

Assembly Budget Committee

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Highlights of Governor's Proposed 2025-26 May Revision

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OVERVIEW

Trump Chaos Hurts Economy and State Budget Projections

Governor Newsom's seventh May budget revision lowers state revenue projections through fiscal year 2025-26 by about \$16 billion—relative to what General Fund revenues might have been—due to chaotic decisions by the Trump Administration (tacitly or openly supported by the Republican congressional majority) to impose broad tariffs and degrade the U.S.'s economic leadership worldwide.

Even after the Trump Administration's recent decision to concede to China temporarily on some tariffs, the overall average tariff rate to be paid by U.S. consumers and businesses remains at 17.8%, according to the Yale Budget Lab. This is reported as the highest such U.S. tariff level since 1934. These unilateral presidential actions—now being challenged in court—amount to one of the largest tax increases in world history. These and other actions represent a bizarre series of actions seemingly intended to weaken U.S. employers and dollar assets, introducing massive uncertainty into parts of the economy that had been working reasonably well previously.

The Trump tariff taxes significantly alter the Newsom Administration's economic forecast. In the May Revision, the forecast anticipates a U.S. "growth recession," a period of below-trend growth along with rising unemployment. Compared to the January budget proposal from the Governor, the May Revision anticipates \$10.5 billion less in General Fund revenue in 2025-26, offset by \$5.8 billion more in revenue across 2023-24 and 2024-25 due to the strength of the economy before Trump and congressional Republicans took power this year.

The Newsom Administration notes that the May Revision is far from a worst-case scenario. If the "growth recession" morphed into a mild recession, state tax revenues in 2025-26 might be around \$14 billion below the May Revision forecast in one scenario. Conversely, stronger economic performance is always possible, especially if anticipated tax cuts, deregulation, and reduced labor costs due to use of so-called "artificial intelligence" platforms cause the stock market to resume its pre-tariff growth trend.

May Revision Proposals: Balance 2025-26 Budget and Reduce Future Deficits

The Newsom Administration projects the Governor's May Revision proposals close what otherwise would be an approximately \$7.5 billion deficit in the state's basic General Fund reserve, the Special Fund for Economic Uncertainties (SFEU), at the end of 2025-26. The May Revision also proposes \$4.5 billion in additional savings sufficient to build the SFEU to a projected \$4.5 billion balance over the next year. Accordingly, the administration now identifies

the total amount of corrective budget proposals in the May Revision at about \$12 billion (\$7.5 billion plus \$4.5 billion, as described above).

In addition to its \$12 billion of corrective budget proposals, the May Revision continues to propose drawing down \$7.1 billion in 2025-26 from the state's main rainy day fund, the Budget Stabilization Account (BSA)—essentially the same BSA plan agreed in the June 2024 state budget package and proposed in the Governor's January 2025 budget plan. After the proposed \$7.1 billion BSA withdrawal, the BSA balance would remain at a projected \$11.2 billion, approximately one-half of the BSA's balance at the end of 2023-24. Total General Fund reserves under the Governor's May Revision are projected at \$15.7 billion in 2025-26, including the BSA and SFEU balances.

For 2025-26, the May Revision proposes \$321.9 billion of state spending, including \$226.4 billion from the General Fund. (The January budget proposal included \$322.3 billion of state spending, including \$228.9 billion from the General Fund.)

The projected deficit for 2025-26, as addressed in the May Revision, results from both the economic weakness described above and some increases in projected state spending. Expenditures in the Medi-Cal program, the state's health care program for low-income people, have increased significantly, resulting in a \$3.4 billion cash flow loan to the program and an additional \$2.8 billion General Fund appropriation in recent weeks.

The May Revision summary notes that significant contributing factors to recent years' Medi-Cal cost growth "are the COVID-19 continuous coverage requirement and the implementation of major policy changes such as the full elimination of the asset test for older adults and the full-scope expansion to all income-eligible Californians, regardless of immigration status." Without the May Revision's proposals to trim cost growth, the administration estimates that Medi-Cal costs would be roughly \$10 billion higher across 2024-25 and 2025-26 and contribute significantly to future structural budget deficits.

The administration's updated May Revision multiyear forecast anticipates annual General Fund operating deficits of \$14 billion in 2026-27, \$19 billion in 2027-28, and \$13 billion in 2028-29, assuming legislative approval of all of the Governor's May Revision cost cutting proposals. Accordingly, if none of the Governor's May Revision proposals were adopted, future annual deficits would reach a projected \$30 billion or greater. The multiyear forecast assumes that revenues from the three largest General Fund taxes (personal income, corporation, and sales and use taxes) drop from \$201 billion in 2024-25 to \$196 billion in 2025-26 before growing again to \$202 billion in 2026-27, \$214 billion in 2027-28, and \$227 billion in 2028-29.

Key Categories of May Revision Proposals

The May Revision includes \$12 billion of corrective budget actions to prevent a General Fund deficit in 2025-26. These corrective budget actions grow in value thereafter, helping to reduce what otherwise might be \$30+ billion annual operating deficits by 2027-28 and 2028-29. The May Revision includes the following categories of budget-balancing actions, as reported by the Newsom Administration:

- **Cost Reductions, Principally Affecting Medi-Cal and In Home Supportive Services (IHSS) (\$5 billion in 2025-26).** The Governor proposes an enrollment freeze for individuals aged 19 and older with so-called “unsatisfactory immigration status” (UIS) in Medi-Cal and other actions to reduce UIS and other Medi-Cal and IHSS costs. In total, the proposed health and other budget reductions add up to \$5 billion in 2025-26, growing to \$14.8 billion of estimated General Fund cost savings by 2028-29.
- **Revenue Shifts/Borrowing (\$5.3 billion in 2025-26).** The Governor proposes using Proposition 35 managed care organization (MCO) taxes to support Medi-Cal cost increases (\$1.3 billion in 2025-26 and \$264 million in 2026-27), extending the General Fund’s deadline to repay this spring’s \$3.4 billion cash flow loan to Medi-Cal by several years, borrowing \$150 million from the Unfair Competition Law Fund, and borrowing \$400 million from the Labor and Workforce Development Fund. Case law provides the Legislature with broad ability to approve multiyear loans from other state funds to help balance the General Fund budget. (The state’s overall cash position remains incredibly strong—with available funds on hand in the State Treasury of about \$100 billion in recent months. These totals include General Fund balances and reserves, rainy day funds, and special fund balances.)
- **Fund Shifts (\$1.7 billion in 2025-26).** The Governor proposes shifting \$1.5 billion in 2025-26, growing to \$1.9 billion in 2028-29, from cap-and-trade revenues to support CAL FIRE operating costs.
- **Other Future Reductions.** The Governor proposes \$456 million of “trigger cuts” beginning in 2027-28, assuming revenues are insufficient to support budgeted state programs, to the previously planned expansion of the California Food Assistance Program to adults 55 and over regardless of immigration status (\$117 million in 2027-28, growing to \$163 million in 2028-29) and the previously planned tiered rate structure for foster care (\$339 million in 2027-28, growing to \$522 million in 2028-29). As the multiyear projection is in deficit, these cuts reportedly are assumed in that estimate.

- **Proposition 98 Proposals.** The May Revision includes \$138 billion (including \$80.5 billion General Fund) for all TK-12 education programs. The revised Proposition 98 annual guarantee (paid from state and local funds) is \$119 billion in 2024-25 and \$115 billion in 2025-26 in the May Revision, a decrease of approximately \$4.6 billion from the January budget proposal. Proposition 98 funds both TK-12 and community college programs, and the administration's May Revision summary notes a proposed shift in the Proposition 98 "funding split" between TK-12 and community colleges related to the state's transitional kindergarten expansion.
- **University Proposals.** The May Revision includes smaller proposed ongoing reductions, compared to the January 2025 gubernatorial budget plan, for the University of California and the California State University systems.

Other Proposals

The May Revision proposes to close one additional state prison by October 2026, for estimated annual savings of about \$150 million, based on the projected decline of the prison population (even after considering the effects of Proposition 36). The Governor also proposes various trailer bill (statutory) actions, such as streamlining construction and financing of the "Delta Tunnels" water conveyance project, regulating pharmacy benefit managers, and extension of the cap-and-trade program (including changes to ensure that at least \$1 billion annually is provided to the California High-Speed Rail Project).

The Governor's May Revision summary mentions partnering with the Legislature on key legislation essential to accelerating infill development and housing production. "A focus," the summary says, "will be proposals that hold all permitting entities accountable to existing statutory processes and timelines to reduce delays, alongside targeted improvements to existing streamlining tools and innovative financing strategies that reduce vehicle miles traveled by supporting affordable, transit-oriented housing." Little new housing and homelessness funding is in the May Revision based on initial reviews of the administration's summary document. The administration is expected to begin posting May Revision Finance Letters and trailer bill proposals online later in the day on May 14, 2025.

SUMMARY OF CHARTS

2025-26 May Revision General Fund Budget Summary

(Dollars in millions)

	2024-25	2025-26
Prior Year Balance	\$41,886	\$34,321
Revenues and Transfers	\$225,673	\$214,559
Total Resources Available	\$267,559	\$248,880
Non-Proposition 98 Expenditures	\$147,933	\$145,629
Proposition 98 Expenditures	\$85,305	\$80,747
Total Expenditures	\$233,238	\$226,376
Fund Balance	\$34,321	\$22,504
Reserve for Liquidation of Encumbrances	\$18,001	\$18,001
Special Fund for Economic Uncertainties	\$16,320	\$4,503
Public School System Stabilization Account	-	-
Safety Net Reserve	-	-
Budget Stabilization Account / Rainy Day Fund	\$18,292	\$11,192

General Fund Expenditures by Agency

(Dollars in millions)

	2024-25	2025-26	Dollar Change From 2024-25
Legislative, Judicial, Executive	\$11,013	\$8,195	-\$2,818
Business, Consumer Services & Housing	3,917	491	-3,426
Transportation	718	724	6
Natural Resources	9,244	3,836	-5,408
Environmental Protection	627	121	-506
Health and Human Services	76,494	85,362	8,868
Corrections and Rehabilitation	13,992	13,406	-586
K-12 Education	84,813	80,344	-4,469
Higher Education	22,963	23,058	95
Labor and Workforce Development	1,108	946	-162
Governmental Operations	3,770	2,698	-1,072
General Government:			
Non-Agency Departments	2,398	1,285	-1,113
Tax Relief/Local Government	653	556	-97
Statewide Expenditures	1,529	5,354	3,825
Total	\$233,238	\$226,376	-\$6,863

General Fund Revenue Sources

(Dollars in millions)

	2024-25	2025-26	Change from 2024-25	
			Dollar Change	Percent Change
Personal Income Tax	\$125,706	\$125,977	\$271	0.2%
Sales and Use Tax	33,706	34,862	1,156	3.4%
Corporation Tax	41,296	35,613	-5,683	-13.8%
Insurance Tax	4,077	4,359	282	6.9%
Alcoholic Beverage Taxes and Fees	417	421	4	1.0%
Cigarette Tax	36	35	-1	-2.8%
Motor Vehicle Fees	46	46	0	0.0%
Other	15,487	6,145	-9,342	-60.3%
Subtotal	\$220,771	\$207,458	-\$13,313	-6.0%
Transfer to the Budget Stabilization Account/Rainy Day Fund	4,902	7,100	2,198	44.8%
Total	\$225,673	\$214,558	-\$11,115	-4.9%

HEALTH

Department of Health Care Services

- Freezes enrollment in full-scope Medi-Cal for adults 19 and older with unsatisfactory immigration status, effective January 1, 2026, saving \$86.5 million in 2025-26, growing to \$3.3 billion in 2028-29.
- Implements \$100 Medi-Cal monthly premiums for adults 19 and older with certain statuses, effective January 1, 2027, costing \$30 million in 2025-26, saving \$1.1 billion in 2026-27, and \$2.1 billion in 2028-29.
- Eliminates full-scope dental benefits for adults 19 and older with certain statuses, effective July 1, 2026, saving \$308 million in 2026-27 and \$336 million in 2028-29.
- Eliminates long-term care benefits for individuals with certain statuses, effective January 1, 2026, saving \$333 million in 2025-26 and growing to \$800 million in 2026-27.
- Eliminates prospective payment system rates to Federally Qualified Health Centers and Rural Health Clinics for state-only funded services provided to individuals with certain statuses, savings \$452.5 million in 2025-26, growing to \$1.1 billion in 2026-27.
- Implements a rebate aggregator to secure state rebates for individuals with certain statuses enrolled in Medi-Cal full-scope expansion, generating \$300 million in savings in 2025-26 and \$362 million ongoing. Projects savings of \$75 million in 2025-26 and \$150 million ongoing associated with increasing minimum rebates for HIV / AIDS and cancer drug rebates.
- Reinstates asset test limits in Medi-Cal for seniors and disabled adults of \$2,000 for an individual or \$3,000 for a couple, effective January 1, 2026, yielding \$94 million in savings in 2025-26, growing to \$540 million in 2026-27 and \$791 million ongoing.
- Eliminates Proposition 56 supplemental payments to dental family planning, and women's health providers, yielding savings of \$504 million in 2025-26 and \$550 million ongoing.
- Eliminates coverage for specialty weight loss drugs effective January 1, 2026, yielding \$85 million in savings in 2025-26, growing to \$680 million in 2028-29.
- Allocates \$1.6 billion across 2025-26 and 2026-27 from Proposition 35 and the Managed Care Organization Tax to support increases in managed care payments relative to

calendar year 2024 for primary care, specialty care, ground emergency medical transportation, and community and hospital outpatient procedures.

- Allocates \$2.2 billion in 2024-25 and \$1.2 billion in 2025-26 from the Medical Providers Interim Payment Fund Loan and begin repayment of the loan in 2027-28.
- Increases the minimum medical loss ratio for managed care plans, beginning January 1, 2026, savings \$200 million in 2028-29 and ongoing.
- Implements prescription utilization management, including step therapy protocols and prior authorization for prescription drugs, saving \$200 million in 2025-26 and \$400 million in 2026-27 and ongoing.
- Eliminates the Workforce and Quality Incentive Program and suspends the requirement to maintain a backup power system for Skilled Nursing Facilities, yielding \$168.2 million in savings in 2025-26 and \$140 million ongoing.
- Appropriates \$17.5 million one-time funding from the Behavioral Health Crisis Services Fund to support the 988 Suicide and Crisis Lifeline Centers contact volume capacity.

Department of Health Care Access and Information

- Provides \$1.9 billion (\$143 million Behavioral Health Services Fund, \$808 million Designated State Health Program Funding, and \$950 million federal funds) to implement the Behavioral Health Workforce Initiative beginning January 2026.
- Allocates \$90 million in the Health Care Oversight and Accountability Subfund as part of the Proposition 35 expenditure plan for reproductive health investments for emergent needs, which includes midwifery loan repayments and scholarships and education capacity expansion for midwives.
- Proposes statutory changes to establish licensure and data reporting requirements for pharmacy benefit managers (PBMs).

Department of State Hospitals

- Reduces resources for the Incompetent to Stand Trial Program, the Community-Based Restoration and Felony Diversion programs, and isolation unit needs, saving \$195.5 million in 2025-26, \$273.1 million in 2026-27 and \$191.6 million in 2027-28 and ongoing.
- Eliminates \$232.5 million one-time General Fund from unspent grant funds from the Incompetent to Stand Trial Infrastructure Grant Program.

HUMAN SERVICES

In-Home Supportive Services

- Caps In-Home Supportive Services (IHSS) provider overtime and travel hours at 50 hours per week beginning in 2025-26, achieving an ongoing reduction of \$707.5 million General Fund.
- Conforms the IHSS Residual Program coverage with the timing of Medi-Cal coverage, achieving a reduction of \$110.6 million in 2025-26. This is understood to essentially eliminate the IHSS Residual Program.
- Eliminates IHSS benefits for individuals, regardless of immigration status, ages 19 and older, achieving a reduction of \$158.8 million General Fund in 2025-26 and ongoing.
- Shifts the costs from the state to the counties to cover the costs of IHSS Community First Choice Option reassessment late penalties, resulting in \$81 million General Fund savings.
- Conforms IHSS with the reinstatement of the Medi-Cal asset limit, resulting in a reduction of \$25.5 million General Fund in 2025-26.

Department of Developmental Services

- Includes a reduction of \$221.7 million General Fund in 2026-27 and ongoing associated with requiring compliance with Electronic Visit Verification, annual audits, and Home and Community-Based Services (HCBS) rules as a pre-condition for eligibility of the quality incentive component of the rate models.
- Shifts the ending of the rate reform hold harmless policy to February 2026 instead of June 30, 2026, achieving a reduction of \$75 million General Fund in 2025-26.
- Includes new guardrails for the Self-Determination Program, which are unknown at the time of this writing, achieving a reduction of \$22.5 million General Fund in 2025-26 and \$45.5 million General Fund annually thereafter.
- Eliminates the Direct Services Professional Workforce Training and Development program, which has not yet been implemented, achieving a reduction of \$17.6 million General Fund in 2025-26 and 2026-27, and \$36.8 million General Fund in 2027-28 and ongoing.

- Reduces funding for the Porterville Developmental Center by \$10 million General Fund starting in 2026-27 and ongoing, to reflect historical savings.
- Eliminates dedicated resources for refreshing regional center implicit bias training, achieving a reduction of \$5.6 million ongoing General Fund.
- Eliminates the health and safety waiver application assistance process, achieving a reduction of \$3 million ongoing General Fund.
- Assumes out-year savings, unknown at the time of this writing, associated with improved processes to increase reimbursements and evaluation of options to recoup costs for certain services.

Foster Care and Child Welfare Services

- Includes statutory changes to make the implementation of the Tiered Rate Structure subject to a trigger-on, based on the availability of General Fund in spring 2027.
- Reduces funding for the Family Urgent Response System (FURS) by \$13 million General Fund in 2025-26 and ongoing, maintaining \$17 million ongoing General Fund for FURS.
- Reduces funding for the Emergency Child Care Bridge by \$42.7 million General Fund in 2025-26 and ongoing, maintaining \$51 million in annual ongoing funding for this program.

CalWORKs

- Includes statutory changes to the CalWORKs program to enable efficiencies for families and counties. These changes include: (1) expanding the allowable welfare-to-work activities, (2) making Job Club an optional welfare-to-work activity, (3) simplifying the curing of sanctions, and (4) replacing the county welfare-to-work reporting requirements with administrative data extracts.

Food and Nutrition

- Includes \$115.8 million (\$57.5 million General Fund) in 2025-26 for transactions costs and outreach to allow California to provide an estimated \$815.9 million in federal food assistance to children through the SUN Bucks program. This program provides \$120 per child (\$40 per month for June, July, and August) in federally-funded food benefits to children who lose access to free and reduced-price meals during the summer school closure period.

- Makes the planned expansion of the California Food Assistance Program (CFAP) to adults 55 and older, regardless of immigration status, subject to a trigger-on, based on the availability of General Fund in spring 2027.

PK-12 PUBLIC EDUCATION AND EARLY EDUCATION

Proposition 98 Funding: Early Education, TK-12, and Community Colleges

- Estimates a Proposition 98 General Fund funding level of \$98.5 billion (suspension level) in 2023-24, \$118.9 billion in 2024-25, and \$114.6 billion for the 2025-26 Budget Year.
- Estimates \$114.6 billion for Proposition 98 funding for 2025-26, which meets the Test One guarantee level, for state preschool, TK-12 public education, and community colleges. Proposes to rebench the guarantee to reflect the final year of Universal Transitional Kindergarten enrollment growth.
- Proposes to not appropriate \$1.3 billion in one-time 2024-25 Proposition 98 funding due to revenue estimate uncertainties.
- Increases Proposition 98 funding by \$2.9 billion in the 2024-25 Current Year compared to the enacted 2024-25 Budget Act.
- Continues to recognize the suspension of Proposition 98 in the 2023-24 fiscal year, at a level of \$98.5 billion, while continuing to provide \$106.8 billion in actual funding to TK-14 schools.
- Withdraws all funding in the Proposition 98 "Rainy Day" fund, the Public School System Stabilization Account, over the three year budget window. Projects a revised \$540 million in total and required one-time contributions in the 2024-25 fiscal year, and a \$540 million withdrawal in 2025-26.
- Pays off the existing Proposition 98 funding deferrals in the Budget Year, but proposes a new LCFF deferral of \$1.8 billion into the 2026-27 Budget Year.

Maintains Major January Proposals

- Per-pupil funding grows in the Governor's Budget to a funding rate of \$25,176 per student. Proposition 98 TK-12 funding per student is proposed to grow to \$18,671 in 2025-26.
- Increases Proposition 98 funding for the Local Control Funding Formula (LCFF) by \$2.1 billion, reflecting declining enrollment, UTK enrollment, and a 2.3 percent cost-of-living adjustment (COLA) in 2025-26. Uses the Prop 98 Rainy Day withdrawal and deferral proposals to fully support this increase.

- Provides \$174 million for a 2.3% COLA to statutorily-required TK-12 programs and the equity multiplier, except state preschool.
- Recognizes the \$10 billion School and Community College Facility Bond passed by California voters in November 2024 under Proposition 2, including the policy changes across TK-12 school modernization and new construction programs.
- Proposes a \$1.7 billion, one-time Student Support and Discretionary Block Grant, that includes support for dual enrollment, career pathways approaches, and professional development for educators in English Language Arts and mathematics.
- Provides an additional \$2.1 billion funding for the final year of Universal Transitional Kindergarten (UTK) implementation, including \$1.2 billion ongoing for 10:1 UTK child to staff ratios.
- Increases the Expanded Learning Opportunities Program by \$525.5 million ongoing, for the projected cost of full program implementation and increased costs to serve all unduplicated pupils, grades TK-6, in all local education agencies. Expands Tier 1 service standards and funding to all concentration grant local education agencies. Increases the minimum grant to \$100,000.
- Maintains January Budget proposal to increase and expand the Literacy Coaches program with an additional \$500 million one-time Proposition 98 and the addition of mathematics coaching.
- Expands the existing Learning Recovery Emergency Block Grant with \$378.6 million one-time funding through 2027-28.
- Maintains an educator recruitment and retention package, including a new Teacher Recruitment Incentive Grant Program with \$100 million one-time Proposition 98 funding, to fund stipends for student teachers, \$100 million one-time Proposition 98 to extend the National Board Certification program, and \$64.2 million one-time General Fund for the Golden State Teacher Grant program. Extends COVID-related waivers for clear credential requirements.
- Maintains the California universal meals commitment with an increase of \$90.7 million in annual Proposition 98 funding, to maintain two free daily meals for all students.
- Proposes a one-time increase of \$150 million for the existing Kitchen Infrastructure and Training program.

- Provides \$40 million one-time Proposition 98 for the implementation costs in 2025-26 for the new Dyslexia screener.
- Proposes \$10 million one-time Proposition 98 to support use of English language proficiency screeners for TK dual-language learners.
- Proposes \$5 million, one-time Proposition 98 through 2029-30, for a new Literacy Network in the Statewide System of Support.
- Proposes \$1.5 million ongoing Proposition 98 to continue state Homeless Education Technical Assistance Centers.
- Maintains an additional \$4 million one-time General Fund to support regional coordination of Career Education.
- Provides an increase of \$3 million ongoing Proposition 98 for the California College Guidance Initiative and the Cradle to Career Data System.
- Provides an ongoing increase of \$3.5 million Proposition 98 for the K-12 High Speed Network.
- Provides \$2 million on-time for the digitization and multi-language translation of the Individualized Education Program template.
- Proposes \$1 million one-time Proposition 98 to evaluate the state's curricula adoption process.
- Provides \$300,000 one-time General Fund to support the California Department of Education (CDE) implementation of new personal finance curricula.
- Proposes to streamline Career Technical Education program applications through the Department of Education.
- Authorizes the Instructional Quality Commission to initiate a new adoption cycle for English Language Arts & English Language Development instructional materials.

Major May Revision PreK-12 Education Proposals

- Proposes a \$200 million block grant for English Language Arts and Development professional development.
- Sweeps \$177.5 million in unused General Fund from the Office of Public School Construction, to be offset by Proposition 2 fund availability for fire-impacted school facilities.
- Allocates up to \$9.7 million one-time for property tax backfill related to fire-impacted school districts.
- Increases one-time funding to the UCSF Dyslexia Center, for implementation of the Multitudes screener, adopted by the State Board of Education.
- Provides \$30 million one-time General Fund, over three years for the Special Olympics.
- Increases the summer nutrition SUN Bucks program by \$21.9 million ongoing for student summer meals.
- Proposes a \$15 million one-time pilot program to redesign middle and high schools.
- Creates a one-time LCFF backfill with \$7.5 million through the 2026-27 fiscal year, due to lack of TK screener for determining English-language learner status for purposes of LCFF unduplicated pupil counts.
- Proposes a new regional lead English Learner focus within the State System of Support, with \$2 million ongoing Prop 98 funding.
- Adds \$500,000 one-time Prop 98 for high school students to attend the California Association of Student Councils' annual conference.

Major Early Education and Child Care Proposals

- Continues the state's existing \$7 billion commitment in funding to state-subsidized child care programs, including a total of \$4.5 billion in General Fund.
- Maintains the prior year commitments to 146,000 new child care slots, compared to the 2021-22 Budget Act, but does not propose any new child care services in the 2025-26 Budget Year.

- Maintains existing reimbursement rates across all child care programs, backfilling expiring federal funds. Adds \$44.8 million one-time to administer out-of-contract rate supplements.
- Suspends the statutory state preschool COLA, for an ongoing reduction of \$19.3 million Proposition 98 and \$10.2 million General Fund.
- Suspends the statutory child care statutory COLA, for an ongoing reduction of \$60.7 million General Fund.

HIGHER EDUCATION

University of California

- Reduces a base reduction proposed in January from \$396.6 million ongoing General Fund to \$129.7 million ongoing General Fund. This change is a reduction of about 3 percent of UC's ongoing state funding.
- Provides \$1.8 million one-time General Fund to support First Star Youth Cohorts at UC campuses.
- Reduces ongoing General Fund by \$3.6 million to reflect debt service savings from the Higher Education Student Housing Grant Program.

California State University

- Reduces a base reduction proposed in January from \$375.2 million ongoing General Fund to \$143.8 million ongoing General Fund. This change is a reduction of about 3 percent of CSU's ongoing state funding.

California Community Colleges

- Shifts \$492.4 million Proposition 98 General Fund from the community colleges to the TK-12 side of the Proposition 98 funding split to support TK expansion.
- Increases support for the Student Centered Funding Formula by \$210.2 million one-time Proposition 98 General Fund and \$104.7 million ongoing Proposition 98 General Fund to fully fund the formula in the 2024-25 and 2025-26 fiscal years.
- Provides \$109.5 million ongoing Proposition 98 General Fund to support 2.35 percent enrollment growth.
- Decreases support for a Cost-of-Living Adjustment to the SCFF and some categorical programs to reflect a revised COLA of 2.3 percent. Reductions include \$12.9 million ongoing Proposition 98 General Fund for SCFF and \$122,000 for categorical programs.
- Provides \$3.8 million one-time Proposition 98 General Fund in 2024-25 and \$8.1 million one-time Proposition 98 General Fund in 2025-26 to support a fire-related property tax backfill.
- Defers \$531.6 million in SCFF funding from 2025-26 to 2026-27.

- Uses \$59 million from the Proposition 98 Rainy Day Fund to support SCFF costs in 2025-26.
- Withdraws a Governor's Budget proposal to provide \$168 million one-time Proposition 98 General Fund for the Collaborative ERP Project.
- Reduces support for the Common Cloud Data Platform Project to \$12 million one-time Proposition 98 General Fund. The Governor's Budget provided \$162.5 million Proposition 98 General Fund.
- Reduces support for the Career Passport proposal to \$25 million one-time Proposition 98 General Fund. The Governor's Budget provided \$50 million one-time Proposition 98 General Fund.
- Reduces support for the Credit for Prior Learning proposal to \$15 million one-time and \$5 million ongoing Proposition 98 General Fund. The Governor's Budget provided \$43 million one-time and \$7 million ongoing Proposition 98 General Fund.
- Reduces support for the Rising Scholars proposal to \$10 million ongoing Proposition 98 General Fund. The Governor's Budget provided \$30 million ongoing Proposition 98 General Fund.

California Student Aid Commission

- Increases support for the Cal Grant program by \$94.7 million one-time General Fund in 2024-25 and \$228.7 million ongoing General Fund in 2025-26 to reflect increased Cal Grant participation.
- Increases support for the Middle Class Scholarship program by \$77 million one-time General Fund in 2024-25 to support an unanticipated increase in participation.
- Increases support for the Golden State Teacher Grant Program by \$14.2 million to reflect unused funds from 2024-25. Total support for the program would be \$64.2 million.

California State Library

- Reallocates \$4.3 million one-time General Fund from the Comprehensive Digitization Strategy Initiative to general library support to help offset reduced federal funding.

UC College of the Law SF

- Reduces a proposed cut to the college from \$1.8 million ongoing General Fund to \$695,000, reflecting an ongoing reduction of 3 percent.

Scholarshare Investment Board

- Includes trailer bill language requiring local educational agencies to include information about the CalKIDS college savings program to students along with already required information about the Free Application for Federal Student Aid.

CLIMATE CHANGE AND ENVIRONMENT

Cap and Trade

- Proposes to extend Cap and Trade through 2045 and renames the program Cap and Invest. The proposal includes:
 - Extends the California Climate Credit that reduces utility bills;
 - Provides \$1 billion annually for High Speed Rail to enable private capital;
 - Shifts \$1.54 billion annually for CalFIRE from General Fund to Greenhouse Gas Reduction Fund (GGRF), with a General Fund backstop if GGRF revenues drop below projected revenues.

CAL FIRE

- Fund shifts \$1.54 billion in 2025-26 for CalFire operations from General Fund to Greenhouse Gas reduction fund (GGRF) on an ongoing basis; the proposal includes a General Fund backstop in the event that auction proceeds fall below projected revenues.
- Cuts \$31.5 million General Fund for the acquisition of property for a new CalFire training center.

Department of Water Resources

- Includes trailer bill language to streamline administrative processes for building the Delta Conveyance Project.

Department of Toxic Substances Control

- Fund shifts \$35 million General Fund to the Lead-Acid Battery Cleanup Fund for the cleanup of residential properties with lead contamination near the former Exide lead-acid battery recycling facility in Vernon, CA.

Governor's Office of Land Use and Climate Innovation: California Education Learning Lab (LCI)

- Withdraws Governor's Budget Proposal to transfer the California Education Learning Lab from LCI to GovOps and instead eliminates the program over two years.

Energy

- Cuts \$33 million General Fund from the California Public Utilities Commission's Community Solar program. This funding was part of the \$1 billion Clean Energy Reliability Investment Plan (CERIP) commitment statutorily established via SB 846 (2022). This reduces the commitment by a total of \$83 million as proposed. This cut is backfilled by federal funds.
- Cuts \$42.8 million General Fund for the Offshore Wind infrastructure program at the California Energy Commission. This is backfilled by the Proposition 4 Climate Bond.
- Appropriates \$3.7 million Public Utilities Commission Utilities Reimbursement Account (PUCURA) in 2025-26 and 2026-27 and \$2.9 million ongoing and 12 positions in 2027-28 to support compliance and enforcement of safety standard for large-scale, electric grid connected battery energy storage systems.
- Allocates \$1.9 million Energy Facility Licensing and Compliance Fund and 9 positions through 2028-29 to support the California Energy Commission's Opt-in clean energy and advanced manufacturing permitting program. Additionally, proposes statutory changes to project application fee structure.
- Extends the California Climate Credit bill subsidy provided by Cap and Trade.

TRANSPORTATION

High Speed Rail Authority

- Provides \$1 billion annually from Greenhouse Gas Reduction Fund to enable private capital, as part of Cap and Trade reauthorization.

Department of Motor Vehicles

- Appropriates \$53 million Motor Vehicle Account (MVA) one time to complete the vehicle registration phase of the Digital experience Platform (DXP) project.

Department of Transportation (CalTrans)

- References leveraging and facilitating the acquisition of appropriate local or specialized resources for the 2026 World Cup with CalOES and the Host Committee.
- Appropriates \$17.6 million one-time from the State Highway Account to support transportation project planning associated with the 2028 Olympic Games, including work on the Games Route Network project.

GENERAL GOVERNMENT

BCSH Reorganization

- Creates the California Housing and Homelessness Agency (CHHA):
 - Includes \$4.2 million (\$4 million General Fund) in 2025-26, \$6.4 million (\$6.2 million General Fund) in 2026-27, and \$6.2 million (\$6.1 million General Fund) in 2027-28, and ongoing to support the reorganization of Business, Consumer Services, and Housing Agency.
- Provides \$456,000 in reimbursements in 2025-26 to establish a new Business and Consumer Services Agency that includes the Department of Alcoholic Beverage Control, Alcoholic Beverage Control Appeals Board, Department of Cannabis Control, Cannabis Control Appeal Panel, Department of Consumer Affairs, Department of Financial Protection and Innovation, California Horse Racing Board, and the Department of Real Estate.

Housing and Homelessness

- Commits to work with the Legislature to work on a statewide housing bond measure but no additional resources for housing and homelessness programs.
- Proposes trailer bill language to accelerate housing production by holding all permitting entities accountable to existing statutory processes and timelines to reduce delays and improvements to existing streamlining tools and innovative financing strategies that reduce vehicle miles traveled by supporting affordable transit-oriented housing.
- Significant Adjustments:
 - **Reorg:** An increase of \$3.7 million GF in 2025-26, \$4 million in 2026-27, and \$3.8 million in 2027-28, and ongoing for CHHA, as well as \$322,000 in 2025-26 and \$2.3 million in 2026-27, and ongoing for HDFC. Also includes necessary adjustment to begin implementation of the reorganization in 2025-26.
 - **CDBG- Disaster Recovery:** An increase of \$416.6 million one-time Federal Trust Fund to reflect federal resources that will be available to HCD beginning in 2025-26.
 - **Proposition 35 Flexible Housing Subsidy Pools:** Reflects \$200 million Prop. 35 funds over two years for the Flexible Housing Pool rental assistance and housing supports to help individuals with significant behavior health conditions who are

experiencing, or at risk of, homelessness, enter and maintain stable long-term housing.

- Addressing Budget Problem
 - Reverts \$31.7 million of unexpended GF that was previously appropriated for the Infill Infrastructure Grant Catalytic Program, the Commercial Property Pilot Program, and the 2021 Infill Infrastructure Grant Program. A total of \$506.4 million was appropriated and \$474.7 was awarded to projects.

Governor's Office of Business and Economic Development

- Withdraws \$60 million one-time GF related to new funding for California Competes.
- Reverts \$11.5 million GF in 2023-24 with unspent funds related to the implementation of the Performing Arts Equitable Payroll Fund.

California Arts Council

- Withdraws the Governor's proposal to fund \$153,000 ongoing General Fund for 1 position at the California Arts Council.

Employment Development

- An Increase to the Unemployment Insurance Trust fund Loan Interest of \$8.5 million from one-time General Fund in 2025-26 to align with updated estimates for the annual interest payment on the state's Unemployment Insurance loan balance. This adjustment will bring the total estimated interest payment for 2025-26 to \$642.8 million General Fund when combined with the estimated payment included in the Governor's Budget.
- Increases the Workforce Innovation Opportunity Act of \$20.4 million one-time in 2024-25, and an increase of \$119.6 million one-time in 2025-26 to align with anticipated federal Workforce Innovation and Opportunity Act funding that will be available to support various workforce development programs.

Department of Industrial Relations

- Increases the DIR Apprenticeship Training Grant by \$18.2 million one-time from the Apprenticeship Training Contribution Fund for DIR to support apprenticeship training in construction and related trades. This funding is in addition to the \$3 million included in the Governor's Budget for this purpose.

- Increases the DIR Public Works Information Technology System by \$19.1 million Labor and Workforce Development Fund to continue modernization of DIR's Public Works information technology system.
- Maintains the \$2.7 million Special Fund and 15 positions for the DIR Division of Workers' Compensation to support the rising workload in the Subsequent Injuries Benefits Trust Fund program, which has seen claims payments expand dramatically in recent years. Without changes to the program, claim payments are expected to increase from \$87 million in 2019-20 to \$1.3 billion in 2029-30 and the impact to the employer assessment is expected to grow from \$112 million to \$1.5 billion. Additionally, DIR projects an increasing workload and a need for future resources to address the growing caseloads. While 18 states have eliminated similar subsequent benefits programs, creating efficiencies through statutory changes could address the rapid expansion and mitigate DIR workload, and are appropriate given the program's projected impacts absent modifications.

Labor and Workforce Development Agency

- Loans \$400 million from the Labor and Workforce Development Fund to the General Fund from resources currently projected to be used for operational and programmatic purposes.
- Reduces \$3 million one-time General Fund for the Labor and Workforce Development Agency (LWDA) in 2025-26. The Governor's Budget included \$4 million in one-time General Fund for the LWDA to support evaluation of the expansion of regional coordination models to support implementation of the Master Plan for Career Education. The May Revision proposes to reduce the amount available for this purpose to \$1 million one-time General Fund.

State Retirement Contributions (CalPERS, CalSTRS, and JRS)

- Makes adjustments for retirement contributions that were not available at the time of the January Budget Proposal.
- Estimates \$573 million in one-time Proposition 2 debt repayment funding in 2025-26 to further reduce the unfunded liabilities of the CalPERS state plans.

Employee Compensation and Collective Bargaining

- Proposes adjustments to prior investments to assist in closing the projected shortfall, and this requires that employee compensation be part of the budget solution. As such,

collective bargaining negotiations will commence or continue with all the state's bargaining units to achieve these savings beginning with the July 2025 pay period. According to the Governor's May Revision plans the state will make every attempt to reach these savings through collective bargaining. Additionally, the Administration will include a budget provision to impose reductions if the state cannot reach an agreement with each of the state's bargaining units. The May Revision assumes savings of \$766.7 million (\$283.3 million General Fund) for salaries and wages. However, the May Revision maintains funding for all negotiated 2026 calendar year increases in health care premiums and enrollment for active state employees.

Collective bargaining negotiations are ongoing with seven bargaining units representing Attorneys and Hearing Officers; Correctional Officers; Professional Engineers; Stationary Engineers; Physicians, Dentists, and Podiatrists; Psychiatric Technicians; and Health and Social Services/Professionals, whose contracts or side letter agreements will expire in summer 2025.

GenAI

- Includes up to \$8 million one-time from the Internal Departmental Quality Improvement Account to support the development of a GenAI MVP to streamline data collection and analysis, survey development and reporting for health facility quality and safety inspections at the Department of Public Health.

Governmental Operations Agency (GovOps)

- Proposes to eliminate the California Education Learning Lab Program over two years. This proposal maintains \$250,000 General Fund and 1 position for one additional year in 2025-26 to manage phasing out of the program and reduces \$5.3 million General Fund in 2025-26 and \$4 million and 1 position in 2026-27 and ongoing, fully eliminating the program in 2026-27.
- Withdraws the January request for \$5 million ongoing General Fund for the California Education Interagency Council.

California Department of Veterans Affairs

- Withdraws \$819,000 ongoing (General Fund) related to deferred maintenance for the Veterans Homes of California.
- Withdraws \$285,000 ongoing (General Fund) and 2 positions augmenting staffing support for their Administrative Services Division.

California Department of Cannabis Control

- Shifts the Department of Cannabis Control's illicit enforcement funding from the Cannabis Control Fund (licensing fees) to the Cannabis Tax Fund (excise sales tax), and authorizes the department to seal an unlicensed premises when it is involved in illicit commercial cannabis activities (requires statutory changes).
- Appropriates \$7.1 million between the Cannabis Control Fund and Cannabis Tax Fund in 2025-26, \$4.9 million in 2026-27, and \$6.1 million ongoing beginning in 2027-28 to support additional inspections and other departmental activities by adding 27 staff over the next three years.
- Includes statutory changes authorizing the Board of State and Community Corrections to award Cannabis Tax Funded grants to local governments that prohibit cannabis cultivation if they authorize retail cannabis sales and prioritize grants for local illicit cannabis enforcement and encourage retail participation to further stabilize the legal market and promote consumer safety.

REVENUES

Tax Proposals

- Maintains tax policy proposals from January, and these policies are projected to increase GF revenues by \$186 million.

Personal Income Tax

- Forecasts the personal income tax to be higher by \$1.8 billion in 2023-24 and \$4.6 billion in 2024-25, reflecting solid economic growth and gains in equity markets in 2024 as reflected in strong cash results through April 2025. However personal income tax revenues are downgraded by \$7.7 billion in 2025-26 compared to the January budget due to downgraded economic forecast and to projected stock prices.

Corporation Tax

- Forecasts the Corporation Tax to be higher by \$1.1 billion in 2023-24 due to lower refunds and higher payments in 2024-25 that were accrued to 2023-24, but lower by \$1.9 billion in 2024-25 and \$2.1 billion in 2025-26 as a result of the downgrade to corporate profits.

Sales and Use Tax

- Forecasts the sales tax to be lower by \$2 million in 2023-24, \$405 million lower in 2024-25, and \$259 million lower in 2025-26.

2025-26 May Revision
General Fund Revenue Forecast
Reconciliation with the 2025-26 Governor's Budget
(Dollars in Millions)

Source	Governor's Budget	May Revision	Change From Governor's Budget	
Fiscal 2023-24				
Personal Income Tax	\$113,380	\$115,166	\$1,786	1.6%
Corporation Tax	34,318	35,456	1,138	3.3%
Sales & Use Tax	33,342	33,339	-2	0.0%
Insurance Tax	3,966	3,966	0	0.0%
Alcoholic Beverage	418	418	0	0.0%
Pooled Money Interest	2,892	2,892	0	0.0%
Cigarette	40	40	0	0.0%
Not Otherwise Classified Revenues	3,959	3,983	24	0.6%
Subtotal	\$192,315	\$195,261	\$2,946	1.5%
Transfer To/From BSA	-1,194	-1,486	-292	24.5%
Other Transfers and Loans	2,148	2,104	-44	-2.1%
Total	\$193,269	\$195,879	\$2,610	1.4%
Fiscal 2024-25				
Personal Income Tax	\$121,106	\$125,706	\$4,600	3.8%
Corporation Tax	43,199	41,296	-1,903	-4.4%
Sales & Use Tax	34,110	33,706	-405	-1.2%
Insurance Tax	4,064	4,077	13	0.3%
Alcoholic Beverage	423	417	-7	-1.6%
Pooled Money Interest	3,156	3,066	-89	-2.8%
Cigarette	37	36	0	-1.3%
Not Otherwise Classified Revenues	2,893	3,663	770	26.6%
Subtotal	\$208,989	\$211,967	\$2,978	1.4%
Transfer To/From BSA	4,857	4,902	45	0.9%
Other Transfers and Loans	8,627	8,804	177	2.1%
Total	\$222,473	\$225,673	\$3,200	1.4%
Fiscal 2025-26				
Personal Income Tax ^{1/}	\$133,815	\$126,107	-\$7,709	-5.8%
Corporation Tax ^{1/}	37,377	35,293	-2,084	-5.6%
Sales & Use Tax ^{1/}	35,125	34,866	-259	-0.7%
Insurance Tax	4,341	4,359	18	0.4%
Alcoholic Beverage	428	421	-7	-1.6%
Pooled Money Interest	1,930	2,380	450	23.3%
Cigarette	35	35	0	-1.3%
Not Otherwise Classified Revenues	4,587	3,090	-1,497	-32.6%
Tax Policy Proposals	186	186	0	0.0%
Subtotal	217,824	206,736	-11,088	-5.1%
Transfer To/From BSA	7,100	7,100	0	0.0%
Other Transfers and Loans	171	722	552	323.5%
Total	\$225,095	\$214,558	-\$10,536	-4.7%
Three-Year Total Excluding Transfers			-\$5,164	
Three-Year Total Including Transfers			-\$4,726	
^{1/} Excludes the impact of tax policy proposals.				

^{1/} Excludes the impact of tax policy proposals.

PUBLIC SAFETY

California Department of Corrections and Rehabilitation

- Revises total funding proposed to \$13.6 billion (\$13.2 billion General Fund and \$385.4 million other funds) for 2025-26, of which \$4.1 billion is for health care, including mental health care.
- Projects that Proposition 36 will cause a temporary increase of the prison population to 92,179 in 2027-28 but maintains an overall downward trend to 89,692 by June 30, 2029. Projects the 2025-26 prison population to be 91,205 and the average daily parolee population to be 34,197. Projects the parole population to remain relatively stable over the next few years at 34,213 by June 30, 2029.
- Proposes to close one prison by October 2026 which will result in approximately \$150 million in annual General Fund savings.
- Reappropriates and repurposes \$50.8 million in roof replacement funding provided in the 2023 Budget Act and \$62 million from the 2024 Budget Act for various statewide roof replacement projects and kitchen repairs at Corcoran and Salinas Valley State Prison.
- Includes \$37.3 million in 2025-26 and \$44.2 million in 2026-27 and 2027-28 to replace fire alarm control panels and systems at two prisons that require staff to patrol for fires as mandated by the Office of the State Fire Marshal.
- Provides \$21.5 million in 2025-26 and \$11 million ongoing in increased reimbursement authority, an increase of 65 positions in 2025-26 and ongoing, and a reduction of \$6.2 million General Fund in 2025-26, an increase of \$3.8 million in 2026-27, and a reduction of \$11 million ongoing to support the full implementation of the California Advancing and Innovating Medi-Cal Justice-Involved Initiative and account for additional federal reimbursements.
- Proposes trailer bill to increase the ability for full-time incarcerated college students to also hold a job or participate in additional rehabilitative programming.
- Proposes trailer bill to broaden the pre-licensure employment waiver option to include all mental health professionals employed by CDCR.

- Proposes trailer bill to limit tuberculosis testing requirements to only those employees working in institutional settings and allows employees to complete this testing during their first week of employment.
- Proposes to modify the following General Fund proposals that were included in the Governor's Budget in January:
 - Reduction of \$7.8 million one-time General Fund in 2025-26 and use the remaining \$5 million to continue COVID-19 prevention and mitigation activities.
 - Reduction of \$6 million General Fund in 2025-26 and \$25.4 million General Fund in 2026-27 for the Air Cooling Pilot Program and use the remaining \$17.6 million in 2025-26 and \$20 million in 2026-27 to initiate the pilot program at three prisons.
 - Reduction of \$23.1 million in 2025-26 related to the plan to complete accessibility improvements at six prisons.
 - Reduction of \$19.8 million ongoing related to the maintenance and replacement of CDCR's existing public safety radio and communications equipment.
 - Withdrawal of \$500,000 for Statewide Budget Packages and Advanced Planning.
- Includes \$125 million General Fund savings in 2025-26 growing to over \$600 million General Fund savings in 2027-28 that CDCR will work to identify through additional operational improvements related to headquarters, contract management, overtime management, and modifying various aspects of health care programs.

Judicial Branch

- Includes \$2.7 million in 2025-26, \$1.5 million in 2026-27, and \$784,000 in 2027-28 for the courts to implement Chapter 860, Statutes of 2024 (SB 549) known as the Tribal Nations Access to Justice Act.
- Reduces the General Fund backfill for the State Court Facilities and Construction Fund (SCFCF) by \$20 million.
- Reduces \$9 million ongoing General Fund for trial court employee health benefits to reflect the updated health benefit and retirement rate changes for trial court employees, leaving \$19.8 million available for 2025-26.
- Proposes trailer bill related to courthouse surplus property disposition.
- Includes the following General Fund solutions:

- Reduction of \$38 million in 2025-26 of the unrestricted fund balance to Trial Court Trust Fund and transfer to the General Fund (savings from previous allocations to the Judicial Branch).
- Reversion of \$20 million General Fund from 2024-25 associated with savings related to the Judicial Branch's pretrial services and a reduction of \$20 million ongoing General Fund beginning in 2025-26, leaving \$50 million in 2025-26 and ongoing.
- Reversion of \$9.1 million General Fund in 2023-24 and 2024-25 associated with unspent funds provided to the Judicial Branch for improvements to incompetent to stand trial evaluations.
- Reversion of \$27.5 million General Fund in 2023-24 and 2024-25 of unspent funds for the Jury Duty Pilot Program (Chapter 326, Statutes of 2022) AB 1981) and proposed trailer bill to suspend the program.
- Transfer of \$34.3 million in savings and interest revenue from the Court Facilities Architectural Revolving Fund to the SCFCF, resulting in a one-time reduction of the General Fund backfill to the SCFCF by the same amount in 2025-26.
- Withdraws \$500,000 General Fund for Statewide Budget Packages and Advanced Planning.

Department of Justice

- Provides \$14.4 million ongoing (\$13.3 million General Fund and \$1.1 million Special Fund) and 44 positions to defend California against adverse federal actions, including workload associated with defending environmental protections, negative impacts of tariffs, reproductive choice, and termination of federal grants.
- Includes \$3.2 million General Fund in 2025-26 and \$1.6 million in 2026-27 for information technology enhancements at DOJ to establish a new connection between CLETS and the Department of Motor Vehicles.
- Includes \$2.7 million (\$1.1 million General Fund and \$1.6 million Special Fund) in 2025-26 and \$3.2 million (\$1.2 million General Fund and \$2 million Special Fund) in 2026-27 for DOJ to continue the transition to FISCAL with an estimated completed date by the end of 2026-27.
- Includes \$2.4 million General Fund and four positions in 2025-26 and \$812,000 in 2026-27 and ongoing to implement the provisions of Chapter 811, Statutes of 2024 (AB 1877).
- Includes \$1.2 million Registry of Charities and Fundraisers Fund and 8 positions and \$1.4 million 2026-27 and ongoing to address the program workload within the Registry of Charities and Fundraisers within the Charitable Trusts Section.

- Includes a budgetary loan of \$150 million from the Unfair Competition Law Fund to the General fund in 2025-26 from resources not required for currently projected operational or programmatic purposes.
- Includes a reduction of \$729,000 (\$656,000 General Fund and \$73,000 Special Fund) in 2025-26, decreasing to \$563,000 (\$492,000 General Fund and \$71,000 Special Fund) in 2028-29 and ongoing to withdraw proposals from the Governor's Budget associated with various chaptered legislation that DOJ will implement within existing resources.

Office of State Public Defender

- Withdraws \$148,000 General Fund and 1 position in 2025-26 and \$141,000 ongoing to address the Public Records Act workload.

Local Public Safety

- Updates Proposition 47 savings to \$91.5 million in 2025-26 which funds programs to support mental health and substance use treatment, school dropout and truancy prevention programs, and victim services.
- Includes updated trailer bill relate to SB 678 (Community Corrections Performance Incentive Grant Program).

Office of Emergency Services

- Reverts \$49.7 million one-time General Fund appropriated in the 2022 Budget Act to establish a financial assistance program for survivors of crime.