)						
Program	2021- 22	2022- 23	2023- 24	2024- 25	2025- 26	2026- 27
<i>California Interagency Council on Homelessness</i>						
Homeless Housing, Assistance and Prevention Program	1,000	1,000	1,000			
Encampment Resolution Grants	50	300	400			
Homeless Emergency Aid Program	0	0	0			
COVID-19 Emergency Funding	0	0	0			
Family Homelessness Challenge Grants	40	0	0			
Homeless Landscape Assessment	6	0	0			
Homeless Data Integration System	4	0	0			
Subtotals	1,100	1,300	1,400	0	0	0
<i>California Tax Credit Allocation Committee</i>						
State Low Income Housing Tax Credit Program	500	500	500			
Subtotals	500	500	500	0	0	0
<i>California Housing Finance Agency</i>						
California Dream For All Program	0	300 ³	0			
Mixed-Income Program	45	0	0			
Accessory Dwelling Unit Grant Program	81	0 ⁴	0			
Homebuyer Assistance	100	0	0			
Subtotals	226	300	0	0	0	0
Total	8,628	4,607	3,107	157	157	152

³ The 2023-24 Governor's Budget proposes reducing \$200 million from 2022-23 and making it subject to a trigger restoration.

⁴ The 2023-24 Governor's Budget proposes reducing \$50 million from 2022-23 and making it subject to a trigger restoration.

Issue 2: Governor's Office of Business and Economic Development Proposals

- **Local Government Sustainability Fund/City of Fresno Infrastructure Plan.** The May Revision proposes to redirect \$250 million of the \$300 million allocation from the Local Government Sustainability Fund program to the City of Fresno's Public Infrastructure Plan. The intent of the Local Government Sustainability Fund program, a new program proposed in the 2022 Budget Act, was to support county governments in areas of the state facing high unemployment and high poverty that demonstrate a commitment to advancing a more climate-resilient local economy and pursuing economic diversification initiatives. The funding was allocated over three years in order to develop the program. The Subcommittee may wish to ask whether Go-Biz intends to continue with the Local Government Sustainability Fund. If that is the case, the Legislature should decide how best to spend the dollars given the budget outlook and should even consider taking the full \$300 million allocated for the program.
- **Small Agricultural Business Relief Grants.** The May Revision includes \$25 million to expand the existing California Small Agricultural Business Drought Relief Grant Program for agriculture-related business that have been affect by recent storms. The Subcommittee may wish to ask the following:
 - How did Go-Biz get to the \$25 million number?
 - How will the funding be distributed?
 - How much funding has come from the federal government for disaster assistance for agriculture businesses?
 - With the climate changing on a yearly basis, is the program setting up ongoing program?

Issue 3: Labor and Workforce Development May Revision Budget Proposals:

The May Revision proposes a one-time loan of \$306 million from the Unemployment Compensation Disability Fund to the General Fund to pay the annual interest payment on the state's Unemployment Insurance loan balance for the 2023 calendar year. The Unemployment Compensation Disability Fund consists of all worker contributions used to pay Disability and Paid Family Leave benefits and administer those respective programs. The Subcommittee may wish to ask:

- Why was the Disability Fund chosen as an alternative source of funding to pay the interest on the UI federal loan?
- What are the anticipated impact on employee contributions to the Disability Fund?

Issue 6: Consumer Protection May Revision Budget Proposals

The Budget Act of 2022 requires that Allocation 3 programs are funded at a baseline of approximately \$670 million using cannabis tax revenues. Allocation 3 programs covers youth education, prevention, early intervention, and treatment; environmental protection; and public safety-related activities.

The May Revision estimates that \$567.4 million is available from the Cannabis Tax Fund for Allocation 3 activities, which is inclusive of \$150 million General Fund that was appropriated in the Budget Act of 2022 to backfill potential cannabis tax revenue shortfalls.

Breakdown of Allocation 3 Funding is as follows:

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

Of note, these figures reflect a total decrease of \$102.2 million compared to the Governor's Budget estimate.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to Budget Bill Items 1111-001-0108 and 1111-001-0759, Support,
Department of Consumer Affairs**

It is requested that Item 1111-001-0108 be increased by \$7,000 ongoing, and Item 1111-001-0759 be decreased by \$7,000 ongoing to make a technical correction to the Department of Consumer Affairs' internal administrative costs (pro rata) included in the Governor's Budget. This net-zero adjustment will correct an error to the indirect distributed cost of the Physical Therapy Board of California and the California Acupuncture Board.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Charlene Manning, Principal Program Budget Analyst, at (916) 639-4510.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Lourdes M. Castro Ramírez, Secretary, Business, Consumer Services, and Housing Agency
Melinda Grant, Undersecretary, Business, Consumer Services, and Housing Agency
Tiffany Garcia, Deputy Secretary, Fiscal Policy and Administration, Business, Consumer Services, and Housing Agency
Brian Skewis, Budget Manager, Business, Consumer Services, and Housing Agency
Kimberly Kirchmeyer, Director, Department of Consumer Affairs
Taylor Schick, Chief Fiscal Officer, Department of Consumer Affairs
Robert DelosReyes, Assistant Chief Fiscal Officer, Department of Consumer Affairs

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items 1700-001-0001 and 1700-001-0890, Support, Civil Rights Department

Programmatic Name Change for Civil Rights Council—It is requested that Item 1700-001-0001 be amended to change the budgetary Program 1495 name from the Fair Employment and Housing Council to the Civil Rights Council, consistent with the Council's name change in Chapter 48, Statutes of 2022 (SB 189).

Federal Earning Community Trust Project—It is requested that Item 1700-001-0890 be increased by \$375,000 annually in fiscal years 2023-24, 2024-25, and 2025-26 to allow the Civil Rights Department to utilize a federal grant to support and expand the CA vs. Hate Hotline.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Andrew March, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Lourdes Castro Ramirez, Secretary of Housing and Consumer Relations, Business, Consumer
Services, and Housing Agency
Sasha Kergan, Deputy Secretary of Housing and Consumer Relations, Business, Consumer
Services, and Housing Agency
Tiffany Garcia, Deputy Secretary of Fiscal Policy and Administration, Business, Consumer
Services, and Housing Agency
Gustavo Velazquez, Director, Department of Housing and Community Development
Zack Olmstead, Chief Deputy Director, Department of Housing and Community
Development
Matt Schueller, Deputy Director, Administration and Management, Department of Housing
and Community Development

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 1703-001-0001, Support, California Privacy Protection Agency

Consumer Privacy Enforcement Implementation—It is requested that Item 1703-001-0001 be increased by \$1,817,000 and 7 positions in 2023-24, and \$1,215,000 in 2024-25 and ongoing, for cost-of-living adjustments authorized by Proposition 24 and to implement and enforce the California Consumer Privacy Act of 2018. These positions will provide the Agency with sufficient expertise needed to investigate consumer complaints, develop and apply privacy compliance audit procedures, and perform business examinations of privacy and technology information. The Agency will also produce outreach and awareness materials designed to inform California consumers of their risks, rules, responsibilities, and rights in relation to the collection, use, sale, and disclosure of personal information.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Charlene Manning, Principal Program Budget Analyst, at (916) 639-4510.

JOE STEPHENSHAW
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Tiffany Garcia, Deputy Secretary, Fiscal Policy and Administration, Business,
Consumer Services, and Housing Agency
Brian Skewis, Budget Manager, Business, Consumer Services, and Housing Agency
Ashkan Soltani, Executive Director, California Privacy Protection Agency
Vongayi Chitambira, Deputy Director of Administration, California Privacy
Protection Agency



May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Addition of and Eliminate Various Budget Bill Items, Support and Local Assistance,
Department of Housing and Community Development**

Reversion of Unexpended Balance for the Downtown Rebound Program—It is requested that Item 2240-011-0929 be added in the amount of \$17.5 million to transfer the unexpended balance of the appropriation made for the Downtown Rebound program in the 2000 Budget Act (see Attachment 1). As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to this program to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan.

Technical Adjustment to Shift the Reduction of 2023-24 Appropriation for the CalHome Program—It is requested that Item 2240-110-0001 be eliminated to reflect the reduction of \$100 million funding for the CalHome program. The Governor's Budget reduced various items of appropriations in the 2023-24 fiscal year in Control Section 4.07. This is a technical adjustment to provide transparency at the department level by shifting the reductions from the statewide control section to items of appropriation in the applicable departmental budgets.

Emergency Rental Assistance Program Close-Out Activities Reappropriation—It is requested that Item 2240-490 be added to extend the encumbrance period from June 30, 2023 to June 30, 2024 for Item 2240-101-3398, Budget Act of 2021 to allow the Department of Housing and Community Development to complete administrative close-out activities in the federal Emergency Rental Assistance Program (see Attachment 2).

Reversion of 2022 Amounts for the Accessory Dwelling Unit Program and the California Dream for All Program—It is requested that Item 2240-495 be added to revert \$50 million from the appropriation made for the Accessory Dwelling Unit program and \$200 million from the appropriation made for the California Dream for All Program in the 2022 Budget Act. The Governor's Budget reverted these funds in statewide Control

Section 4.06. This is a technical adjustment to provide transparency at the department level by shifting the reversions from the statewide control section to the applicable departmental budget (see Attachment 3).

Deferral of 2021 Appropriation for the Foreclosure Intervention Housing Preservation Program—It is requested that Item 2240-496 be added to revert \$345 million of the appropriation made for the Foreclosure Intervention Housing Preservation program in the 2021 Budget Act (see Attachment 4). It also requested that Item 2240-125-0001 be added in the amount of \$50 million in 2023-24, \$100 million in 2024-25, \$100 million in 2025-26, and \$95 million in 2026-27 to appropriate the reverted funding over the next four fiscal years (see Attachment 5). As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to this program to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan but would not affect the overall funding level of the program.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Andrew March, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Gustavo Velazquez, Director, Department of Housing and Community Development
Zack Olmstead, Chief Deputy Director, Department of Housing and Community Development
Matt Schueller, Deputy Director, Administration and Management, Department of Housing and Community Development

2240-011-0929—For transfer by the Controller, upon order of the Department of Finance, from the Housing Rehabilitation Loan Fund to the General Fund(17,500,000)

Provisions:

1. Notwithstanding any other law, the Department of Finance may adjust the amount transferred by this item to the General Fund to equal the balance as of June 30, 2023 of the funds transferred from the General Fund to the Housing Rehabilitation Loan Fund pursuant to Item 2240-107-0001, Budget Act of 2000 appropriated for the purposes of section 50898.2 of the Health and Safety Code.

2240-490—Reappropriation, Department of Housing and Community Development. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2024:

3398—California Emergency Relief Fund

(1) Item 2240-101-3398, Budget Act of 2021, as added by Chapter 44, Statutes of 2022

2240-495—Reversion, Department of Housing and Community Development. As of June 30, 2023, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

- (1) Item 2240-111-0001, Budget Act of 2022. \$200,000,000 appropriated for the California Dream for All program in Provision 2.
- (2) Item 2240-111-0001, Budget Act of 2022. \$50,000,000 appropriated for Accessory Dwelling Unit Financing in Provision 3.

2240-496—Reversion, Department of Housing and Community Development. As of June 30, 2023, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

- (1) Item 2240-106-0001, Budget Act of 2021. \$345,000,000 of the amount appropriated for the Foreclosure Intervention Housing Preservation program in Provision 4.

2240-125-0001—For local assistance, Department of Housing and Community
Development.....50,000,000

Schedule:

(1) 1665-Financial Assistance Program.....50,000,000

Provisions:

1. The amount appropriated in this item is for the Foreclosure Intervention Housing Preservation Program pursuant to Chapter 8.6 of the Health and Safety Code and shall be available for encumbrance or expenditure until June 30, 2029. Upon order of the Department of Finance, up to 5 percent of the funds made available pursuant to this provision may be transferred to Schedule (2) of Item 2240-001-0001 for administration and shall be available for encumbrance or expenditure until June 30, 2029.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to and Addition of Various Budget Bill Items and Reimbursements, Support and Local Assistance, and Statutory Changes, Governor's Office of Business and Economic Development

Local Economic Development Plan (SB 846)—It is requested that Item 0509-001-0001 be increased by \$10 million one-time for local economic development efforts pursuant to Chapter 239, Statutes of 2022 (SB 846). It is also requested that provisional language be added to allow the funds to be available for encumbrance or expenditure until June 30, 2027 (see Attachment 1).

Outsmart Disaster Program—It is requested that Item 0509-001-0001 be amended to increase reimbursement authority by \$350,000 one-time to allow the Office of the Small Business Advocate (CalOSBA) to administer a federal grant, in coordination with the California Academy for Economic Development, for the Outsmart Disaster Program. This program is a statewide awareness campaign focused on providing California businesses and communities with the resources they need to adequately prepare for and recover from all types of disasters and business interruptions.

State Small Business Credit Initiative Technical Assistance Program—It is requested that Item 0509-001-0890 be increased by \$25.3 million one-time, to be spent over five years, for CalOSBA to provide technical assistance to small businesses, including businesses owned by socially and economically disadvantaged individuals, applying for State Small Business Credit Initiative capital programs. It is also requested that provisional language be added to allow the funds to be available for encumbrance or expenditure until June 30, 2028 (see Attachment 2).

Small Agricultural Business Relief Grants—It is requested that Item 0509-102-0001 be increased by \$25 million one-time to expand the existing California Small Agricultural Business Drought Relief Grant Program to provide direct assistance to eligible agriculture-related businesses that have been affected by recent storms. It is requested that provisional language be added to allow the funds to be available for

encumbrance or expenditure until December 30, 2024 (see Attachment 3). It is also requested that statutory changes be made to expand the existing program to include a round of grants for these businesses. The statutory changes will be posted on the Department of Finance website.

City of Fresno Public Infrastructure Plan—It is requested that provisional language be added to Item 0509-101-0001 to allocate \$50 million in 2023-24 to support the City of Fresno's Public Infrastructure Plan to invest in the downtown area. This plan includes projects to build a High Speed Rail Station and parking structures, develop green space, improve walkability, and for water infrastructure. In total, this request includes \$50 million in 2023-24, and \$100 million in 2024-25 and 2025-26, to be allocated to the City of Fresno to support these efforts. It is also requested that provisional language be added to specify the use of these funds in Item 0509-101-0001 (see Attachment 4).

Local Government Budget Sustainability Fund Program—It is requested that provisional language be amended in Item 0509-101-0001 to reduce the amount available for this program to \$50 million in 2023-24 (see Attachment 5). This request also reduces the amount available for this program by \$100 million in 2024-25 and 2025-26.

Immigrant Integration and Economic Development Grants Reappropriation—It is requested that Item 0509-490 be added to reappropriate up to \$2 million available in the 2022 Budget Act for competitive grants to service providers to develop export training programs and curriculum aimed at underserved business owners. It is also requested that these funds be available for encumbrance or expenditure until June 30, 2025 (see Attachment 6). The 2022 Budget Act inadvertently did not include an extended period of availability for this funding that would have aligned this grant program with the related competitive grants to local governments included in the Immigrant Integration and Economic Development proposal.

Technical Statutory Changes to Extend Program Sunset Dates—It is requested that statutory changes be made to extend the sunset dates for several grant programs administered by CalOSBA to allow additional time to award grants and for program closeout activities. The requested statutory changes will be posted on the Department of Finance website.

Reduction of 2023-24 Appropriation—It is requested that Item 0509-112-0001 be reduced by \$25 million one-time for financing for clean energy transmission projects. The Governor's Budget reduced this appropriation in Control Section 4.07. This is a technical adjustment to shift the reduction from the statewide control section to an item in the department's budget. It is also requested that provisional language be amended to reflect this reduction (see Attachment 7).

Restoration of Funding for the Climate Catalyst Fund for Forest Resilience Projects—It is requested that \$25 million be restored from the proposed reversion included in the Governor's Budget for the Climate Catalyst Fund to support Forest Resilience Projects. The Governor's Budget included a total reversion of \$41 million for these projects in Control Section 4.06. This request restores \$25 million to support additional forest resilience projects that are in the final stages of the review process. This brings the total

proposed reversion to \$16 million (see Attachment 7). This action also conforms to the May Revision proposals to delete Control Section 4.07 and to amend Control Section 3.94.

Reversion of 2021 Balances—It is requested that Item 0509-495 be added to revert the unexpended balance of appropriations made for the California Small Business COVID-19 Relief Grant Program in the 2021 Budget Act. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to this program to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan. The Governor's Budget also included a reversion of \$92 million for this program, bringing the total proposed reversion to \$142 million for this program (see Attachment 8).

Technical Adjustment to Shift Reversion of 2021 and 2022 Balances—It is requested that Item 0509-495 be added to revert the unexpended balance of appropriations made in the 2021 and 2022 Budget Acts. The Governor's Budget reverted these funds in statewide Control Section 4.06. This is a technical adjustment to provide transparency at the department level by shifting reversions from the statewide control section to the applicable department budget (see Attachment 8).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Emma Jungwirth, Assistant Program Budget Manager, at (916) 445-8913.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Dee Dee Myers, Director, Governor's Office of Business and Economic Development
Chris Dombrowski, Chief Deputy Director, Governor's Office of Business and Economic
Development

Add provision 4 to Item 0509-001-0001:

4. Of the amount appropriated in Schedule (2), \$10,000,000 is available for local economic development efforts pursuant to Chapter 239, Statutes of 2022 (SB 846). These funds shall be available for state operations or local assistance, and are available for encumbrance or expenditure until June 30, 2027.

Add provision 1 to Item 0509-001-0890:

1. The amount appropriated in Schedule (2) is available to implement the federal State Small Business Credit Initiative Technical Assistance program. These funds are available for encumbrance or expenditure until June 30, 2028.

Add provision 2 to Item 0509-102-0001:

2. The amount appropriated in Schedule (2) is available for grants to small agricultural businesses impacted by recent storms. Up to 5 percent of this funding may be used for administrative costs. These funds are available for encumbrance or expenditure until December 30, 2024.

Add provision 2 to Item 0509-101-0001:

2. Of the amount appropriated in this item, \$50 million shall be available to the City of Fresno to support the City's Public Infrastructure Plan.

Amend provision 1 of Item 0509-101-0001:

"1. Of the amount appropriated in this item, ~~The funds appropriated in this item~~
\$50 million shall be available for the Local Government Budget Sustainability
Fund."

Add Item 0509-491 as follows:

0509-491—Reappropriation, Governor's Office of Business and Economic Development. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2025:

0001—General Fund

- (1) Up to \$2,000,000 in Item 0509-101-0001 of the Budget Act of 2022 (Chs. 43 and 249, Stats. 2022).

Amend provision 1 of Item 0509-112-0001:

"1. Of the amount appropriated in this item, ~~\$50,000,000~~ \$25,000,000 shall be available for clean energy transmission projects pursuant to Section 63048.93 of the Government Code. Not more than 2.5 percent of the amount appropriated pursuant to this provision may be used to support administrative costs, which shall be available for expenditure or encumbrance until June 30, 2025, and liquidation until June 30, 2028."

0509-495—Reversion, Governor's Office of Business and Economic Development. As of June 30, 2023, the balances specified below, of the appropriations provided in the following citations, shall revert to the balances in the funds from which the appropriations were made.

0001-General Fund

(1) Up to \$16,000,000 of the amount appropriated for the Climate Catalyst Fund in Item 0509-112-0001 of the Budget Act of 2021 (Ch. 240, Stats. 2021).

(2) Up to \$142,000,000 of the amount appropriated for the California Small Business COVID-19 Relief Grant Program in Schedule (1) of Item 0509-162-8506 of the Budget Act of 2021 (Chs. 21, 43, 69, 84, and 240, Stats. 2021), as transferred pursuant to Section 11.96 of the Budget Act of 2021 (Ch. 21, Stats. 2021).

(3) Up to \$50,000,000 of the amount appropriated for the California Infrastructure and Economic Development Bank's California Small Business Finance Center provided in Item 0509-111-0001, Budget Act of 2021 (Ch. 21, Stats. 2021)

(4) Up to \$25,000,000 of the amount appropriated for support of the Climate Catalyst Fund in Item 0509-112-0001 of the Budget Act of 2022 (Ch. 43, Stats. 2022).

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendments to and Addition of Various Budget Bill Items and Reimbursements, Support and Local Assistance, and Statutory Changes, Office of Planning and Research

Information Technology Unit—It is requested that Item 0650-001-0001 be increased by \$5,347,000 and 15 positions ongoing to establish an information technology unit within the Office of Planning and Research (OPR). This request is necessary to support internal departmental oversight and administration of information technology needs.

Transition to State Civil Service Positions and Reductions to Governor's Budget

Proposals—It is requested that Item 0650-001-0001 be reduced by \$2,001,000 and 10.0 positions in 2023-24, decreasing to \$1,544,000 and 10.0 positions in 2026-27 and ongoing, to address declining General Fund Revenues and to begin the process of transitioning OPR to a more traditional department with state civil service positions. Specifically, this request reduces the new proposals included in the Governor's Budget from a total of \$9.2 million and 26 positions to \$7.2 million and 16 positions, of which 13 will be established as civil service positions. This request adjusts the following Governors Budget proposals: California Climate Adaptation Strategy, General Plan Guidance Updates, Legislative and Legal Staffing, CEQANet, Tribal Liaison, and the Statewide Extreme Heat Ranking System, and the Racial Equity Commission and Youth Empowerment Commission.

Technical Adjustment to Shift the Reversion of 2021 and 2022 Balances—It is requested that Item 0650-495 be added to include reversions related to the specified balances of appropriations made in the 2021 and 2022 Budget Acts (see Attachment 1). The Governor's Budget reverted these funds in statewide Control Section 4.06. This is a technical adjustment to provide transparency at the department level by shifting the reversions from the statewide control section to the applicable departmental budget.

Reversion of 2022 Balances—It is requested that Item 0650-495 be added to revert the unexpended balance of an appropriation made for the Regional Climate Resilience Program in the 2022 Budget Act (see Attachment 1). As a result of lower revenue

projections and a resulting increase in the budget problem, the May Revision proposes adjustments to the Regional Climate Resilience program to assist in closing a projected shortfall and to ensure the submission of a balanced budget plan.

Technical Adjustment to Shift the Reduction of 2023-24 Appropriations—It is requested that Item 0650-001-0001 be reduced by \$40 million one-time, and Item 0650-101-0001 be reduced by \$235 million one-time. The Governor's Budget reduced various items of appropriations in the 2023-24 fiscal year in Control Section 4.07. This is a technical adjustment to provide transparency at the department level by shifting the reductions from the statewide control section to items of appropriation in the applicable departmental budgets. It is also requested that provisional language be removed to reflect these changes (see Attachments 2 and 3).

Reduction of 2023-24 Appropriations—It is requested that Item 0650-001-0001 be reduced by \$100 million one-time for the Transformative Climate Communities program. It is also requested that Item 0650-101-0001 be reduced by \$75 million in 2023-24 and \$85 million in 2024-25 for the Community Resilience Centers grant program. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to these programs to assist in closing the projected shortfall and to ensure the submission of a balanced budget plan.

Office of Local Defense Community Cooperation Federal Grant—It is requested that Item 0650-001-0001 be amended to reflect increased reimbursement authority of \$500,000 one-time to account for an anticipated federal Office of Local Defense grant award. Reimbursement authority is necessary given that OPR is expected to be a subrecipient of this federal grant awarded to the University of California, Davis.

U.S. EPA Environmental Justice Government to Government Grant—It is requested that Item 0650-101-0890 be increased by \$350,000 in 2023-24, and \$400,000 in 2024-25 and 2025-26, to account for an anticipated federal United States Environmental Protection Agency Environmental Justice Government-to-Government grant award. This funding will be used to partner with community-based organizations within disproportionately impacted areas to pilot activities that address climate change, disaster resiliency, and emergency preparedness.

Various Statutory Changes—It is requested that the following statutory changes be made. The requested statutory changes will be posted on the Department of Finance website:

- **CEQA Lead Agency Exemption**—Statutory changes to specify that OPR shall not be considered the lead/responsible agency for projects in which OPR awards funding to and in which the project is subject to the California Environmental Quality Act (CEQA) review. This change is necessary to promote impartiality on behalf of OPR for projects in which the department awards grants.
- **Community Resilience Centers Advance Pay**—Statutory changes to include the Community Resilience Centers within the statewide Advance Payment Pilot Program pursuant to Chapter 159, Statutes of 2022 (AB 156). This change is

necessary to fix a drafting error in AB 156, which referenced the incorrect section in statute.

Various Provisional Language Changes—It is requested that the following provisional language changes be made:

- **Transformative Climate Community Administrative Carveout Increase**—Add provisional language to Item 0650-001-0001 to increase the percentage available for administrative costs for the Transformative Climate Communities program, funded in the 2022 Budget Act, from up to 5 percent to up to 10 percent (see Attachment 2). This request is necessary to support additional technical assistance for local jurisdictions that intend to apply for federal grants that fund projects similar to the Transformative Climate Communities program.
- **Youth Corps Program**—Add provisional language to Item 0650-001-0001 to provide a set-aside for tribal communities, and to prioritize undocumented youth for participation in the youth workforce development program administered by California Volunteers (see Attachment 2). This request is necessary to promote tribal and undocumented youth participation within the program.
- **Integrated Climate Adaptation Planning Program Set-Aside**—Add provisional language to Item 0650-001-0001 to provide a set-side of funding for tribal communities and under resourced communities to promote participation within the Integrated Climate Adaptation Planning Grant Program.

Various Technical Adjustments—It is requested that Item 0650-101-0001 be increased by \$14 million one-time, and Item 0650-001-0001 be reduced by \$14 million one-time, to appropriately reflect limited-term funding for an extreme heat outreach campaign included in the 2022 Budget Act, which is administered by the Office of Community Partnerships and Strategic Communications.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mark Jimenez, Principal Program Budget Analyst, at (916) 445-8913.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Sam Assefa, Director, Office of Planning and Research
Scott Morgan, Chief Deputy Director, Office of Planning and Research
Saharnza Mirzazad, Chief Deputy Director, Office of Planning and Research
Vivian Su, Budget Officer, Office of Planning and Research

Add Item 0650-495 as follows:

0650-495—Reversion, Office of Planning and Research. Notwithstanding any other law, as of June 30, 2023, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

1. \$65,000,000 of the amount appropriated for the Transformative Climate Communities Program in Item 0650-001-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022)
2. \$80,000,000 of the amount appropriated for the COVID-19 Outreach Campaign in Schedule (1) of Item 0650-021-3398, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) and the related adjustments to effectuate this reversion.
3. \$25,000,000 of the amount appropriated for the Extreme Heat and Community Resilience Program in Item 0650-101-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).
4. \$125,000,000 of the amount appropriated for the Regional Climate Resilience Program in Item 0650-101-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).
5. \$25,000,000 of the amount appropriated for the Summer Youth Job Corps Program in Schedule (2) of Item 0650-101-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).

Delete Provision 7 in Item 0650-001-0001

~~"7. Of the amount appropriated in Schedule (3), up to \$100,000,000 shall be available for support or local assistance and shall be used for the Transformative Climate Communities Program described in Part 4 (commencing with Section 75240) of Division 44 of the Public Resources Code. These funds are available for expenditure or encumbrance until June 30, 2028, and for liquidation until June 30, 2030. Not more than 5-10 percent of the amount may be used for administrative costs."~~

Add Provisions 8, 9, 10, and 11 in Item 0650-001-0001

8. Of the amount appropriated in Schedule (2), \$2,000,000 shall be available for California's Tribal communities to apply through a competitive process.

9. It is the intent of the Administration that the Youth Corps program, including its fellowship program, prioritize the recruitment of and outreach to AB 540 students, and immigrant youth with federal work authorization, including DACA beneficiaries, and this section is therefore enacted pursuant to Section 1621(d) of Title 8 of the United States Code. For purposes of implementing this initiative, no entity or person shall seek information that is unnecessary to determine eligibility, including immigration or citizenship status.

10. Funds appropriated pursuant to Provision 8, Item 0650-001-0001, Budget Act of 2021 (Chs. 21 and 240, Stats. 2021), for the Integrated Climate Adaptation Planning Grants Program may be expended for the following groups: California Native American tribes and disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code, and Under-resourced communities as identified pursuant to Section 39711 of the Health and Safety Code, subdivision (d) of Section 39713 of the Health and Safety Code, or subdivision (g) of Section 75005.

11. Of the funds appropriated for the Transformative Climate Communities Program in Provision 7, Item 0650-001-0001, 2022 Budget Act (Chs. 43, 45, and 249, Stats. 2022), not more than 10 percent may be used for administrative costs to support the program.

Delete Provisions 2, 3, and 4 in Item 0650-101-0001

Provisions:

~~2. Of the amount appropriated in Schedule (1), \$100,000,000 shall be available for the ICARP Regional Resilience Grant Program to support regional climate resilience planning and implementation to reduce the risk of climate change impacts such as wildfire, sea level rise, drought, flood, increasing temperatures, and extreme heat events. These funds shall be available for encumbrance or expenditure until June 30, 2028, and liquidation through June 30, 2030.~~

~~3. Funds appropriated in Provision 2 shall also be available to develop a grant program, to implement regional projects aligned with the priorities of the Integrated Climate Adaptation and Resiliency Program, and regional plans developed pursuant to the Regional Planning Grant program. Grants may be issued both competitively and on a formula basis.~~

~~4. Of the amount appropriated in Schedule (1), \$50,000,000 shall be available for state operations or local assistance for the ICARP Extreme Heat and Community Resilience Grant Program. These funds shall be available for encumbrance or expenditure until June 30, 2027, and liquidation through June 30, 2029.~~

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendments to and Addition of Various Budget Bill Items, Support, and Statutory Changes, Department of Justice

eDiscovery Storage and Review Platform Augmentation—It is requested that the items listed below be augmented by a total of \$1,883,000 in 2023-24, increasing to \$3,996,000 in 2026-27 and ongoing to collect, store, and process electronic discovery information related to litigation. This request is necessary to cover the increased costs of storing the growing volume of litigation documents.

- 0820-001-0001 be increased by \$702,000
- 0820-001-0012 be increased by \$26,000
- 0820-001-0017 be increased by \$105,000
- 0820-001-0032 be increased by \$1,000
- 0820-001-0044 be increased by \$43,000
- 0820-001-0142 be increased by \$2,000
- 0820-001-0367 be increased by \$21,000
- 0820-001-0378 be increased by \$29,000
- 0820-001-0460 be increased by \$31,000
- 0820-001-0567 be increased by \$17,000
- 0820-001-1008 be increased by \$7,000
- 0820-001-3016 be increased by \$13,000
- 0820-001-3053 be increased by \$22,000
- 0820-001-3086 be increased by \$52,000
- 0820-001-3087 be increased by \$81,000
- 0820-001-3088 be increased by \$22,000
- 0820-001-9731 be increased by \$705,000
- 0820-001-9740 be increased by \$4,000

DNA ID Fund Expenditure Authority Technical Adjustment—It is requested that Item 0820-001-3086 be increased by \$7.3 million ongoing to align the expenditure authority with the General Fund backfill proposed in the Governor's Budget for the DNA ID Fund Backfill. This request is necessary to provide the Bureau of Forensic Services with sufficient authority to expend the corresponding General Fund backfill.

Litigation Deposit Fund Loan—It is requested that Item 0820-011-0920 be added to provide a \$400 million loan from the Litigation Deposit Fund to the General Fund to assist in closing the projected shortfall and to ensure the submission of a balanced budget plan. It is also requested that provisional language be added to specify that the loan is not subject to interest at the time of repayment (see Attachment 1). Furthermore, it is requested that statutory changes be made to implement this budgetary loan. The requested statutory changes will be made available on the Department of Finance website.

Firearms Information Technology Systems Modernization Project—It is requested that Item 0820-001-0460 be increased by \$1,111,000 and 6.0 positions ongoing to update cost estimates to continue the Project Approval Lifecycle process and address ongoing workload pertaining to the Firearms Information Technology System Modernization Project. It is also requested that Item 0820-001-0001 be adjusted to reflect a net-zero change to display administrative costs associated with this proposal. This request is in addition to \$6.4 million and 6.0 positions in 2023-24 and \$1.5 million ongoing included in the April 1 adjustment to the Governor's Budget.

Various Technical Net-Zero Adjustments—It is requested that Items 0820-001-0001, 0820-001-0012, and 0820-001-3087 be adjusted to reflect a net-zero change to display administrative costs and position authority associated with the Antitrust Gasoline, Pricing, Agriculture, and Technology Enforcement, and the Wage Theft Criminal Prosecution proposals included in the Governor's Budget.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Mark Jimenez, Principal Program Budget Analyst, at (916) 445-8913.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

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Attention: Mark McKenzie, Staff Director
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Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
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Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Chris Ryan, Chief of Operations, California Department of Justice
Michael Fong, Director of Fiscal Services, California Department of Justice
Ashley Harp, Budget Officer, California Department of Justice

Add Item 0820-011-0920

0820-011-0920—For transfer by the Controller, upon order of the Department of Finance, from the Litigation Deposit Fund to the General Fund.....(400,000,000)

Provisions:

1. The Department of Finance may transfer up to \$400,000,000 as a loan to the General Fund. This loan is not subject to any interest charge at the time of repayment.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to and Addition of Various Budget Bill Items, Support and Local Assistance,
Employment Development Department**

Technical Adjustment to Shift the Reduction of 2023-24 and 2024-25 Appropriations—It is requested that Item 7100-001-0001 be reduced by \$10,000,000, and Item 7100-004-0001 be eliminated. The Governor's Budget reduced various items of appropriation in the 2023-24 fiscal year in Control Section 4.07. This is a technical adjustment to provide transparency at the department level by shifting the reductions from the statewide control section to items of appropriation in the applicable departmental budgets (see Attachment 1).

Direct Deposit Implementation—It is requested that Item 7100-001-0001 be increased by \$6,344,000 in 2023-24 and \$1,677,000 in 2024-25; Item 7100-001-0185 be increased by \$878,000 in 2023-24, \$5,846,000 in 2024-25, and \$4,601,000 ongoing; Item 7100-001-0588 be increased by \$7,621,000 in 2023-24, \$6,471,000 in 2024-25, and \$3,587,000 ongoing; and Items 7100-001-0870 and 7100-011-0890 be increased by \$597,000 in 2023-24 and \$425,000 ongoing; for the Employment Development Department's (EDD) implementation of a direct deposit option for claimants applying for its benefit programs.

Unemployment Insurance Loan Interest Payment—It is requested that Item 7100-002-0001 be increased by \$26,627,000 one-time to align with the updated Unemployment Insurance (UI) loan interest payment estimate of \$306 million.

Unemployment Compensation Disability Fund Loan to the General Fund—It is requested that Item 7100-011-0588 be added in the amount of \$306 million to support the state's payment of the UI loan interest payment. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes this loan to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan. It is also requested that provisional language be added to prevent this loan from

impacting the State Disability Insurance contribution rates in future years (see Attachment 2).

Unemployment Insurance Program Benefit—It is requested that Items 7100-101-0871 and 7100-111-0890 be increased by \$1,754,795,000 ongoing to align with updated forecast benefit payments. Additionally, Item 7100-101-0871, Budget Act of 2022, pursuant to Provision 3, is increased by \$889,638,000 in 2022-23 to align with an estimated increase in claims.

Disability Insurance Program Benefits—It is requested that Item 7100-101-0588 be increased by \$660,809,000 ongoing to align with updated State Disability Insurance (SDI) program benefit payment estimates. Additionally, Item 7100-101-0588, Budget Act of 2022, pursuant to Provision 2, is increased by \$443,889,000 in 2022-23 to align with estimated SDI benefit claims.

Workforce Innovation and Opportunity Act Allocations—It is requested that Items 7100-001-0869 and 7100-021-0890 be increased by \$4,985,000 one-time in 2023-24, and Items 7120-101-0869 and 7100-101-0890 be increased by \$49,030,000 one-time in 2023-24, to align Workforce Innovation and Opportunity Act (WIOA) authority with estimated federal allocations. Additionally, Item 7100-101-0869, Budget Act of 2022, pursuant to Provision 1, is increased by \$7,221,000 in 2022-23, to align with anticipated federal allotments of nondiscretionary WIOA funds for local workforce development areas.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Andrew March, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
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Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Stewart Knox, Secretary, Labor and Workforce Development Agency
Jay Sturges, Associate Secretary, Fiscal Policy & Administration, Labor and Workforce
Development Agency
Nancy Farias, Director, Employment Development Department
Tad Allred, Deputy Director, Administration Branch, Employment Development Department
Caleb Horel, Chief, Fiscal Services, Employment Development Department

Amend Provision 3 of Item 7100-001-0001 as follows:

"3. Of the amount appropriated in Schedule (1) \$10,000,000 ~~20,000,000~~ shall be made available for targeted emergency medical technician training. These funds shall be available for encumbrance or expenditure until June 30, 2025, and for the liquidation of encumbrances until June 30, 2027."

7100-011-0588—For transfer by the Controller, upon order of the
Department of Finance, from the Unemployment Compensation
Disability Fund to the General Fund (306,000,000)

Provisions:

1. The amount transferred in this item is a loan from the Unemployment Compensation Disability Fund to the General Fund.
2. The Director of Finance may augment this item based on the actual interest due to the federal government. The Employment Development Department will notify the Department of Finance by September 1, 2023, of the estimated interest payment.
3. The loan from the Unemployment Compensation Disability Fund to the General Fund made during the fiscal year ending June 30, 2024, shall be paid back with interest, as specified in Section 16314 of the Government Code, no later than June 30, 2027.
4. The loan from the Unemployment Compensation Disability Fund shall only be made from surplus Unemployment Compensation Disability Fund funds. Loans shall not interfere with the carrying out of the object for which the Unemployment Compensation Disability Fund was created.
5. The annual contribution rate for the Unemployment Compensation Disability Fund shall not increase as the result of any loan made to the General Fund. In calculating the annual disability insurance tax rate each year, the Employment Development Department shall treat outstanding Unemployment Compensation Disability Fund loans as available cash in the Unemployment Compensation Disability Fund.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items 7120-001-0890 and 7120-101-0001, Support and Local Assistance, California Workforce Development Board

Federal First Step Act Grant—It is requested that Item 7120-001-0890 be increased by \$5,334,000 one-time to allow the California Workforce Development Board to implement a federal grant that expands the Prison 2 Employment program into federal prisons. It is also requested that provisional language be added to provide an extended encumbrance period for this funding to March 30, 2026 (see Attachment 1).

Technical Adjustment to Shift the Reduction of 2023-24 —It is requested that Item 7120-101-0001 be reduced by \$10 million. The Governor's Budget reduced various items of appropriation in the 2023-24 fiscal year in Control Section 4.07. This is a technical adjustment to provide transparency at the department level by shifting the reductions from the statewide control section to items of appropriation in the applicable departmental budgets. It is also requested that provisional language be amended (see Attachment 2).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Andrew March, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Stewart Knox, Secretary, Labor and Workforce Development Agency
Jay Sturges, Associate Secretary, Fiscal Policy & Administration, Labor and Workforce Development Agency
Tim Rainey, Executive Director, California Workforce Development Board
Curtis Notsinneh, Chief Deputy Director, California Workforce Development Board
Emily Sunahara, Deputy Director, Operations, and Policy Implementation, California Workforce Development Board

Add the following provision to Item 7120-001-0890:

3. Of the amounts available in Schedule (1), \$5,334,000 shall be available for encumbrance or expenditure until March 30, 2026.

Amend Provision 5 of Item 7120-101-0001 as follows:

"5. Of the amount appropriated in Schedule (1), ~~\$20,000,000~~ \$10,000,000 shall be available for advance payment and support to the Emerald Cities Collaborative for the California Youth Leadership Corps for community change learn-and-earn career pathway programs at 20 selected community colleges over four-year period. It is the intent of the Legislature that ~~\$20,000,000~~ \$10,000,000 will be provided in 2024–25 to support this initiative."

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendments to Budget Bill Items 7350-001-0001 and 7350-001-3121, Support,
Department of Industrial Relations**

Technical Adjustment to Shift the Reduction of 2023-24 and 2024-25 Appropriations—It is requested that Item 7350-001-0001 be reduced by \$60 million. The Governor's Budget reduced various items of appropriation in the 2023-24 fiscal year in Control Section 4.07. This is a technical adjustment to provide transparency at the department level by shifting the reductions from the statewide control section to items of appropriation in the applicable departmental budgets (see Attachment 1).

Resources to Implement Chapter 1, Statutes of 2023 First Extraordinary Session (SBX1-2)—It is requested that Item 7350-001-3121 be increased by \$286,000 and 1 position in 2023-24, and \$272,000 and 1 position in 2024-25 and ongoing, to provide resources for the Department of Industrial Relations to consult with the California Energy Commission to consider ways to manage oil refinery turnaround and maintenance schedules in a manner that considers workers' health and safety.

Extended Encumbrance for Resources to Implement Heat Advisory Study—It is requested that budget bill language be added to item 7350-001-3121 to extend the encumbrance period from June 30, 2024 to June 30, 2025 for the implementation of Chapter 263, Statutes of 2022 (AB 1643) to align with the Department of Industrial Relations' implementation proposed in the Governor's Budget (see Attachment 2).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Andrew March, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee

Attention: Mark McKenzie, Staff Director

Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee

Attention: Kirk Feely, Fiscal Director

Honorable Chris R. Holden, Chair, Assembly Appropriations Committee

Attention: Jay Dickenson, Chief Consultant

Honorable Vince Fong, Vice Chair, Assembly Budget Committee

Attention: Joseph Shinstock, Fiscal Director

Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4

Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Subcommittee No. 1

Gabriel Petek, Legislative Analyst

Christopher W. Woods, Senate President pro Tempore's Office

Jason Sisney, Assembly Speaker's Office

Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office

Katja Townsend, Capitol Director, Assembly Republican Leader's Office

Stewart Knox, Secretary, Labor and Workforce Development Agency

Jay Sturges, Associate Secretary, Fiscal Policy & Administration, Labor and Workforce Development Agency

Katrina Hagen, Director, Department of Industrial Relations

Deanna Ping, Chief Deputy Director, Department of Industrial Relations

Josh Iverson, Chief Financial Officer, Department of Industrial Relations

Delete Provision 3 and amend Provision 4 of Item 7350-001-0001 as follows:

3. ~~Of the amount appropriated in this item, \$11,250,000 in Schedule (2), \$8,750,000 in Schedule (3), and \$5,000,000 in Schedule (1) shall be available on a one-time basis to support the California COVID-19 Workplace Outreach Project.~~

4. Of the amount appropriated in Schedule (4), ~~\$60,000,000~~ 40,000,000 shall be available for the Apprenticeship Innovation Funding program. These funds shall be available for encumbrance or expenditure until June 30, 2025.

Add the following provision to Item 7350-001-3121:

2. Of the amount appropriated in Schedule (1), \$1,073,000 shall be used to support the Division of Occupational Safety and Health in implementing requirements of Chapter 263, Statutes of 2022 (Assembly Bill 1643). Notwithstanding any other law, these funds shall be available for encumbrance or expenditure through June 30, 2025.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Addition of Budget Bill Item 7600-495, Support, California Department of Tax and Fee Administration.

Reversion of Anticipated Administrative Savings—It is requested that Item 7600-495 be added to revert the anticipated unexpended balance of appropriations made for the California Department of Tax and Fee Administration administrative costs in the 2022 Budget Act (see Attachment 1).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Chris Hill, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Amy Tong, Secretary, Government Operations Agency
Justyn Howard, Deputy Secretary, Government Operations Agency
Nicolas Maduros, Director, California Department of Tax and Fee Administration
Jason Mallet, Chief Financial Officer, California Department of Tax and Fee Administration

7600-495—Reversion, California Department of Tax and Fee Administration. As of June 30, 2023, the unencumbered balance of the following appropriation provided in the following citation shall revert to the fund balance of the fund from which the appropriation was made.

0001 – General Fund

- (1) \$25 million of the unexpended balance from Schedule (1), of Item 7600-001-0001, Budget Act of 2022 (Chs. 43, and 45, Stats. 2022) for the support of the California Department of Tax and Fee Administration.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 7730-001-0001, Support, and Addition of Items 7730-490 and 7730-495, Support, Franchise Tax Board

Customer Services Resources—It is requested that Item 7730-001-0001 be increased by \$2,738,000 General Fund and 19 positions ongoing to augment Franchise Tax Board (FTB) staffing levels that will handle increased workload in the taxpayer customer service center, and to also support efforts to improve customer service employee retention.

Reappropriation of Enterprise Data to Revenue 2 Project Vendor Compensation—It is requested that Item 7730-490 be added to reappropriate \$17,543,000 General Fund of the unexpended Enterprise Data to Revenue 2 (EDR2) Project funds for vendor compensation appropriated in the 2022 Budget Act (see Attachment 1). FTB and the project vendor jointly determined that work initially planned for 2022-23 was more complex than originally thought, and that the least risk to the overall project is realized by delaying implementation for three months to ensure adequate testing is performed. The planned deliverables for June 2023 have therefore shifted to September 2023.

Reappropriation of Enterprise Data to Revenue 2 Contingency Funding—It is requested that Item 7730-490 be added to reappropriate \$11,626,000 General Fund of the unexpended EDR2 Project contingency funds appropriated in the 2022 Budget Act (see Attachment 1). As part of the EDR2 project funding plan, annual contingency funds are appropriated so FTB can accommodate fluctuations in project costs without incurring project delays. If the contingency funds are not needed, the funds will revert to the General Fund at the end of the project.

Reappropriation of Franchise Tax Board Support Funding—It is requested that Item 7730-490 be added to reappropriate \$4 million General Fund of the unexpended support funding appropriated for Tax Programs in the 2022 Budget Act (see Attachment 1). The reappropriated funds are necessary for the processing of 2022 tax

returns and payments in fiscal year 2023-24 in response to the tax filing extension provided due to the severe winter storms.

Franchise Tax Board: Reversion of 2022 Balances—It is requested that Item 7730-495 be added as shown on Attachment 2 to revert the unexpended balance of appropriations in the 2022 Budget Act related to: the Better for Families/Middle Class Tax Rebate savings as compared to its appropriation, FTB staffing costs anticipated to be saved in fiscal year 2022-23, and one-time FTB legal expense savings in fiscal year 2022-23.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Chris Hill, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Amy Tong, Secretary, Government Operations Agency
Justyn Howard, Deputy Secretary, Government Operations Agency
Selvi Stanislaus, Executive Officer, Franchise Tax Board
Jeanne Harriman, Chief Financial Officer, Franchise Tax Board

Add Item 7730-490 as follows:

7730-490—Reappropriations, Franchise Tax Board. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations, and shall be available for encumbrance or expenditure until June 30, 2024:

0001—General Fund

(1) Item 7730-001-0001, Budget Act of 2022 (Chs. 43, and 45, Stats. 2022), Schedule 1, the amount appropriated for the Enterprise Data to Revenue Project Phase 2.

(2) Item 7730-001-0001, Budget Act of 2022 (Chs. 43 and 45, Stats. 2022), Schedule 1, the amount appropriated for Tax Programs support costs.

Add Item 7730-495 as follows:

7730-495—Reversion, Franchise Tax Board. As of June 30, 2023, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriation were made.

0001 – General Fund

- (1) Item 7730-001-0001, Budget Act of 2022 (Chs. 43, and 45, Stats. 2022). Up to \$218,000,000 from Schedule (1) for the Better for Families/Middle Income Tax Refund and refund administrative support costs.
- (2) Item 7600-001-0001, Budget Act of 2022 (Chs. 43, and 45, Stats. 2022). Up to \$32,800,000 from Schedule (1) for the support of the Franchise Tax Board.
- (3) Item 7730-001-0001, Budget Act of 2022 (Chs. 43, and 45, Stats. 2022). \$2,000,000 from Schedule (1) for litigation support costs.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Various Budget Bill Items and Addition of Item 0840-490, Support, State Controller's Office

California State Payroll System (CSPS) Project—It is requested that Item 0840-001-0001 be increased by \$46,810,000 in fiscal year 2023-24, \$3,300,000 in 2024-25, \$3,316,000 in 2025-26, \$2,455,000 in 2026-27, and \$2,471,000 in 2027-28 and ongoing to support 6.5 positions in 2023-24 and 8.0 positions in 2024-25 and ongoing for the continuation of the CSPS project as it transitions from planning and implementation, to maintenance and operation. It is also requested that the following provisional language be added.

19. Up to \$28,393,000 of the amount included in this item for Department Agency Readiness Teams costs shall be allocated upon order of the Department of Finance following the project's successful completion of Stage 4 of the Project Approval Lifecycle Process. Allocation of these funds shall be made no earlier than 45 days after notification in writing to the chairpersons of the budget committees in both houses of the Legislature, the Joint Legislative Budget Committee, and the appropriate subcommittees in both houses of the Legislature.

It is further requested that Item 0840-490 be added to reappropriate the remaining balance of the funding provided in Item 0840-001-0001, Budget Act of 2022, related to the CSPS project.

Add Item 0840-490 as follows:

0840-490—Reappropriation, Controller. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2024.

0001—General Fund

(1) Provision 17 of Item 0840-001-0001, Budget Act of 2022 (Chs. 43 and 45, Statutes of 2022)

Provisions:

1. Up to \$83,250,000 of the amount in this item for the System Integrator contract and related costs shall be allocated upon order of the Department of Finance following the project's successful completion of Stage 4 of the Project Approval Lifecycle Process. Allocation of these funds shall be made no earlier than 45 days after notification in writing to the chairpersons of the budget committees in both houses of the Legislature, the Joint Legislative Budget Committee, and the appropriate subcommittees in both houses of the Legislature.

Broadcom Computer Associates (CA) Integrated Database Management System (IDMS) Software Licensing Incremental Additional Cost—Final negotiations with the vendor resulted in an increase in annual costs and a decrease in the term from five to three years. It is requested that the following items be amended to reflect this change:

- Item 0840-001-0001 be increased by \$1,313,000 in 2023-24, 2024-25 and 2025-26, and decreased by \$2,610,000 in 2026-27, and 2027-28
 - Item 0840-001-0970 be increased by \$175,000 in 2023-24, 2024-25 and 2025-26, and decreased by \$348,000 in 2026-27 and 2027-28
 - Item 0840-001-3268 be increased by \$175,000 in 2023-24, 2024-25 and 2025-26, and decreased by \$348,000 in 2026-27 and 2027-28
- Item 0840-001-9740 be increased by \$791,000 in 2023-24, 2024-25 and 2025-26, and decreased by \$1,571,000 in 2026-27 and 2027-28

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call James Doyle, Staff Finance Budget Analyst, at (916) 445-5332.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Honorable Malia Cohen, State Controller
Karen Greene Ross, Chief of Staff, State Controller's Office
Jennifer Chaves, Director of Administration, State Controller's Office

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items 3100-001-0001 and 3100-001-0267, and Addition of Items 3100-301-0267, 3100-301-0660, and 3100-490, Support and Capital Outlay, Exposition Park

California Science Center Phase III Debt Service—It is requested that Item 3100-001-0001 be decreased by \$2,430,000 to be in accordance with the Food and Agricultural Code section 4103.5. This section requires the state to fund debt service on the California Science Center Phase III project starting in fiscal year 2022-23 or the year in which the facility is certified as available for use and occupancy. The current project schedule indicates the certificate of occupancy will not be issued until 2024-25; thus, a decrease is requested as the Governor's Budget included this authority.

Operational Start-Up for California Science Center Phase III Facility—It is requested that Item 3100-001-0267 be increased by \$1,373,000 and 3 positions ongoing to support start-up operations for the Samuel Oschin Air and Space Center. These resources will aid in the integration of HVAC, fire, electrical and plumbing systems with Phases I and II of the project and will support the development and curation of aeronautics exhibits and programs.

Park Partnerships—It is requested that Item 3100-001-0267 be increased by \$135,000 and 1 position ongoing to support strategic constituent and stakeholder management. This position will support the implementation of the Exposition Park Master Plan through management of coalition-building, digital engagement strategies, and storytelling campaigns.

Operations and Administration Supervisor—It is requested that Item 3100-001-0267 be increased by \$152,000 and 1 position ongoing to support operations and administration management. This position will work with Office of Exposition Park Management (OEPM) executives to develop and implement policies, create operational efficiencies, and identify opportunities for revenue-generation flexibilities.

Park Wide Surveillance System Supplemental Appropriation—It is requested that Item 3100-301-0267 be added in the amount of \$600,000 for the Park Wide Surveillance System project. This project will include physical infrastructure to mount surveillance equipment, electrical power to operate the field devices and surveillance system, and a communications network to enable the cameras to transmit video feeds to the OEPM's Dispatch Center. Given the unique layout of the park and existing agreements, the Department of General Services requires additional review of unrecorded rights for the real estate due diligence process and with additional escalation in supplies, additional funds are requested.

Southeast Underground Parking Structure—It is requested that Item 3100-301-0660 be added in the amount of \$14,051,000 for the performance criteria phase of the Southeast Underground Parking Structure. The project will create a 3-level underground parking structure and the performance criteria phase. Additionally, provisional language is requested to authorize Exposition Park and the State Public Works Board to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale and issuance of bonds (see Attachment 1).

Peace Officers: Exposition Park–Reappropriation—It is requested that Item 3790-490 be added to reappropriate the balance of funds available to remain in compliance with Chapter 411, Statutes of 2021 (AB 483). Due to the nature of Peace Officer Standards and Trainings, the Department requires additional time for all impacted staff to complete their certification (see Attachment 2).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Michael McGinness, Principal Program Budget Analyst, at (916) 445-9694.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Josh Becker, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Andrea Scharffer, Deputy Assistant Secretary for Bonds and Grants, Natural Resources
Agency
Patricia Marquez, Deputy Director, Administrative Services, California Science Center
Andrea Ambriz, General Manager, Office of Exposition Park Management
Diana Mendoza, Staff Services Manager, Office of Exposition Park Management

3100-301-0660—For capital outlay, Exposition Park, payable from the Public Buildings Construction Fund..... 14,051,000

Schedule:

(1) 0010290-South East Underground Parking Structure..... 14,051,000

(a) Performance Criteria.....14,051,000

Provisions:

1. Exposition Park and the State Public Works Board are authorized to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale and issuance of bonds in accordance with the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code) or otherwise effectuate the financing of the scheduled project.

3100-490—Reappropriation, Exposition Park. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2024:

0001—General Fund

(1) Schedule (2) of Item 3100-001-0001, Budget Act of 2022

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to Budget Bill Items 0890-001-0001, 0890-001-0228, and 0890-101-0890,
Support and Local Assistance, Secretary of State**

Secretary of State Staffing Resources—It is requested that Item 0890-001-0001 be increased by \$1,377,000 and Item 0890-001-0228 be increased by \$1,324,000 ongoing to support operations at the Secretary of State. The Political Reform, Information Technology, and Managerial Services Divisions, and the State Archives program have experienced increased and more complex workload over the last several years, resulting in increased ongoing costs.

California Business Connect System—It is requested that Item 0890-001-0228 be increased by \$7,696,000 ongoing to support the maintenance and operations phase of the California Business Connect system. This request includes resources for software maintenance and licenses and to reclassify 13 positions to align with the workload being performed by the Information Technology Division.

Business Programs Division—It is requested that Item 0890-001-0228 be increased by \$3,488,000 in 2023-24, 2024-25, and 2025-26 to extend 37 existing limited term positions and to reclassify 33 existing positions to align with workload and new processes resulting from the implementation of the California Business Connect System. These resources will allow the Secretary of State to continue collecting data on the ongoing workload needs of the Business Programs Division.

Information Security (AB 2135)—It is requested that Item 0890-001-0001 be increased by \$145,000 ongoing and 2 positions, and Item 0890-001-0228 be increased by \$292,000 ongoing, to support the Information Security Office and implement Chapter 773, Statutes of 2022 (AB 2135).

CalACCESS Replacement Project—It is requested that Item 0890-001-0001 be increased by \$6,923,000 one-time to support the CalACCESS Replacement Project. This brings the total amount available for the project in 2023-24 to \$12,310,000. This funding supports

33 existing positions, contract services and technology costs, and project planning and execution activities.

Help America Vote Act: 2023 Election Security Federal Grant—It is requested that Item 0890-101-0001 be increased by \$1,166,000 one-time and Item 0890-101-0890 be increased by \$5,827,000 one-time to allow the Secretary of State to accept the Federal Help America Vote Act Elections Security Grant and meet the 20 percent match requirement. These resources are to support state and county implementation of election security safeguards and infrastructure against physical and cyber risks and vulnerabilities, as well as improving voting technology and polling place accessibility.

Withdrawn: Improving Safe at Home Customer Service—It is requested that Item 0890--001--0001 be reduced by \$730,000 one-time to withdraw the Improving Safe at Home Customer Service budget change proposal that was included in the Governor's Budget. These resources are duplicative of workload associated with the Governor's Budget proposal to implement Chapter 554, Statutes of 2022 (SB 1131).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Emma Jungwirth, Assistant Program Budget Manager, at (916) 445-8913.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Shirley N. Weber, Ph.D., Secretary of State
Lisa Martin, Chief Deputy Secretary, Secretary of State
Reginald Fair, Deputy Secretary of Operations, Secretary of State
Tamara Johnson, Chief Financial Officer, Secretary of State

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 8955-001-0001, Support, California Department of Veterans Affairs

Nurse Overtime and Registry Support—It is requested that Item 8955-001-0001 be increased by \$25 million ongoing to maintain nursing operations at the veterans homes.

Yountville Fire Service Contract—It is requested that Item 8955-001-0001 be increased by \$535,000 in fiscal year 2023-24 and \$800,000 ongoing to fund an increase in costs for contracted fire prevention services for the Yountville Veterans Home.

Headquarters Building Electrical Maintenance—It is requested that Item 8955-001-0001 be increased by \$21,950,000 one-time to upgrade the electrical infrastructure at the department's headquarters building. The electrical infrastructure is outdated and poses fire, life, and safety concerns.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Emma Jungwirth, Assistant Program Budget Manager, at (916) 445-8913.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

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Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
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Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Patty Ingram, Deputy Secretary, Budget Operations, California Department of Veterans Affairs

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Addition of Budget Bill Item 8260-490, Support, California Arts Council

California Arts Council: Technical Adjustment to Shift Reversion of 2022 Balances—It is requested that Item 8260-490 be added to revert the unexpended balance of the appropriation made in the 2022 Budget Act to support Cultural Districts. The Governor's Budget reverted these funds in statewide Control Section 4.06. This is a technical adjustment to provide transparency at the department level by shifting reversions from the statewide control section to the applicable department budget (see Attachment 1).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Emma Jungwirth, Assistant Program Budget Manager, at (916) 445-8913.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Jon Moscone, Executive Director, California Arts Council
Kayla Ungar, Chief Deputy Director, California Arts Council
Ayanna L. Kiburi, Deputy Director, California Arts Council

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 7320-001-0001, Support, California Public Employment Relations Board

It is requested that Item 7320-001-0001 be increased by \$22,000 in fiscal year 2023-24, and ongoing, to provide a necessary position upgrade within the California Public Employment Relations Board's Division of Administrative Law (Division). This request realigns the Division's structure to provide better mentorship and supervision.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Danielle Brandon, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Stewart Knox, Secretary, Labor and Workforce Development Agency
Jay Sturges, Deputy Secretary, Fiscal Policy and Administration Labor and Workforce
Development Agency
Susan Davey, Deputy Executive Director, Public Employer Relations Board

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 7501-001-0001 and Addition of Item 7501-490, Support, Department of Human Resources

California State Payroll System (CSPS) Project—It is requested that Item 7501-001-0001 be increased by 9 positions and \$2,892,000 in fiscal year 2023-24, \$1,821,000 in 2024-25, and \$2,007,000 in 2025-26 and ongoing, to support the California State Payroll System project as it transitions from planning to implementation, maintenance, and operation. Resources in the California Department of Human Resources (CalHR) support labor relations, data management and conversion, human resources training, classification and pay, marketing and outreach, and web development.

Legal Accounting and Work Management System (LAWS) Project Reappropriation—It is requested that Item 7501-490 be added to extend the encumbrance or expenditure availability of \$1,697,000 General Fund in 2023-24 (see Attachment 1). This reappropriation allows CalHR to complete the Legal Accounting and Work Management System project approved in the 2022 Budget Act.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Danielle Brandon, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Amy Tong, Secretary, Government Operations Agency
Justyn Howard, Deputy Secretary, Fiscal Policy and Administration,
Government Operations Agency
Eraina Ortega, Director, California Department of Human Resources
Monica Erickson, Chief Deputy Director, California Department of Human Resources
Helen Fairchild, Chief, Administrative Services Division,
California Department of Human Resources

7501-490—Reappropriation, Department of Human Resources. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2024:

0001—General Fund

(1) Up to \$1,697,000 in Item 7501-001-0001, Budget Act of 2022 (Chs. 43 and 45, Statutes of 2022), for the Legal Accounting and Work Management System project.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 7502-001-0001, and Addition of Items 7502-001-0890 and 7502-490, Support, California Department of Technology

OIS Cal-Secure UIRM Project—It is requested that Item 7502-001-0001 one-time be increased by \$700,000 to provide planning and consulting services to develop a statewide Unified Integrated Risk Management System (UIRM). The UIRM is necessary to manage information security risk more effectively across the State. It is also requested that provisional language be added (see Attachment 1).

FI\$Cal Onboarding—It is requested that Item 7502-001-0001 be increased by \$2,244,000 one-time to support year one of California Department of Technology's (CDT) onboarding to the Financial Information System for California.

New Federal Expenditure Item—It is requested that Item 7502-001-0890 be added to allow CDT to receive and expend federal grant funds, (see Attachment 2).

State Digital Equity Grant Reappropriation—It is requested that Item 7502-490 be added to extend the encumbrance or expenditure availability of \$4,002,000 Federal Trust Fund until June 30, 2024, (see Attachment 3). CDT received the State Digital Equity Grant in December 2022, with 12 months to develop the State Digital Equity Plan. Extending the encumbrance period will allow CDT access to these federal funds throughout the grant period.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Danielle Brandon, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Amy Tong, Secretary, Government Operations Agency
Justyn Howard, Deputy Secretary, Fiscal Policy and Administration,
Government Operations Agency
Liana Bailey-Crimmins, Director and State Chief Information Officer, California
Department of Technology
Miles Burnett, Chief Administrative Officer, California Department of Technology

Add Provision 2 to Item 7502-001-0001 as follows:

2. Of the amount appropriated in Schedule (1), \$700,000 is available for planning and consulting services to develop a statewide Unified Integrated Risk Management System.

7502-001-0890—For support of California Department of Technology, payable from the Federal Trust Fund.....0

Schedule:

(1) 6230-Department of Technology 0

Provisions:

1. Upon approval of the Director of Finance, this item may be augmented by the amount of any federal grants received by the California Department of Technology.

7502-490—Reappropriation, California Department of Technology. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2024:

0890—Federal Trust Fund

(1) Up to \$4,002,000 in Item 7502-011-0890, Budget Act of 2022 (Chs. 43 and 249, Stats. 2022). for support of the California Department of Technology.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to and Addition of Various Budget Bill Items, and Statutory Changes,
Support and Local Assistance, Department of General Services**

Human Resources and Project Billing Legacy Platform Replacement—It is requested that Item 7760-001-0001 be increased by \$1,050,000 in fiscal year 2023-24, and \$600,000 in 2024-25 and 2025-26. This request allows the Department of General Services (DGS) to replace its legacy project billing and human resources platform, used by the Department and its client agencies.

Funding Realignment to Support Natural Gas, Emergency Management, and Business Services—It is requested that Item 7760-001-0026 be decreased by \$359,000 and 2 positions ongoing and Item 7760-001-0666 be increased by \$359,000 and 2 positions ongoing. It is also requested that Schedule (1) of Item 7760-001-9746 be decreased by \$1,171,000 and 4 positions ongoing and Schedule (4) of Item 7760-001-9746 be added in the amount of \$1,171,000 and 4 positions ongoing. This request supports a net-zero special fund realignment of existing resources and programmatic functions to improve operational efficiencies within DGS.

Deferred Maintenance Reappropriation for Ronald M. George State Office Complex Repairs—It is requested that Item 7760-490 be added to extend the encumbrance or expenditure date of up to \$3.9 million, and to repurpose those funds for repairs to the Ronald M. George State Office Complex (see Attachment 1). The Ronald M. George State Office Complex houses the Supreme Court of California and requires urgent repairs.

Department of General Services: Technical Adjustment to Shift Reversion of 2021 and 2022 Balances—It is requested that Item 7760-495 be added to revert the unexpended balance of appropriations made in the 2021 and 2022 Budget Acts for the Water Conservation Grant Program and for Deferred Maintenance (see Attachment 2). The Governor's Budget reverted these funds in statewide Control Section 4.06. This is a technical adjustment to provide transparency at the department level by shifting the reversions from the statewide control section to the applicable departmental budget.

Extend Encumbrance Date for the STEM Teacher Recruitment Grant Program—It is requested that statutory changes be added to extend the encumbrance date for the STEM Teacher Recruitment Grant Program in the School Facilities Aid Program, which is appropriated pursuant to Provision 2 of Item 7760-101-0001, Budget Act of 2021, from June 30, 2022, to June 30, 2024. This shall include any funds appropriated for this item that are used, or were transferred to be used, for both local assistance costs and administrative costs. The requested statutory changes will be posted on the Department of Finance website.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Danielle Brandon, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

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Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Honorable John Laird, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Amy Tong, Secretary, Government Operations Agency
Justyn Howard, Deputy Secretary, Fiscal Policy and Administration, Government Operations Agency
Ana Lasso, Director, Department of General Services
Jennifer Osborn, Chief Deputy Director, Department of General Services
Katherine Minnich, Deputy Director of Administration, Department of General Services
Barbara Kampmeinert, Deputy Executive Officer, Office of Public School Construction
Heather Sherman, Budget Officer, Department of General Services

7760-490—Reappropriation, Department of General Services. The amount specified in the following citations are reappropriated for repairs and maintenance for the Ronald M. George State Office Complex for encumbrance or expenditure until June 30, 2027:

0001—General Fund

- (1) \$3,900,000 in Schedule (1) of Item 7760-001-0001, Budget Act of 2022 (Chs. 43 and 249, Stats. 2022). Notwithstanding Provision 2, these funds shall be available for repairs and maintenance for the Ronald M. George State Office Complex.

7760-495—Reversion, Department of General Services. As of June 30, 2023, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

- (1) Item 7760-001-0001, Budget Act of 2021 (Chs. 21 and 69, Stats. 2021 and Ch. 44, Stats. 2022). \$25,310,000 of the amount appropriated for the Department of General Services Water Conservation Grant Program in Program 6330082—Office of Sustainability.
- (2) Item 7760-001-0001, Budget Act of 2021 (Chs. 21 and 69, Stats. 2021 and Ch. 44, Stats. 2022). \$7,000,000 of the amount appropriated for deferred maintenance in Program 6324046—Facilities Management Division.
- (3) Item 7760-001-0001, Budget Act of 2022 (Chs. 43 and 249, Stats. 2022). \$81,600,000 of the amount appropriated for deferred maintenance in Program 6324046—Facilities Management Division.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Various Budget Bill Items and Statutory Changes, Support and Local Assistance, California Public Employees' Retirement System

Operational Budget—It is requested that various items be amended to reflect the changes to the California Public Employees' Retirement System' (CalPERS) fiscal year 2023-24 operational budget, which was approved by the CalPERS Board of Administration on April 18, 2023. The budget proposed by CalPERS reflects a net increase of \$225,841,000, primarily attributed to external investment management fees and investment operating costs. The request is comprised of the following changes:

- Item 7900-003-0830 be increased by \$213,817,000
- Item 7900-015-0815 be increased by \$206,000
- Item 7900-015-0820 be increased by \$99,000
- Item 7900-015-0830 be increased by \$10,170,000
- Item 7900-015-0833 be increased by \$1,051,000
- Item 7900-015-0849 be increased by \$25,000
- Item 7900-015-0884 be increased by \$423,000
- Item 7900-015-9251 be increased by \$50,000

The Budget Bill items noted above are displayed for informational purposes to reflect the corresponding changes in CalPERS' continuous appropriation authority.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Evelyn Suess, Assistant Program Budget Manager, at (916) 445-3274.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
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Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Michele Nix, Acting Chief Financial Officer, California Public Employees' Retirement System
Willem (Will) Schaafsma, Chief, Division of Financial Planning, Policy and Budgeting, California Public Employees' Retirement System
Stacy Guzman, Budget Manager, California Public Employees' Retirement System

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 7920-011-0001, Support, California State Teachers' Retirement System

It is requested that Item 7920-011-0001 be increased by \$8,811,000 ongoing to reflect an increase in the state's contributions to the California State Teachers' Retirement System's Defined Benefit (DB) Program and Supplemental Benefit Maintenance Account (SBMA), as required in statute. The state's contributions to the DB Program and SBMA are calculated using creditable compensation provided by the Teachers' Retirement Board (Board) for the fiscal year immediately preceding June 30; the report is published annually by the Board by October 25, with a subsequent report due by April 15, displaying necessary revisions to creditable compensation. Based on the Board's April 10, 2023 creditable compensation report, the DB contribution will be increased by \$6,777,000 and the SBMA contribution will be increased by \$2,034,000, as compared to the Governor's Budget.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Evelyn Suess, Assistant Program Budget Manager, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
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Subcommittee No. 5
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Justyn Howard, Deputy Secretary, Fiscal Policy and Administration, Government
Operations Agency
Julie Underwood, Chief Financial Officer, California State Teachers' Retirement System
Art Martinez, Director of Financial Planning and Reporting, California State Teachers'
Retirement System
Anela Hanohano-Kjer, Budget Officer, California State Teachers' Retirement System

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to Budget Bill Items 9800-001-0001, 9800-001-0494, and 9800-001-0988,
Support, Augmentation for Employee Compensation**

Augmentation for Employee Compensation: May Revision Employee Compensation

Adjustments—It is requested that Item 9800-001-0001 be decreased by \$15,025,000 ongoing, Item 9800-001-0494 be increased by \$24,822,000 ongoing, and Item 9800-001-0988 be increased by \$12,411,000 ongoing, to reflect collectively bargained pay increases, updated health and dental rates, increased enrollment in health and dental plans, and a change in the Top 4 Health Plan composition. Additionally, we note that while these figures include estimated health premium rates, final health rates will not be adopted by the California Public Employees' Retirement System Board of Administration until summer 2023.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Evelyn Suess, Assistant Program Budget Manager, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

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Chief Deputy Director

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Justyn Howard, Deputy Secretary of Fiscal Policy and Administration, Government
Operations Agency
Eraina Ortega, Director, Department of Human Resources
Anthony Crawford, Deputy Director of Fiscal and Data Management, Department of
Human Resources
Stephan Higginbotham, Manager, Financial Management Division, Department of
Human Resources

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Control Section 3.60

It is requested that Control Section 3.60 be amended to reflect changes in state retirement contribution rates for state members of the California Public Employees' Retirement System (CalPERS) and the Judges' Retirement System II (JRS II), as adopted by the CalPERS Board of Administration on April 18, 2023, and February 14, 2023, respectively (see Attachment 1).

The newly adopted state employer contribution rates result in net reduced state contributions of \$1,703,000 ongoing from the \$254,781,000 included in the Governor's Budget. The \$1,703,000 ongoing decrease consists of a decrease of \$48,504,000 General Fund, an increase of \$48,736,000 special funds, and a decrease of \$1,935,000 other nongovernmental cost funds.

The decrease in state employer contributions for CalPERS members is due mainly to the application of multiple state supplemental pension payments. The increase in the state employer contribution rate for JRS II members is attributed to the amortization of investment losses.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Evelyn Suess, Assistant Program Budget Manager, at (916) 445-3274.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

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Justyn Howard, Deputy Secretary of Fiscal Policy and Administration, Government
Operations Agency
Michele Nix, Acting Chief Financial Officer, California Public Employees' Retirement
System
Willem (Will) Schaafsma, Chief, Division of Financial Planning, Policy and Budgeting,
California Public Employees' Retirement System
Stacy Guzman, Budget Manager, California Public Employees' Retirement System

Amend Control Section 3.60 as follows:

"SEC. 3.60. (a) Notwithstanding any other law, the employers' retirement contributions for the 2023–24 fiscal year that are chargeable to any item with respect to each state officer and employee who is a member of the Public Employees' Retirement System (PERS) or the Judges' Retirement System II and who is in that employment or office shall be the percentage of salaries and wages by state member category, as follows:

Miscellaneous, First Tier	32.10% <u>32.00%</u>
California State University, Miscellaneous, First Tier	32.10% <u>32.00%</u>
Miscellaneous, Second Tier	32.10% <u>32.00%</u>
State Industrial	21.80% <u>21.00%</u>
State Safety	22.48% <u>22.75%</u>
Peace Officer/Firefighter	51.05% <u>50.00%</u>
California State University, Peace Officer/Firefighter	51.05% <u>50.00%</u>
Highway Patrol	66.72% <u>71.78%</u>
Judges' Retirement System II	23.00% <u>23.58%</u>

The Director of Finance may adjust amounts in any appropriation item, or in any category thereof, as a result of changes from amounts budgeted for employer contributions for 2023–24 fiscal year retirement benefits to achieve the percentages specified in this subdivision. Beginning in the 2013–14 fiscal year, adjustments to the California State University (CSU) rates are applied to the actual pensionable 2013–14 fiscal year payroll, which is \$2,307,876,000, as identified by the Controller. This process establishes pension funding adjustments through this section for CSU. This results in pension funding for CSU of ~~\$746,607,000~~\$744,010,000 General Fund for the 2023–24 fiscal year. These amounts also will be part of the total appropriation in Item 6610-001-0001.

(b) Notwithstanding any other law, the Director of Finance shall require retirement contributions computed pursuant to subdivision (a) to be offset by the Controller with surplus funds in the Public Employees' Retirement Fund, employer surplus asset accounts.

(c) Notwithstanding any other law, for purposes of calculating the "appropriations subject to limitation" as defined in Section 8 of Article XIII B of the California Constitution, the appropriations shall be deemed to be the amounts remaining after the adjustments required by subdivisions (a) and (b) are made.

(d) Of the percentage of salaries and wages by state member categories identified in subdivision (a), the following percentages are estimated to be the result of the

increased employee contributions pursuant to Chapter 296 of the Statutes of 2012 (AB 340), known as the California Public Employees' Pension Reform Act of 2013, and will be directed toward the state's unfunded pension liability:

Miscellaneous, First Tier	0.10%
California State University, Miscellaneous, First Tier	0.10%
Miscellaneous, Second Tier	0.10%
State Industrial	0.88%
State Safety	1.18%
Peace Officer/Firefighter	1.65%
California State University, Peace Officer/Firefighter	1.65%
Highway Patrol	1.32%

The contributions to the unfunded liability, as a result of the percentages of salaries and wages in this subdivision, are estimated to be \$139,107,887 (\$95,781,301 General Fund) for the 2023–24 fiscal year.

(e) The Director of Finance may adjust the percentage levels of the employers' retirement contributions listed in subdivisions (a) and (d) as a result of rates provided by the Board of Administration of the Public Employees' Retirement System. The Director of Finance shall notify the Controller by executive order of adjustments made pursuant to this subdivision. Within 30 days of making an adjustment pursuant to this subdivision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.

(f) (1) In addition to the employers' retirement contributions listed in subdivisions (a) and (d), the Department of Finance may direct the Controller to transfer up to the amount identified for appropriation pursuant to subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution equivalent to the amount described in paragraph (3) of subdivision (d) of Section 35.50 to supplement the state's retirement contributions for the 2023–24 fiscal year.

(2) The Director of Finance shall direct the Controller to transfer the amount specified in paragraph (1) to either of the following:

(A) The Public Employees' Retirement Fund.

(B) The Surplus Money Investment Fund and other funds in the Pooled Money Investment Account that accrue interest to the General Fund, for repayment of principal and interest of a cash loan that was made to supplement the state's retirement contributions.

(3) The supplemental payment described in this subdivision is for unfunded liabilities for state-level pension plans in excess of current base amounts for the 2023–24 fiscal year. Therefore, any amount transferred to a fund identified in paragraph (2) constitutes an obligation pursuant to subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution.

(4) The Director of Finance shall provide the Controller a schedule of the timing and amounts to be used for purposes of this subdivision."

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to State Retirement Contributions to the Judges' Retirement System II,
Support and Local Assistance, Judges' Retirement System**

It is requested that state retirement contributions to the Judges' Retirement System (JRS) II, be increased by a total of \$2,188,000 ongoing. These changes comply with the statutory requirement per Government Code section 75600.5, that the state retirement contribution to JRS II be appropriated based on the contribution rate submitted by the California Public Employees' Retirement System (CalPERS) Board of Administration. On February 14, 2023, the CalPERS Board approved a JRS II contribution rate of 23.58 percent for 2023-24, up from the 23.23 percent rate in 2022-23. The contribution rate increase is due mainly to the amortization of the unfunded accrued liability generated by investment losses in fiscal year 2021-22.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Evelyn Suess, Assistant Program Budget Manager, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Subcommittee
No. 5
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Michele Nix, Acting Chief Financial Officer, California Public Employees' Retirement
System
Willem (Will) Schaafsma, Chief, Division of Financial Planning, Policy and Budgeting,
California Public Employees' Retirement System
Stacy Guzman, Budget Manager, California Public Employees' Retirement System

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to and Addition of Various Budget Bill Items, Support and Local Assistance, and Statutory Changes, California Public Utilities Commission

Universal LifeLine Telephone Service Program (California Lifeline Program)—It is requested that Item 8660-001-0471 be reduced by \$3,330,000 in fiscal year 2023-24 and ongoing to reflect reductions in consulting costs and Item 8660-101-0471 be increased by \$65,478,000 in 2023-24 and ongoing to reflect publishing costs resulting from increased autorenewals and new caseload projections.

Technical Adjustment to Shift the Reduction of 2023-24 Appropriation for the Residential Solar and Storage Program—It is requested that Item 8660-002-0001 be reduced by \$270 million in 2023-24 and statutory changes be added to effectuate the proposed reduction for the Residential Solar and Storage Program (see Attachment 1). The Governor's Budget reduced various items of appropriations in the 2023-24 fiscal year in Control Section 4.07. This is a technical adjustment to provide transparency at the department level by shifting the reductions from the statewide control section to items of appropriation in the applicable departmental budgets.

Technical Adjustment to Shift the Deferral of 2023-24 Appropriation for the Broadband Last-Mile Infrastructure Program—It is requested that Item 8660-062-0001 be reduced by \$550 million in 2023-24 as part of a deferral of funding, and be increased by \$200 million in 2024-25, \$200 million in 2025-26, and by \$150 million in 2026-27 for the Broadband Last-Mile Infrastructure Program at the California Public Utilities Commission (CPUC). The Governor's Budget reduced various items of appropriations in the 2023-24 fiscal year in Control Section 4.07. This is a technical adjustment to provide transparency at the department level by shifting the reductions from the statewide control section to items of appropriation in the applicable departmental budgets.

Technical Adjustment to Shift the Deferral of 2023-24 Appropriation for the Broadband Loan Loss Reserve Program—It is requested that Item 8660-062-0001 be reduced by \$400 million in 2023-24 as part of a deferral of funding, and be increased by \$125 million

in 2024-25, and by \$275 million in 2025-26 for the Broadband Loan Loss Reserve Program at the CPUC. The Governor's Budget reduced various items of appropriations in the 2023-24 fiscal year in Control Section 4.07. This is a technical adjustment to provide transparency at the department level by shifting the reductions from the statewide control section to items of appropriation in the applicable departmental budgets.

Digital Divide Grant Program—It is requested that Item 8660-101-3409 be added in the amount of \$1 million in 2023-24 and \$200,000 in 2024-25 and ongoing to implement the Digital Divide Grant Program per Public Utilities Code 280.5. This program will distribute competitive awards for the purpose of funding community technology programs in low-income school districts in rural and urban communities.

Technical Adjustment to Shift the Reversion of 2021 and 2022 Budget Act Balances for Broadband Loan Loss Reserve Program—It is requested that Item 8660-495 be added to revert \$50 million from the 2021 Budget Act and \$125 million from the 2022 Budget Act to reflect a deferral of funding for the Broadband Loan Loss Reserve Program until 2024-25. It is requested Item 8660-062-0001 be increased by \$175 million in 2024-25 as part of the deferral for the Broadband Loan Loss Reserve Program. The Governor's Budget reverted these funds in statewide Control Section 4.06. This is a technical adjustment to provide transparency at the department level by shifting the reversions from the statewide control section to the applicable departmental budget (see Attachment 2).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Eamon Nalband, Principal Program Budget Analyst, at (916) 322-2263.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Josh Becker, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Rachel Peterson, Executive Director, California Public Utilities Commission
Ryan Dulin, Deputy Director, California Public Utilities Commission
Harsh Thakar, Budget Officer, California Public Utilities Commission

Amend Public Utilities Code section 379.10 as follows:-

“(a) In administering the self-generation incentive program pursuant to Section 379.6, the commission shall use funds appropriated by the Legislature for the purpose of providing incentives to eligible low-income residential customers, including those receiving service from a local publicly owned electric utility, as defined pursuant to Section 224.3, who install behind-the-meter energy storage systems or solar photovoltaic systems paired with energy storage systems, as an integrated approach to increase individual customer resiliency, to reduce the electrical grid's net peak demand, to reduce electric ratepayer costs, and to reduce emissions of greenhouse gases and localized air pollution. ~~The commission shall allocate funding pursuant to this section as follows:~~

~~(1) Seventy percent for incentives to eligible low-income residential customers who install either new behind the meter solar photovoltaic systems paired with energy storage systems or new energy storage systems.~~

~~(2) Thirty percent for incentives to residential customers who install new behind the meter energy storage systems.~~

(b) The commission shall consider requiring customers installing solar photovoltaic systems paired with energy storage systems or new energy storage systems under this section and served on a standard contract or tariff pursuant Section 2827.1 to participate in a demand response or peak load reduction program offered through the customer's load-serving entity, including market-integrated supply-side demand response programs, to reduce net peak demand.”

8660-495—Reversion, Public Utilities Commission. As of June 30, 2023, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

- (1) Item 8660-062-0001, Budget Act of 2021. \$50,000,000 of the amount appropriated for the Broadband Loan Loss Reserve program in Provision 1.

- (2) Item 8660-062-0001, Budget Act of 2022. \$125,000,000 of the amount appropriated for the Broadband Loan Loss Reserve program.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items 8860-001-0001, Reimbursements and 8860-001-9740, Support, Department of Finance

It is requested that Item 8860-001-0001 be increased by \$2,080,000 and 9 positions ongoing and be amended by increasing reimbursements by \$359,000 ongoing, and Item 8860-001-9740 be increased by \$1,361,000 to provide ongoing support for Finance's Information Technology Infrastructure.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Richard Gillihan, Chief Operating Officer, at (916) 445-4923.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Addition of Budget Bill Item 8880-490, Support, Financial Information System for California

California State Payroll System Reappropriation—It is requested that Item 8880-490 be added to extend the encumbrance or expenditure availability of \$5,530,000 General Fund and \$3,686,000 Central Services Cost Recovery Fund until June 30, 2024, upon approval of the Department of Finance (see Attachment 1). This request provides additional time for the Financial Information System for California to request funding to support its integration with the California State Payroll System.

The effect of the requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Danielle Brandon, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Amy Tong, Secretary, Government Operations Agency
Justyn Howard, Deputy Secretary, Fiscal Policy and Administration,
Government Operations Agency
Jennifer Maguire, Director, Financial Information System for California

8880-490—Reappropriation, Financial Information System for California. The amounts specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2024.

0001—General Fund

(1) Up to \$5,530,000 in Item 8880-011-0001, Budget Act of 2022 (Ch. 45, Stats. 2022), for support of Financial Information System for California.

9740—Central Services Cost Recovery Fund

(1) Up to \$3,686,000 in Item 8880-011-9740, Budget Act of 2022 (Ch. 45, Stats. 2022), for support of Financial Information System for California, payable from the Central Services Cost Recovery Fund.

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 8885-296-0001, Local Assistance, and Addition of Item 8885-492, Support, Commission on State Mandates

Adjustment of Funded Mandates—It is requested that Item 8885-296-0001 be increased by \$13,000 to update the amounts included in the Governor's Budget to match the most recent mandated cost reimbursement claims submitted to the State Controller's Office. These adjustments are necessary to ensure the proper amounts are provided for each mandate (see Attachment 1).

Reappropriation of Personnel Savings from the 2022 Budget Act—It is requested that Item 8885-492 be added to reappropriate up to \$130,000 General Fund of estimated savings from the 2022 Budget Act to pay out leave balances for staff planning to retire in 2023-24 (see Attachment 2).

The effect of my requested action is reflected in the attachment.

If you have any questions or need additional information regarding this matter, please call Chris Hill, Principal Program Budget Analyst, at (916) 956-6799.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Christopher W. Woods, Senate President pro Tempore's Office
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Heather Halsey, Executive Director, Commission on State Mandates
Kevin Rowell, Budget Manager, Department of General Services

Amend Item 8885-296-0001 as follows:

8885-296-0001—For local assistance for reimbursement, in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or Section 17561 of the Government Code, of the costs of any new program or increased level of service of an existing program mandated by statute or executive order, for disbursement by the Controller for claims for costs incurred during the specified periods

~~17,592,000~~ 17,605,000

Schedule:

(1) 6905-Funded Mandates: For payment of the following mandate claim for costs incurred in the 2015–16 through 2018–19 fiscal years~~161,000~~ 162,000

(a) Local Agency Employee Organizations, Impasse Procedures II (Ch. 314, Stats. 2012)

(2) 6905-Funded Mandates: For Payment of the following mandate claim for costs incurred in the 2016–17 through 2018–19 fiscal years~~396,000~~ 397,000

(a) U Visa Form 918, Victims of Crime: Non-Immigrant Status Mandate (Ch. 721, Stats. 2015)

(3) 6905-Funded Mandates: For payment of the following mandate claims for costs incurred in the 2018–19 fiscal year10,656,000

(a) Allocation of Property Tax Revenues (Chs. 66, 68, 904, 905, 1279, Stats. of 1993)127,000

(b) Domestic Violence Arrest Policies and Standards (Ch. 2461, Stats. 1995)~~142,000~~ 143,000

(c) Sexually Violent Predators (Ch. 762, Stats. 1995; Ch. 763, Stats. 1996)10,188,000

(d) Crime Victims' Domestic Violence Incident Reports (Ch. 1022, Stats. 1999)~~1,000~~ 2,000

(e) Peace Officer Personnel Records: Unfounded Complaints and Discovery (Ch. 630, Stats. 1978; Ch. 741, Stats. 1994)1,000

(f) Domestic Violence Arrests and Victim Assistance (Chs. 698, 701, 702, Stats. 1998)~~195,000~~ 196,000

(g) State Authorized Risk Assessment Tool for Sex Offenders (Chs. 336, 337, Stats. 2006; Ch. 579, Stats. 2007)~~2,000~~ 3,000

(4) 6905-Funded Mandates: For payment of the following mandate claims for costs incurred in the 2019–20 fiscal years6,379,000

- (a) Medi-Cal Beneficiary Probate (Chs. 102, 1163, Stats. 1981)
.....~~4,000~~5,000
- (b) Rape Victims Counseling Center Notice (Ch. 999, Stats. 1991, Ch. 224,
Stats. 2015)~~1,000~~2,000
- (c) Allocation of Property Tax Revenues (Chs. 66, 68, 904, 905, 1279,
Stats. 1993)~~169,000~~170,000
- (d) Domestic Violence Arrest Policies and Standards (Ch. 2461, Stats. 1995)
.....83,000
- (e) Sexually Violent Predators (Ch. 762, Stats. 1995; Ch. 763, Stats. 1996)
.....~~5,705,000~~5,706,000
- (f) Crime Victims' Domestic Violence Incident Reports (Ch. 1022, Stats. 1999)
.....2,000
- (g) Peace Officer Personnel Records: Unfounded Complaints and Discovery
(Ch. 630, Stats. 1978; Ch. 741, Stats. 1994)~~43,000~~44,000
- (h) Domestic Violence Arrests and Victim Assistance (Chs. 698, 701, 702,
Stats. 1998)107,000
- (i) Medi-Cal Eligibility of Juvenile Offenders (Ch. 657, Stats. 2006)
.....~~2,000~~3,000
- (j) U Visa Form 918, Victims of Crime: Non-Immigrant Status Mandate
(Ch. 721, Stats. 2015)261,000
- (k) Peace Officer Training: Mental Health/Crisis Intervention (Ch. 469,
Stats. 2015)~~2,000~~3,000

8885-492—Reappropriation, Commission on State Mandates. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided in those appropriations and shall be available for encumbrance or expenditure until June 30, 2024:

0001— General Fund

(1) \$130,000 or whatever greater or lesser amount of the support costs in Item 8885-001-0001, Budget Act of 2022 (Ch. 43, Stats. 2022).

May 12, 2023

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Addition of Budget Bill Item 9210-102-0001, Local Assistance, Local Government Financing

Sonoma County: Property Tax Backfill for 2019 Kincadee Wildfire—It is requested that Item 9210-102-0001 be added in the amount of \$632,000 on a one-time basis to backfill basic aid school districts in Sonoma County for actual property tax losses incurred between 2020-21 and 2021-22 as a result of the 2019 Kincadee wildfire (see Attachment 1).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Chris Hill, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

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