LAO

The 2025-26 Budget:

Various California Air Resources Board Proposals

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SUMMARY

In this brief, we analyze various budget-related proposals from the California Air Resources Board (CARB) including: (1) budget trailer legislation expanding CARB's regulatory fee authority, (2) two budget change proposals requesting permanent staff to implement three zero-emission vehicle (ZEV)-related regulations, and (3) funding and positions to explore the potential for allowing a higher blend of ethanol in fuel (known as E15) to be sold in the state.

Regulatory Fee Authority Budget Trailer Bill. The Governor proposes budget trailer legislation that would provide CARB with broad authority to levy fees on the entities it regulates to recover the costs of developing, implementing, and enforcing air pollution and greenhouse gas (GHG) reduction-related programs and regulations. We do not believe that CARB has provided a compelling rationale for why it needs such a broad expansion in its authority to assess fees. Moreover, we find that the proposal would delegate too much legislative control and authority to the administration. Accordingly, we recommend the Legislature reject the proposed legislation.

Permanent Regulatory Staff. The Governor's budget proposes to provide CARB with a total of nearly 50 positions and over $9 million annually from the Air Pollution Control Fund (APCF) to implement the Zero-Emission Forklift (ZEF), Advanced Clean Fleets (ACF), and Zero-Emission Airport Shuttle (ZEAS) regulations. CARB has not yet secured the waivers from the federal government that are required for it to be able to enforce most of the components of these regulations. Moreover, signals from the new federal administration suggest it is not likely to grant California additional waivers, making it unlikely that CARB will be able to enforce the bulk of these regulations for at least the next four years. In light of this lack of enforcement authority, we recommend the Legislature direct CARB to provide information at spring budget hearings on alternative approaches that the state could explore to meet its climate goals and air quality standards as well as its plans for state operations and vacancy reduction savings. We recommend the Legislature incorporate this information into its decisions regarding how any additional funding and positions could be used to achieve state goals most cost-effectively.

E15 Fuel Specification. The Governor proposes $2.3 million on an ongoing basis from APCF and ten positions to explore adopting the E15 fuel blend, as well as to conduct ongoing program implementation and enforcement of potential future regulations. Because whether E15 regulations ultimately will be developed and adopted still is uncertain, we find authorizing ongoing funding for positions to support its implementation now to be premature. We therefore recommend the Legislature instead provide the requested funding on a two-year basis.

OVERVIEW

In this brief, we analyze various CARB budget proposals. The brief is organized into four main sections. In this first section, we provide an overview of CARB and a summary of its proposed budget for 2025-26. Next, we analyze proposed budget trailer legislation that would substantially expand CARB's authority to levy fees. In the third section, we analyze two proposals to provide permanent staff to implement regulations related to forklifts, medium- and heavy-duty vehicle fleets, and airport shuttle operators. We conclude by discussing a proposal related to allowing a higher blend of ethanol in fuel (known as E15) to be sold in the state than currently is authorized.

Federal, State, and Local Governments Have Responsibilities for Improving Air Quality. The United States Environmental Protection Agency (U.S. EPA) sets air quality standards for specified criteria pollutants—such as ozone, particulate matter, and nitrogen oxides—pursuant to the federal Clean Air Act. U.S. EPA requires states to develop state implementation plans to achieve compliance with these standards. In California, responsibilities for regulating air quality are divided between CARB and 35 regional air pollution control and air quality management districts. In general, regional air districts manage the regulation of stationary sources of pollution (such as factories) and prepare regional implementation plans to achieve compliance with federal and state standards. CARB is responsible primarily for the regulation of mobile sources of pollution (such as cars and trucks) and for reviewing and approving regional district programs and plans.

CARB Also Plays a Key Role in the State's Efforts to Reduce GHG Emissions. In addition to helping regulate pollutants that affect air quality, CARB is the lead state agency responsible for directing the state's efforts to meet the GHG reduction targets established in the Global Warming Solutions Act of 2006 (Chapter 488 of 2006, [AB 32, Núñez]) and subsequent legislation (such as Chapter 249 of 2016 [SB 32, Pavley] and Chapter 337 of 2022 [AB 1279, Muratsuchi]).

Budget Overview. The Governor's budget for 2025-26 proposes $1.2 billion to support CARB's activities, mostly from special funds. This represents a net reduction of $240 million—or 17 percent—compared to CARB's estimated expenditure level in 2024-25. This year-to-year decline is largely the result of a significant accumulation of unspent one-time funding from prior years that is included in the 2024-25 amount. The Governor's budget proposes a total of 2,120 positions for CARB in 2025-26. This is an increase of 118 positions—or 6 percent—from 2024-25.

As we discuss later in this brief, the 2024-25 budget agreement assumed ongoing General Fund state operations savings of up to 7.95 percent across the budget beginning in the current year, as well as additional savings from permanently eliminating vacant positions. As the administration has not yet provided detailed information on how it is allocating these reductions across departments, programs, and fund sources, the funding and position levels cited above do not incorporate these modifications and therefore overstate CARB's actual funding and staffing levels. (We discuss the administration's implementation of the state operations and vacancy reductions in greater detail in our February report, *The 2025-26 Budget: State Departments' Operational Efficiencies [Control Sections 4.05 and 4.12]*).

REGULATORY FEE AUTHORITY BUDGET TRAILER BILL

Background

State Levies Fees to Fund Certain Costs. The state assesses a variety of fees and charges to help fund its operations. Typically, the state levies fees to pay for the costs of specific regulatory activities or for providing specified government services or products. Under the State Constitution, fees must be set at a reasonable level, generally reflecting the costs of the services or benefits provided. The State Constitution allows the Legislature to increase fees to cover the costs of specific state activities with a majority vote of each house of the Legislature. (This is in contrast to taxes, from which revenues can be used for a broader range of activities and which require a two-thirds vote of each house of the Legislature.)

Legislature Has Longstanding Practice of Granting Departments Authority to Assess Specific Fees. In many cases, the Legislature has enacted statutes that delegate some of its authority to set and/or modify fees to state departments. When the Legislature delegates this authority, it often provides direction in statute regarding how such fees are to be assessed. For example, the Legislature may specify the entities and activities that will be subject to the fees, the amounts of the fees to be collected, the mechanism for increasing the fees (such as to adjust for inflation), the authorized uses of the fee proceeds, and the duration of the fee authority.

Legislature Has Provided CARB Authority to Collect Certain Fees. The Legislature has authorized CARB to collect various specified fees and charges. For example, under existing statute, CARB has explicit authority to assess fees related to a range of specific regulatory programs, such as to certify and audit motor vehicles and motor vehicle engines and to regulate non-vehicular sources of emissions. CARB uses the revenues it collects through this existing fee authority—along with funding from penalties, taxes, and other sources—to carry out its functions. However, existing statute does not include a broad authorization for CARB to assess fees to support any and all climate and air quality-related programs; generally, the department's existing fee authority is for activities or programs specifically enumerated in law.

Legislature Has Provided CARB Particularly Broad Authority to Establish Regulations. As discussed later in this brief, the Legislature has authorized CARB to establish regulations related to meeting the state's climate goals and air pollution standards. In general, the authority that the Legislature has granted to CARB is broader than what is typical; for most other departments, the scope of the authorized regulatory power is more limited and specific. CARB has used its broad authority to promulgate numerous regulations, such as those that require entities to shift to ZEVs (including the ZEF, ACF, and ZEAS regulations discussed elsewhere in this report) and require reductions in the carbon intensity of transportation fuels (known as the Low Carbon Fuel Standard program).

Governor's Proposal

Budget Trailer Legislation Would Expand CARB's Authority to Assess Fees. The Governor proposes budget trailer legislation that would provide CARB with authority to levy fees on the entities it regulates in order to recover the costs of developing, implementing, and enforcing programs and regulations. This authority would apply to any of the activities the department conducts pursuant to Division 26 of the Health and Safety Code. Division 26 is the main portion of state law that pertains to CARB, and includes the department's broad authority over air pollutants, as well as its authority to implement some programs aimed at reducing GHGs.

Assessment

New Proposed Authority for CARB to Assess Fees Appears Quite Broad. The proposed budget trailer legislation could have the effect of greatly expanding CARB's authority to assess fees to fund its activities related to air pollution and GHG reductions. In contrast to its current fee-setting authority, which is limited to specific regulatory programs, this proposal would provide broad authority for the department to assess fees related to the activities it conducts pursuant to Division 26 of the Health and Safety Code. The exact scope of the fees or other charges that could be assessed under this proposed authority is not entirely clear. However, the language appears to be broad enough that it could potentially be interpreted to allow CARB to assess charges that go beyond the simple administration and enforcement of regulations. For example, should the proposed budget trailer legislation receive a two-thirds vote of both houses of the Legislature, it potentially could be interpreted to allow CARB to assess fees on certain entities (such as high polluters) and use the revenue to make payments to other entities (such as low polluters). As discussed above, CARB already has broad authority to promulgate regulations related to air pollution and GHG emission reductions. When taken together with the proposed expansion of fee authority, CARB would have a wide-ranging ability to craft new policies and raise the funds to support them without additional legislative action, so long as the department believes the policies would help the state achieve its air pollution standards and climate goals.

Breadth of Requested Fee Authority Does Not Appear Justified. We have two significant concerns with the administration's proposal. First, we do not believe that CARB has provided a compelling rationale for why it needs such broad fee authority to pursue the state's climate and air quality goals. CARB argues that the scale of actions needed to address California's air pollution and climate challenges require more funding and that the proposed legislation would enable it to raise those funds. While some additional funding may ultimately be needed for CARB to implement its programs and regulations, in our assessment, the department has not made an adequate case for why the proposed broad delegation of authority is warranted and why a more narrowly crafted authorization to increase fees for specific activities would not suffice. For example, the department could identify a specific set of problems it wants to address and actions it wants to undertake and request authority from the Legislature to raise fees that are targeted around supporting those activities. CARB has not offered a persuasive explanation for why the Legislature should depart from this traditional approach to setting fee policy. Second, CARB has not provided adequate information over how it would use the proposed new authority. CARB is effectively requesting that the Legislature grant it authority to raise additional fees without providing a clear understanding of what those fees would include, which entities would pay them, or the amount that would be charged. This lack of information makes it impossible for the Legislature to assess the costs or benefits of potential fees CARB might impose, thereby also precluding it from comparing and balancing those two key considerations before approving this proposal.

Proposal Requests Legislature Delegate Core Responsibility for Setting Fees and Charges. Given the lack of detail around why CARB needs the expansive proposed authority to accomplish the state's goals or how the department would use it, we think this proposal requests that the Legislature delegate too much of its constitutional fee-setting responsibility to the administration. The California Constitution entrusts the Legislature with the fundamental "power of the purse," which includes the responsibility to determine the fees and charges assessed on Californians. In general, we believe the Legislature should be cautious in delegating this core responsibility, particularly without specific parameters and a compelling justification. Any new fees CARB might assess under the proposed new authority would be subject to a public rulemaking process and approval by its board. However, in our view, such processes are not an adequate substitute for decisions made by the Legislature, which is the state's elected body charged with determining overall state fee and expenditure policies. Also, while the annual budget process would give the Legislature an opportunity to appropriate the money raised by the proposed new fees, that also would not serve as an adequate substitute for legislative approval of the specific fees—by the time the department requests that the Legislature appropriate the revenue, CARB could already have set and levied the fees.

Recommendation

Reject Proposed Budget Trailer Bill Language. We recommend the Legislature reject the proposed budget trailer legislation as the breadth of the requested fee authority is not justified and would delegate too much legislative control and authority to the administration. To the extent CARB requires additional authority to raise revenues to implement specific programs and regulations, the department can return at a future date with a more narrowly crafted proposal for the Legislature to consider. Such a proposal should include a robust justification for the specific fees the department proposes to levy, as well as key details on the proposed fees such as: (1) the specific activities that would be subject to the fees, (2) the proposed fee amounts, (3) the entities that would be subject to paying the fees, (4) the level of expected fee revenues, and (5) how the fee revenues would be used. This type of detailed information is critical to enable the Legislature to adequately weigh the anticipated costs and benefits associated with providing CARB with additional fee-raising authority.

PERMANENT REGULATORY STAFF

Background

Legislature Has Delegated CARB Broad Authority to Establish Air Quality and Climate Regulations. Existing statute directs CARB to adopt regulations that are technologically feasible and cost-effective to achieve federal air quality standards and state GHG emission reduction goals. In pursuit of these objectives, CARB has undertaken many actions, including adopting recent regulations such as:

- ***ZEF.*** Requires fleets to phase out the operation of the majority of their Large Spark-Ignition (LSI) powered forklift equipment and prohibits fleets from adding new LSI forklifts after specified cut-off dates.
- ***ACF.*** Requires three types of medium- and heavy-duty vehicle fleets in California to transition to ZEVs according to specified schedules. These include drayage fleets that serve ports and railyards, state and local government fleets, and "high-priority" fleets (fleets of entities that have $50 million or more in gross annual revenue or 50 or more vehicles). The regulation further specifies that manufacturers may sell only zero-emission medium- and heavy-duty vehicles in California starting in 2036.
- ***ZEAS.*** Requires airport shuttle operators to begin adding zero-emission shuttles to their fleets in 2027 and to fully transition to ZEVs by 2036.

Federal Waivers Required for Many of CARB's Regulations. In order to avoid a patchwork of differing state-level regulatory requirements from developing across the country, federal law generally preempts state governments from adopting their own air pollutant emissions standards for new motor vehicles and new motor vehicle engines. Currently, however, federal law includes an exemption specifically for California which allows the state to apply to U.S. EPA for waivers from federal preemption. To date, California has applied for and received over 100 waivers for a variety of air quality and vehicle-related regulations.

Governor's Proposals

The Governor's budget includes two proposals to provide CARB with ongoing resources in order to implement regulations aimed at improving air quality and reducing GHG emissions:

- ***ZEF.*** $3.5 million on an ongoing basis from APCF and 17 positions to support the implementation and enforcement of CARB's recently adopted ZEF regulations.
- ***ACF and ZEAS.*** $5.8 million on an ongoing basis from APCF starting in 2026-27 and the conversion of 32.5 limited-term positions to permanent positions in 2025-26 to implement CARB's recently adopted ACF and ZEAS regulations.

Assessment

Lack of Federal Waivers Prevents California From Enforcing Most Components of ZEF, ACF, and ZEAS Regulations. Because they represent unique state-level vehicle standards, under federal law, CARB must secure federal waivers to enforce the ZEAS and ZEF regulations, as well as most of the ACF regulation. While CARB secured a waiver for the ZEAS regulation in 2023, it has not done so for its ZEF and ACF regulations. Accordingly, while CARB can enforce the ZEAS regulation and certain portions of the ACF regulation, it does not have authority to enforce most of the ACF regulation or any of the ZEF regulation. Moreover, signals from the new federal administration suggest it is not likely to grant California additional waivers and may even attempt to rescind already-approved waivers. For example, on January 20, 2025, President Trump signed an Executive Order stating that it is the policy of the United States to eliminate the "electric vehicle mandate" and to terminate, "where appropriate, state emissions waivers that function to limit sales of gasoline-powered automobiles." Accordingly, CARB is unlikely to be able to enforce the ZEF regulation or most of the ACF regulation for at least the next four years.

Given Lack of Enforcement Authority, Re-Evaluation of Approach Could Make Sense. Together, the Governor's two proposals would provide nearly 50 positions and over $9 million annually from APCF to implement all three regulations. This proposed use of APCF funds comes with trade-offs, as they could otherwise be used to support a variety of other types of regulations and programs that also would help the state meet its climate goals and air pollution standards. As such, the Legislature will want to give careful consideration to which activities it believes will be most cost-effective at achieving the state's objectives. CARB contends that implementing the ZEF and ACF regulations is an important step in helping the state achieve its climate goals and meet air quality standards. However, absent the authority to enforce the bulk of these regulations, the state will likely need to step back and consider whether to shift efforts and resources towards alternative strategies to achieve GHG and air quality goals.

For example, a modified approach could rely more on (1) other regulations or activities that are covered under existing waivers and/or (2) activities that are unlikely to require federal waivers, such as financial incentive programs, programs that assess varied fee levels based on a vehicle's emissions, or indirect source rules. (Indirect source rules are regulations that address air pollution from mobile sources that are indirectly associated with a facility. For example, they could require the operator of a warehouse to offset the emissions from the trucks that use its facility.) These types of modified approaches likely would come with trade-offs—including related to costs, expected amounts of emission reductions, and impacts on regulated industries—that would be important for the Legislature to weigh prior to deciding how to move forward.

Lack of Information on State Operations and Vacancy Reductions Complicates Legislative Decision-Making. At the same time that CARB is requesting additional positions to implement these new regulations, the administration is in the process of making reductions that could affect other programs and/or regulations aimed at helping the state meet its climate goals and air pollution standards. Specifically, as mentioned above, the administration currently is in the process of implementing two reductions across nearly all state departments—one aimed at achieving ongoing General Fund state operations savings of up to 7.95 percent beginning in 2024-25 and another aimed at capturing additional savings from permanently eliminating vacant positions regardless of their funding source. As of this writing, CARB has provided minimal details on how these reductions will be implemented across the department. Absent such information, the Legislature has no way to assess how these reductions will affect other existing programs or regulations that might help the state meet its air quality standards and GHG-reduction goals or other key legislative priorities. This complicates the Legislature's efforts to assess whether the proposed new positions are the highest priorities for limited funding, or whether funding might more effectively be used to help maintain support for existing priority programs and regulation implementation.

Recommendations

Direct CARB to Report at Budget Hearings on Potential Approaches to Meeting Goals Given Lack of Waivers. In light of the lack of federal waivers for the ZEF and ACF regulations and resulting limitations on the state's regulatory enforcement abilities, we recommend the Legislature direct CARB to provide information at spring budget hearings on the various types of alternative approaches that the state could explore to meet its climate goals and air quality standards, as well as the associated advantages and disadvantages. This would give the Legislature more information about the types of strategies that it could consider for helping the state meet its goals.

Direct CARB to Report at Budget Hearings on Plans for State Operations and Vacancy Reduction Savings. We recommend that the Legislature direct CARB to provide a detailed report at budget hearings on its plans for the state operations and vacancy reduction savings, including identifying the specific personnel, contracts, and programs that will be affected. We further recommend that the Legislature direct CARB to provide information on any anticipated programmatic impacts of the proposed reductions. Such information is key to enabling the Legislature to better assess (1) how the changes may impact the state's ability to meet its GHG reduction goals and air pollution standards, (2) whether the changes are consistent with legislative priorities, and (3) how to prioritize the Governor's new proposed position and funding augmentations against a broader context of department-wide resources. (Our recent report, *The 2025-26 Budget: State Departments' Operational Efficiencies [Control Sections 4.05 and 4.12]*, provides a framework with some questions the Legislature could ask the administration regarding the impacts of these reductions.)

Direct Implementation Resources Toward Priority Activities. We recommend the Legislature incorporate information that CARB provides at budget hearings—including on alternative options for meeting the state's air pollution standards and GHG emission reduction targets, as well as planned reductions associated with state operations and vacant positions—into its decisions regarding whether to fund the proposed positions to support the ZEF, ACF, and ZEAS regulations. The Legislature could then use this information to more fully evaluate how any additional funding and positions could be used to achieve state goals most cost-effectively. To the extent the administration is not able to provide adequate information to inform legislative decision-making within the time frame of the spring budget hearings, the Legislature could consider rejecting the proposals without prejudice and directing the administration to provide further information prior to requesting ongoing funding at a later date.

E15 FUEL SPECIFICATION

Background

Current Regulations in California Allow for 10 Percent Ethanol Blending in Gasoline. California statute provides authority for CARB to issue regulations for motor vehicle fuel specifications, among other areas. Under this authority, CARB has established regulations that authorize the use of up to 10 percent ethanol in gasoline (a blend known as E10). CARB reports that virtually all gasoline currently sold in California is E10.

Since U.S. EPA Waiver Issued, Other States Have Approved Use of E15. Starting in 2010, U.S. EPA has issued various waivers for the adoption of up to 15 percent ethanol in gasoline (known as E15) for 2001 and newer conventional vehicles. (The use of E15 is not authorized for older vehicles, motorcycles, lawnmowers and other types of off-road equipment, delivery trucks, or other types of heavy-duty vehicles.) Since the adoption of those waivers, all other states besides California have authorized the sale of E15. However, according to the U.S. Department of Energy, E15 only is available at roughly 3,000 gas stations across 31 states (roughly 2 percent of gas stations that sell fuel to the public), and E10 continues to be the standard blend nationwide.

Statute Requires Certain Steps Prior to Establishment of Regulations Governing Motor Fuel Specifications. Existing statute requires CARB to undertake specific actions prior to establishing regulations governing motor fuel specifications. For example, CARB must conduct certain analyses, including an evaluation of the environmental impacts of the proposed policy change known as a "multimedia evaluation." CARB reports that a multimedia evaluation includes three main steps (referred to as tiers) that generally involve the following activities: (1) Tier I: summarizing existing research and identifying knowledge gaps, (2) Tier II: conducting experiments to fill the identified knowledge gaps, and (3) Tier III: preparing a final report summarizing the existing and new research and providing findings and conclusions. According to CARB, completing a multimedia evaluation typically takes two to five years. Statute further requires that the multimedia evaluation be approved by the California Environmental Policy Council, which is an entity composed of the heads of seven state environmental protection-related agencies.

CARB Is Undertaking a Process to Consider Allowing E15. CARB indicates that it initiated a multimedia evaluation for E15 in 2018 and finalized the Tier I analysis in 2020. The department has not yet completed Tier II or Tier III but anticipates finishing these remaining steps by summer 2025. Once complete, CARB will use the multimedia evaluation process to determine whether to move forward with developing a regulation to authorize the use of E15 in California.

Governor Issued Directive to CARB Related to E15. In October 2024, Governor Newsom sent a letter to CARB directing the department to expedite its actions related to E15. In that letter, the Governor also indicated that the administration "welcomes a partnership" with the Legislature in 2025 to consider necessary statutory changes and funding that would further expedite CARB's consideration of authorizing the use of E15 in California.

Governor's Proposal

Governor Proposes Ongoing $2.3 Million to Support Development and Implementation of E15 Regulation. The Governor's budget proposes providing $2.3 million on an ongoing basis from APCF and ten positions to complete the regulatory process related to E15, as well as to conduct ongoing program implementation and enforcement of future E15 regulations.

Assessment

Potential Trade-Offs Associated With Shift to E15. Recent reports have highlighted various potential trade-offs associated with E15. For example, in August 2024, the California Energy Commission issued a *Transportation Fuels Assessment* that found that E15 likely would reduce gasoline prices and may present fewer environmental harms than E10. However, the analysis also noted that shifting to E15 could result in a loss of fuel economy of roughly 1 percent, that fueling equipment and some vehicles may lack the capability of operating with E15, and that more analysis is necessary to understand the pollution impacts.

Premature to Provide Ongoing Funding for Program Given Uncertain Outcome of Regulatory Process. To the extent that expediting the development of E15 regulations is a priority for the Legislature, providing resources to support that activity in the near term is reasonable. However, authorizing ongoing funding for CARB positions to support the implementation of the policy now—as the Governor is proposing—would be premature at this time for two reasons. First, whether CARB ultimately will pursue and adopt E15 regulations is uncertain, given that the multimedia evaluation has not yet been completed. Notably, while CARB indicates that thus far its analyses have not identified major environmental or public health concerns associated with E15, it cannot forecast the ultimate outcome of any regulatory process or board action. Second, the program's staffing needs are subject to change as the policy moves from regulation development to implementation and enforcement. Initially, CARB proposes to use the requested staff to complete development of the E15 regulation to bring to the board for consideration by summer 2026. (The department indicates the process likely would take until late 2027 absent the proposed additional resources.) After the regulation has been adopted, CARB indicates that it would use the additional staff for associated implementation and enforcement activities. However, the staff expertise required for regulation development likely would differ from that for implementation and enforcement, potentially resulting in differences in both the number of personnel needed as well as their respective duties.

Modifying Proposal to Provide Limited-Term Funding Would Better Align With Known Workload, but Would Come With Trade-Offs. Because future E15-related workload still is uncertain, a stronger justification exists for modifying the proposal to provide limited-term resources to complete the regulatory process. The Legislature could then revisit the need for and level of ongoing positions and funding once more is known about future implementation and enforcement needs. However, such an approach has associated trade-offs. The administration has indicated that activities which are funded on a limited-term basis present some challenges. For example, attracting and retaining qualified staff to complete activities supported with limited-term funding can be more difficult since associated positions generally provide less stability for employees. This challenge can lead the administration to request ongoing funding and positions even when workload is short term in nature or subject to substantial uncertainty—as we believe is the case with the E15 regulation development and future workload. Yet a key drawback to this approach is that it obligates the state to hire and maintain permanent staff—and support their associated future pension benefits—even when they may no longer be needed or justified after the short-term workload they were brought on to complete has ended. In the case of the E15 proposal, despite the trade-offs involved, we find providing limited-term funding to be more appropriate than ongoing support in light of (1) the uncertainty regarding whether the policy will be implemented and (2) if it is ultimately implemented, the changing resource needs as the program moves from regulatory development to implementation.

Recommendation

Modify Proposal to Provide Proposed Funding for Positions on a Two-Year, Limited-Term Basis. We recommend providing the requested funding for positions on a two-year, limited-term basis rather than on an ongoing basis. To the extent CARB's multimedia evaluation ultimately supports the development of an E15 regulation, this modified action would provide funding for the development of such a regulation. Should the regulatory process culminate in the adoption of an E15 regulation, CARB could request the requisite amount of ongoing funding for the appropriate number and classifications of permanent positions to implement and enforce the regulation as part of a future budget request. The department will be in a better position to assess the level of this ongoing workload once the regulatory process is complete.

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This report was prepared by Helen Kerstein, and reviewed by Rachel Ehlers and Ross Brown. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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