



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

Gavin Newsom ■ Governor

1021 O Street, Suite 3110 ■ Sacramento CA 95814 ■ www.dof.ca.gov

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 8140-001-0001, Support, Office of the State Public Defender

The May Revision proposes adjustments to prior investments to assist in closing the projected shortfall. These adjustments include the following:

Public Records Act Workload—It is requested that Item 8140-001-0001 be decreased by \$148,000 and 1 position in fiscal year 2025-26 and \$141,000 ongoing.

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

cc: On following page

cc: Honorable Anna M. Caballero, 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 Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Laura Richardson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 5
Honorable James Ramos, Chair, Assembly Budget Subcommittee No. 6
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
Galit Lipa, State Public Defender, Office of the State Public Defender
Charlene Bennett, Chief of Administration, Office of the State Public Defender
Philolis Goode, Chief of Fiscal and Business Services, Office of the State Public Defender



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Item 8260-001-0001, Support, California Arts Council

The May Revision proposes adjustments to prior investments to assist in closing the projected shortfall. These adjustments include the following:

California Arts Council (CAC) Staffing Resources—It is requested that Item 8260-001-0001 be decreased by \$153,000 and 1 position in fiscal year 2025-26 and ongoing.

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 Jessie Romine, Principal Program Budget Analyst, at (916) 445-8913.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Honorable Heath Flora, Vice Chair, Assembly Budget Committee
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Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review
Subcommittee No. 4
Honorable Sharon Quirk-Silva, Chair, Assembly Budget 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
Danielle Brazell, Director, California Arts Council
Gloriela Garcia, Deputy Director, California Arts Council

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to and Addition of Various Budget Bill Items, Support and Local Assistance,
Department of Food and Agriculture**

Animal and Human Health Emergency Infrastructure—It is requested that Item 8570-001-0001 be increased by \$6,085,000 and 29 positions ongoing, and Item 8570-001-0890 be increased by \$5 million ongoing, to respond to current and future threats to animal and human health as a result of increased animal disease outbreaks, including various strains of the Avian Influenza in California.

Office of Pesticide Consultation and Analysis Consultative Workload and Grants—It is requested that Item 8570-001-0111 be increased by \$1.5 million in fiscal year 2025-26 and 2026-27, and \$900,000 in 2027-28 and ongoing to provide the Office of Pesticide Consultation increased authority to cover increased research and consulting costs to implement the Sustainable Pest Management Roadmap, as required by Chapter 60, Statutes of 2024 (AB 2113).

Climate Bond (Proposition 4) Implementation Positions—It is requested that Item 8570-001-6093 be increased by 9 positions ongoing to support the effective implementation of various Department of Food and Agriculture programs included in the Climate Bond.

Various Technical Adjustments

- **Reimbursement Authority Increase:** It is requested that Item 8570-001-0001 be amended by increasing reimbursements by \$358,000 ongoing and Item 8570-001-0111 be amended by decreasing reimbursements by \$226,000 ongoing to meet the current operational needs and project obligations of the Plant Health and Pest Prevention Services Division.
- **Dairy Marketing Branch and Milk Pooling Branch Remaining Milk Producer/Processor Assessments:** It is requested that Item 8570-401 be added to provide the Department authority to fully expend the remaining milk handler assessments from the Dairy Marketing Branch on research projects that benefit California dairy farmers and the remaining handler/processor assessments from the Milk Pooling Branch on Quota Program activities.

This language is a technical adjustment to effectuate a Governor's Budget proposal (see Attachment 1).

- **Encumbrance Extensions to June 30, 2026**—It is requested that Item 8570-490 be added to extend the encumbrance period until June 30, 2026, and liquidation period until June 30, 2029, to provide additional time for the following programs to support ongoing projects and administer awards for grants (see Attachment 2):
 - **Alternative Manure Management Program (AMMP)/Dairy Digester Research & Development Program (DDRDP):** It is requested that \$2,346,000 General Fund in the 2022 Budget Act be reappropriated to re-award grant funds as a result of a project cancellation and extend the availability of support funds for the Office of Agricultural Resilience and Sustainability.
 - **Beginning Farmer and Farmworker Training and Workforce Development Program (BFFTP):** It is requested that \$123,000 General Fund in the 2022 Budget Act be reappropriated to extend the availability of funding to continue the administration of active grants in 2025-26.
 - **Technical Assistance for California Underserved and Small Producers Program:** It is requested that \$169,000 General Fund from the 2022 Budget Act be reappropriated to extend the availability of funding to continue the administration of active grants in 2025-26.
 - **Healthy Soils Program:** It is requested that \$1,468,000 General Fund from the 2022 Budget Act be reappropriated to extend the availability of support funds for the Office of Agricultural Resiliency and Sustainability (OARS) to continue the administration of active grants in 2025-26.
 - **Emerging Threats 2 (ET2) IT Project:** It is requested that \$2,971,000 General Fund from the 2024 Budget Act be reappropriated for the ET 2 IT Project to support baseline project implementation and staff costs in 2025-26.
 - **Healthy Soils Program:** It is requested that \$741,000 Greenhouse Gas Reduction Fund (GGRF) from the 2021 Budget Act be reappropriated for the Healthy Soils Program to extend the availability of funds to administer the remaining active projects and continue monitoring beyond the current liquidation deadline.
 - **AMMP and DDRDP:** It is requested that \$8,034,000 GGRF from the 2022 Budget Act be reappropriated to extend the availability of support funds for the OARS to continue the administration of active grants in 2025-26.
 - **Enteric Methane:** It is requested that \$286,000 GGRF from the 2022 Budget Act be reappropriated to extend the availability of funds to administer the remaining active projects in the Livestock Enteric Methane Emission Reduction Research Program and continue monitoring beyond the current liquidation deadline.

- **AMMP and DDRDP:** It is requested that \$17 million GGRF from the 2024 Budget Act be reappropriated to extend the availability of funds to administer the AMMP and DDRDP projects and continue monitoring beyond the current liquidation deadline.
- **California Underserved and Small Producers Program – California Emergency Relief Fund:** It is requested that \$372,000 California Emergency Relief Fund from the 2022 Budget Act be reappropriated to extend the availability of funding to administer grants in 2025-26. This Program includes direct relief payments for historically underserved and small producers impacted by floods and droughts.
- **Encumbrance Extensions to June 30, 2027**—It is requested that Item 8570-491 be added to extend the encumbrance period until June 30, 2027, to provide additional time for the following programs to support ongoing projects and administer awards for grants (see Attachment 3):
 - **Fairs and Expositions Resiliency Support:** It is requested that \$900,000 General Fund from the 2021 Budget Act be reappropriated to support baseline project implementation and staff costs in 2025-26. This is to support infrastructure for emergency evacuation, shelter, base camps during emergency events, and critical deferred maintenance.
 - **Pest Management:** It is requested that \$15,000 General Fund from the 2022 Budget Act be reappropriated to fully award the remaining funding for the Proactive Integrated Pest Management (IPM) Solutions research grant 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 Erin Carson, Principal Program Budget Analyst, at (916) 324-0043.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anna M. Caballero, 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 Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review
Subcommittee No. 4
Honorable Steve Bennett, 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
Karen Ross, Secretary, Department of Food and Agriculture
Christine Birdsong, Undersecretary, Department of Food and Agriculture
Arima Kozina, Deputy Secretary of Administration and Finance, Department of Food and
Agriculture

8570-401—(1) Notwithstanding any other provision of law, funds collected pursuant to Food and Agricultural Code Sections 61412, 62145, 61572, 62211, and 62402 may be expended on research projects related to the California dairy industry and for associated administrative costs under the expenditure authority provided under Food and Agricultural Code Section 221(b).

(2) Notwithstanding any other provision of law, funds collected pursuant to Food and Agricultural Code Sections 62712 and 62718 may be used for activities authorized under Food and Agricultural Code Section 62757 and for associated administrative costs. Expenditures authorized under Food and Agricultural Code Section 62757 shall have authority provided under Food and Agricultural Code Section 221(b).

8570-490—Reappropriation, Department of Food and Agriculture. 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, 2026, and liquidation until June 30, 2029:

0001—General Fund

(1) Up to \$2,971,000 of the amount appropriated in Item 8570-001-0001, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) for the Emerging Threats 2 IT Project.

(2) Up to \$123,000 of the amount appropriated in Item 8570-002-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for Beginning Farmer and Farmworker Training and Workforce Development Program.

(3) Up to \$2,346,000 of the amount appropriated in Provision 5 of Item 8570-102-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for Alternative Manure Management Program and Dairy Digester Research and Development Program.

(4) Up to \$169,000 of the amount appropriated in Provision 9 of Item 8570-102-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for California Underserved and Small Producers Program technical assistance.

(5) Up to \$1,468,000 of the amount appropriated in Provision 4 Item 8570-102-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for the Healthy Soils Program.

3228—Greenhouse Gas Reduction Fund

(1) Up to \$741,000 of the amount appropriated in Item 8570-101-3228, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for the Healthy Soils Program.

(2) Up to \$8,034,000 of the amount appropriated in Provision 4 of Item 8570-102-3228, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for the Alternative Manure Management Program.

(3) Up to \$286,000 of the amount appropriated in Provision 3 of Item 8570-102-3228, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for methane emissions research.

(4) Up to \$17,000,000 of the amount appropriated in Item 8570-101-3228, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024) for the Alternative Manure Management Program and Dairy Digester Research and Development Program.

3398—California Emergency Relief Fund

(1) Up to \$4,600,000 of the amount appropriated in Item 8570-101-3398, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for California Underserved and Small Producers Program – California Emergency Relief Fund.

8570-491—Reappropriation, Department of Food and Agriculture. 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, 2027:

0001— General Fund

(1) Up to \$900,000 of the amount appropriated in Item 8570-002-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) for Fairs and Expositions Resiliency Support.

(2) Up to \$15,000 of the amount appropriated in Provision 11 of Item 8570-102-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) for Pest Management.



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to Budget Bill Item 8570-301-0001 and Addition of Items 8570-491 and 8570-495,
Capital Outlay, Department of Food and Agriculture**

Meadowview Biological Control Office Repairs and Laboratory Replacement—It is requested that Item 8570-301-0001 be increased by \$353,000 one-time General Fund for the Meadowview Biological Control Office Repairs and Laboratory Replacement project. This increase is being requested as the Governor's Budget request did not provide sufficient authority for the revised preliminary plans cost estimate created by the Department of General Services.

Needles Border Protection Station Reappropriation—It is requested that Item 8570-491 be added to reappropriate the Needles Border Protection Station: Relocation project (see Attachment 1). This extended availability for the acquisition and preliminary plans phases is needed due to complexities associated with the acquisition process which have resulted in project delays.

Center for Analytical Chemistry Reversion—It is requested that Item 8570-495 be added to revert \$2,867,000 one-time General Fund that was originally appropriated in the 2022 Budget Act for capital outlay costs to repurpose the Center for Analytical Chemistry facilities (see Attachment 2). The project was canceled due to costs that were higher than originally anticipated in the early stages of the project.

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: Honorable Anna M. Caballero, 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 Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review
Subcommittee No. 4
Honorable Steve Bennett, 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
Karen Ross, Secretary, Department of Food and Agriculture
Christine Birdsong, Undersecretary, Department of Food and Agriculture
Nathan Johnson, Budget Officer, Department of Food and Agriculture

8570-491—Reappropriation, California Department of Food and Agriculture. 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 as June 30, 2026:

0001—General Fund

- (1) Item 8570-301-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021)
- (2) 0005081-Needles Border Protection Station: Relocation
 - (a) Acquisition
 - (b) Preliminary Plans

Attachment 2

8570-495—Reversion, California Department of Food and Agriculture. As of June 30, 2025, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances of the funds from which the appropriations were made.

0001—General Fund

(1) Item 8570-301-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022)

(1) 0010289 - Center for Analytical Chemistry Building B Repurposing

(c) Construction

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items 8660-001-0462, 8660-001-0471, and 8660-101-0471, and Addition of Item 8660-495, Support and Local Assistance, California Public Utilities Commission

Battery Energy Storage System Compliance and Enforcement—It is requested that Item 8660- 001-0462 be increased by \$3.7 million one-time in fiscal years 2025-26 and 2026-27, increased by \$2,949,000 and 12 positions ongoing beginning 2027-28 to support compliance and enforcement of safety standards for battery energy storage systems and energy generation facilities.

California Lifeline Program—It is requested that Item 8660-001-0471 be decreased by \$2,545,000 ongoing. State operations expenditures are projected to decrease due to cost savings generated by the California LifeLine Customer Portal and the California Department of Social Services CalFresh Confirm data portal used for applicant verification. The use of both portals is projected to streamline verifications and reduce mailing and printing costs.

Additionally, it is requested that Item 8660-101-0471 be increased by \$88,266,000 ongoing to support an estimated caseload increase of up to approximately 156,000 new California Lifeline Program participants in 2025-26. Local assistance resources will be used to provide eligible low- income households with discounts on home phone and cellphone services.

General Fund Solution: Community Renewable Generation and Storage—It is requested that Item 8660-495 be added to revert \$33 million from item 8660-001-0001 originally appropriated in the Budget Act of 2023 for Community Renewable Generation and Storage programs (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 Steve Wells, Principal Program Budget Analyst, at (916) 322-2263.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anna M. Caballero, 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 Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Benjamin Allen, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Steve Bennett, 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
Rachel Peterson, Executive Director, California Public Utilities Commission
Ryan Dulin, Deputy Director, California Public Utilities Commission
June Landry, Director of Administrative Services, California Public Utilities Commission

8660-495—Reversion, Public Utilities Commission. As of June 30, 2025, 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) \$33,000,000 of the amount appropriated to support community renewable generation and storage-backed renewable generation programs in Provision 1 of Item 8660-001-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats., 2023).



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 8860-001-0001, Support, Department of Finance

It is requested that Item 8860-001-0001 be increased by \$20 million one-time and provisional language be added to authorize the Director of Finance to contract with consultants to assist and advise the director and Department of Finance on analyzing and creating process improvements within state government and any issue related thereto. Suggested Budget Bill language is attached (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 Jennifer Whitaker, Chief Operating Officer, at (916) 445-4923.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

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Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Christopher Cabaldon, 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

Add the following provision to Item 8860-001-0001:

5. The Director of Finance is authorized to contract with consultants to assist and advise the director and the Department of Finance on analyzing and creating process improvements within state government and any issue related thereto. Notwithstanding any other law, any contracts entered into pursuant to this provision, and any amendments to such contracts, shall not be subject to the review, consent, or approval of the Department of General Services or any other state department or agency and shall not be subject to the requirements under the State Contracting Manual, the Public Contract Code, the state contracts register requirements of Chapter 6 (commencing with Section 14827.1) of Part 5.5 of Division 3 of Title 2 of the Government Code, the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, or any other law that otherwise would apply. Contracts entered pursuant to this provision may include those terms and conditions that the Director of Finance finds, in their sole discretion, to be in the state's best interest.

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items 8885-295-0001 and 8885-295-0044, Local Assistance, Commission on State Mandates

Technical Adjustment: County of Los Angeles Redistricting Commission Mandate (Language Only)—It is requested that Item 8885-295-0001 be amended to add the County of Los Angeles Citizen Redistricting Commission mandate to the funded mandates list. This mandate was unintentionally left out of the Funded Mandates list included at the 2025-26 Governor's Budget. This amendment is necessary to ensure the mandate is properly accounted for and receives the proper allocation from the item (see Attachment 1).

Technical Adjustment: Clarify the Reimbursement Period for Suspended Mandate (Language Only)—It is requested that Item 8885-295-0001 be amended to specify the reimbursement period for the California Regional Water Quality Board, Santa Ana Mandate (09-TC-03). This amendment is necessary to ensure that the suspension applies to the specified reimbursement period identified by the Commission on State Mandates (Commission) (see Attachment 1).

Add Various Mandates to the Suspended Mandates List (Language Only)—It is requested that Item 8885-295-0001 be amended to add the following mandates to the suspended state mandate list:

- California Regional Water Quality Control Board, San Diego (11-TC-03)
- California Regional Water Quality Control Board, San Diego (10-TC-11)
- California Regional Water Quality Control Board, Santa Ana (10-TC-07)

These mandates involve activities arising from National Pollutant Discharge Elimination System Program permits adopted by the California Regional Water Quality Control Boards. These amendments would relieve the state of the need to reimburse impacted local agencies for the state-reimbursable costs identified by the Commission (see Attachment 1).

Adjustments to Funded Mandates to Correct Appropriation Levels—It is requested that Item 8885-295-0001 be increased by \$2,193,000 ongoing and Item 8885-295-0044 be increased by \$454,000 ongoing to reflect revised state mandate estimates. These adjustments are necessary to provide the proper amounts for each mandate. It is also requested that provisional language be added to Item 8885-295-0044 to conform to this action (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 Christopher Hill, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

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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
Juliana Gmur, Executive Direction, Commission on State Mandates

“8885-295-0001—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
~~89,450,000~~91,643,000

Schedule:

- (1) 6905-Funded Mandates: For payment of the following mandate claims for costs incurred through the 2023–24 fiscal year~~89,450,000~~91,643,000
- (a) Accounting for Local Revenue Realignment (Ch. 162, Stats. 2003; Ch. 211, Stats. 2004; Ch. 610, Stats. 2004) (05-TC-01)0
- (b) Allocation of Property Tax Revenues (Ch. 697, Stats. 1992) (CSM 4448)
.....774,000
- (c) California Public Records Act (Ch. 463, Stats. 1992; Ch. 982, Stats. 2000; Ch. 355, Stats. 2001) (02-TC-10 and 02-TC-51)0
- (d) Crime Victims' Domestic Violence Incident Reports (Ch. 1022, Stats. 1999) (99-TC-08)
.....~~217,000~~227,000
- (e) Custody of Minors-Child Abduction and Recovery (Ch. 1399, Stats. 1976; Ch. 162, Stats. 1992; and Ch. 988, Stats. 1996) (CSM 4237)9,819,000
- (f) Domestic Violence Arrest Policies (Ch. 246, Stats. 1995) (CSM 96-362-02)
.....10,825,000
- (g) Domestic Violence Arrests and Victims Assistance (Chs. 698 and 702, Stats. 1998) (98-TC-14)2,608,000
- (h) Domestic Violence Treatment Services (Ch. 183, Stats. 1992) (CSM 96-281-01)
.....2,378,000
- (i) Health Benefits for Survivors of Peace Officers and Firefighters (Ch. 1120, Stats. 1996) (97-TC-25)~~2,145,000~~2,163,000
- (j) Local Agency Ethics (Ch. 700, Stats. 2005) (07-TC-04)~~11,000~~15,000
- (k) Medi-Cal Beneficiary Death Notices (Chs. 102 and 1163, Stats. 1981) (CSM 4032)
.....13,000

(l) Medi-Cal Eligibility of Juvenile Offenders (Ch. 657, Stats. 2006) (08-TC-04)	
.....	<u>08,000</u>
(m) Peace Officer Personnel Records: Unfounded Complaints and Discovery (Ch. 630, Stats. 1978; Ch. 741, Stats. 1994) (00-TC-24)	.....899,000 <u>18,000</u>
(n) Rape Victim Counseling (Ch. 999, Stats. 1991) (CSM 4426)	.....616,000
(o) Sexually Violent Predators (Chs. 762 and 763, Stats. 1995) (CSM 4509)	.....17,064,000 <u>18,644,000</u>
(p) State Authorized Risk Assessment Tool for Sex Offenders (Chs. 336, 337, and 886, Stats. 2006; Ch. 579, Stats. 2007) (08-TC-03)	.....591,000
(q) Threats Against Peace Officers (Ch. 1249, Stats. 1992; Ch. 666, Stats. 1995) (CSM 96-365-02)	.....25,000
(r) Tuberculosis Control (Ch. 676, Stats. 1993; Ch. 685, Stats. 1994; Ch. 116, Stats. 1997; and Ch. 763, Stats. 2002) (03-TC-14)	.....115,000 <u>125,000</u>
(s) Unitary Countywide Tax Rates (Ch. 921, Stats. 1987) (CSM 4317 and CSM 4355)	.....443,000
(t) Post Election Manual Tally (2 Cal. Code Regs., 20120 to 20127, incl.) (10-TC-08)	.....0
(u) Sheriffs Court-Security Services (Ch. 22, Stats. 2009) (09-TC-02)	.....0
(v) U Visa Form 918, Victims of Crime: Non-Immigrant Status (Ch. 721, Stats. 2015)	.....2,243,000 <u>2,374,000</u>
(w) Local Agency Employee Organizations, Impasse Procedures II (Ch. 314, Stats. 2012)	.....31,000 <u>319,000</u>
(x) Peace Officer Training: Mental Health/Crisis Intervention Mandate (Ch. 469, Stats. 2015)	.....531,000 <u>656,000</u>
(y) Municipal Storm Water and Urban Runoff Discharges Mandate (Los Angeles Regional Water Quality Control Board Order No. 01-182; Permit CAS004001; Part 4F5c3)	.....0
(z) Vote by Mail Ballots: Prepaid Postage (Ch. 120, Stats. 2018)	.....2,287,000
(aa) Sexual Assault Evidence Kits: Testing Mandate (Ch. 588, Stats. 2019)	.....11,455,000
(bb) Racial and Identity Profiling Mandate (Ch. 466, Stats. 2015; Ch. 328, Stats. 2017)	.....23,886,000

(cc) Juveniles: Custodial Interrogation Mandate (Ch. 335, Stats. 2020)
.....474,000

(dd) County of Los Angeles Citizen Redistricting Commission (Ch. 781, Stats. 2016)
.....0

(2) 6905050-Funded Mandates: For payment of mandate claims for the 2005–06 through 2021–22 fiscal years for the Peace Officers' Procedural Bill of Rights Act (Ch. 675, Stats. 1990) (CSM 4499)0

(3) 6905050-Funded Mandates: For payment of mandate claims for the 2002–03 through 2021–22 fiscal years for the Public Safety Officers Procedural Bill of Rights II (Ch. 465, Stats. 1976; Ch. 786, Stats. 1998; Ch. 209, Stats. 2000; Ch. 170, Stats. 2000) (03-TC-18)
.....0

(4) 6905050-Funded Mandates: For payment of mandate claims for the 2001–02 through 2021–22 fiscal years for the Local Government Employment Relations Mandate (Ch. 901, Stats. 2000) (01-TC-30)0

(5) 6905050-Funded Mandates: Pursuant to the provisions of Section 17581 of the Government Code, the mandates identified in the following schedule are specifically identified by the Legislature for suspension during the 2025–26 fiscal year0

(a) Absentee Ballots (Ch. 77, Stats. 1978 and Ch. 1032, Stats. 2002) (CSM 3713)

(b) Absentee Ballots-Tabulation by Precinct (Ch. 697, Stats. 1999) (00-TC-08)

(c) AIDS/Search Warrant (Ch. 1088, Stats. 1988) (CSM 4392)

(d) Airport Land Use Commission/Plans (Ch. 644, Stats. 1994) (CSM 4507)

(e) Animal Adoption (Ch. 752, Stats. 1998 and Ch. 313, Stats. 2004) (04-PGA-01 and 98-TC-11)

(f) Brendon Maguire Act (Ch. 391, Stats. 1988) (CSM 4357)

(g) Conservatorship: Developmentally Disabled Adults (Ch. 1304, Stats. 1980) (04-LM-13)

(h) Coroners' Costs (Ch. 498, Stats. 1977) (04-LM-07)

(i) Crime Statistics Reports for the Department of Justice (Ch. 1172, Stats. 1989; Ch. 1338, Stats. 1992; Ch. 1230, Stats. 1993; Ch. 933, Stats. 1998; Ch. 571, Stats. 1999; and Ch. 626, Stats. 2000) (02-TC-04 and 02-TC-11) and Crime Statistics Reports for the Department of Justice Amended (Ch. 700, Stats. 2004) (07-TC-10)

(j) Crime Victims' Domestic Violence Incident Reports II (Ch. 483, Stats. 2001; Ch. 833, Stats. 2002) (02-TC-18)

(k) Developmentally Disabled Attorneys' Services (Ch. 694, Stats. 1975) (04-LM-03)

(l) DNA Database & Amendments to Postmortem Examinations: Unidentified Bodies (Ch. 822, Stats. 2000; Ch. 467, Stats. 2001) (00-TC-27 and 02-TC-39)

(m) Domestic Violence Background Checks (Ch. 713, Stats. 2001) (01-TC-29)

(n) Domestic Violence Information (Ch. 1609, Stats. 1984 and Ch. 668, Stats. 1985) (CSM 4222)

(o) Elder Abuse, Law Enforcement Training (Ch. 444, Stats. 1997) (98-TC-12)

(p) Extended Commitment, Youth Authority (Ch. 267, Stats. 1998 and Ch. 546, Stats. 1984) (98-TC-13)

(q) False Reports of Police Misconduct (Ch. 590, Stats. 1995 and Ch. 289, Stats. 2000) (00-TC-26)

(r) Firearm Hearings for Discharged Inpatients (Ch. 578, Stats. 1999) (99-TC-11)

(s) Grand Jury Proceedings (Ch. 1170, Stats. 1996; Ch. 443, Stats. 1997; and Ch. 230, Stats. 1998) (98-TC-27)

(t) Interagency Child Abuse and Neglect (ICAN) Investigation Reports (Ch. 958, Stats. 1977; Ch. 1071, Stats. 1980; Ch. 435, Stats. 1981; Chs. 162 and 905, Stats. 1982; Chs. 1423 and 1613, Stats. 1984; Ch. 1598, Stats. 1985; Chs. 1289 and 1496, Stats. 1986; Chs. 82, 531, and 1459, Stats. 1987; Chs. 269, 1497, and 1580, Stats. 1988; Ch. 153, Stats. 1989; Chs. 650, 1330, 1363, and 1603, Stats. 1990; Chs. 163, 459, and 1338, Stats. 1992; Chs. 219 and 510, Stats. 1993; Chs. 1080 and 1081, Stats. 1996; Chs. 842, 843, and 844, Stats. 1997; Chs. 475 and 1012, Stats. 1999; and Ch. 916, Stats. 2000) (00-TC-22)

(u) Identity Theft (Ch. 956, Stats. 2000) (03-TC-08)

(v) In-Home Supportive Services II (Ch. 445, Stats. 2000 and Ch. 90, Stats. 1999) (00-TC-23)

(w) Inmate AIDS Testing (Ch. 1579, Stats. 1988 and Ch. 768, Stats. 1991) (CSM 4369 and CSM 4429)

(x) Judiciary Proceedings (Ch. 644, Stats. 1980) (CSM 4366)

(y) Law Enforcement Sexual Harassment Training (Ch. 126, Stats. 1993) (97-TC-07)

(z) Local Coastal Plans (Ch. 1330, Stats. 1976) (CSM 4431)

(aa) Mandate Reimbursement Process (Ch. 486, Stats. 1975 and Ch. 1459, Stats. 1984) (CSM 4204 and CSM 4485)

(bb) Mandate Reimbursement Process II (Ch. 890, Stats. 2004) (05-TC-05) (Suspension of Mandate Reimbursement Process and Mandate Reimbursement Process II includes suspension of the Consolidation of Mandate Reimbursement Processes I and II)

(cc) Mentally Disordered Offenders: Treatment as a Condition of Parole (Ch. 228, Stats. 1989 and Ch. 706, Stats. 1994) (00-TC-28 and 05-TC-06)

(dd) Mentally Disordered Offenders' Extended Commitments Proceedings (Ch. 435, Stats. 1991; Ch. 1418, Stats. 1985; Ch. 858, Stats. 1986; Ch. 687, Stats. 1987; Chs. 657 and 658, Stats. 1988; Ch. 228, Stats. 1989; and Ch. 324, Stats. 2000) (98-TC-09)

(ee) Mentally Disordered Sex Offenders' Recommitments (Ch. 1036, Stats. 1978) (04-LM-09)

(ff) Mentally Retarded Defendants Representation (Ch. 1253, Stats. 1980) (04-LM-12)

(gg) Missing Persons Report (Ch. 1456, Stats. 1988 and Ch. 59, Stats. 1993) (CSM 4255, CSM 4368, and CSM 4484)

(hh) Modified Primary Election (Ch. 898, Stats. 2000) (01-TC-13)

(ii) Not Guilty by Reason of Insanity (Ch. 1114, Stats. 1979 and Ch. 650, Stats. 1982) (CSM 2753) (05-PGA-35)

(jj) Open Meetings Act/Brown Act Reform (Ch. 641, Stats. 1986 and Chs. 1136, 1137, and 1138, Stats. 1993) (CSM 4257 and CSM 4469)

(kk) Pacific Beach Safety: Water Quality and Closures (Ch. 961, Stats. 1992) (CSM 4432)

(ll) Perinatal Services (Ch. 1603, Stats. 1990) (CSM 4397) (05-PGA-38)

(mm) Permanent Absent Voters II (Ch. 922, Stats. 2001; Ch. 664, Stats. 2002; and Ch. 347, Stats. 2003) (03-TC-11)

(nn) Personal Safety Alarm Devices (8 Cal. Code Regs. 3401 (c)) (CSM 4087)

(oo) Photographic Record of Evidence (Ch. 875, Stats. 1985; Ch. 734, Stats. 1986; and Ch. 382, Stats. 1990) (98-TC-07)

(pp) Pocket Masks (Ch. 1334, Stats. 1987) (CSM 4291)

(qq) Post Conviction: DNA Court Proceedings (Ch. 943, Stats. 2001 and Ch. 821, Stats. 2000) (00-TC-21 and 01-TC-08)

(rr) Postmortem Examinations: Unidentified Bodies, Human Remains (Ch. 284, Stats. 2000) (00-TC-18)

(ss) Prisoner Parental Rights (Ch. 820, Stats. 1991) (CSM 4427)

(tt) Senior Citizens Property Tax Postponement (Ch. 1242, Stats. 1977 and Ch. 43, Stats. 1978) (CSM 4359)

(uu) Sex Crime Confidentiality (Ch. 502, Stats. 1992; Ch. 36, 1993–94 1st Ex. Sess.; and Ch. 555, Stats. 1993) (98-TC-21)

(vv) Sex Offenders: Disclosure by Law Enforcement Officers (Chs. 908 and 909, Stats. 1996; Chs. 17, 80, 817, 818, 819, 820, and 822, Stats. 1997; and Chs. 485, 550, 927, 928, 929, and 930, Stats. 1998) (97-TC-15)

(ww) SIDS Autopsies (Ch. 955, Stats. 1989) (CSM 4393)

(xx) SIDS Contacts by Local Health Officers (Ch. 268, Stats. 1991) (CSM 4424)

(yy) SIDS Training for Firefighters (Ch. 1111, Stats. 1989) (CSM 4412)

(zz) Stolen Vehicle Notification (Ch. 337, Stats. 1990) (CSM 4403)

(aaa) Structural and Wildland Firefighter Safety Clothing and Equipment (8 Cal. Code Regs., 3401 to 3410, incl.) (CSM 4261 and CSM 4281)

(bbb) Very High Fire Hazard Severity Zones (Ch. 1188, Stats. 1992; Ch. 843, Stats. 1994; and Ch. 333, Stats. 1995) (97-TC-13)

(ccc) Voter Identification Procedures (Ch. 260, Stats. 2000) (03-TC-23)

(ddd) Voter Registration Procedures (Ch. 704, Stats. 1975) (04-LM-04)

(eee) California Regional Water Quality Control Board, Santa Ana Region (Order No. R8-2009-0030) (09-TC-03) (For the period of June 1, 2009 to December 31, 2017)

(fff) California Regional Water Quality Control Board, San Diego Region (Order No. R9-2010-0016) (11-TC-03) (For the period of November 10, 2010 to December 31, 2017)

(ggg) California Regional Water Quality Control Board, San Diego Region (Order No. R9-2009-0002) (10-TC-11) (For the period of December 16, 2009 to December 31, 2017)

(hhh) California Regional Water Quality Control Board, Santa Ana Region (Order No. R8-2010-0033) (10-TC-07) (For the period of January 29, 2010 to December 31, 2017)

Provisions:

1. Allocations of funds provided in this item to the appropriate local entities shall be made by the Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior-year claims may be paid from this item. The funds appropriated in this item shall be allocated only for the payment of claims as required by Chapter 4 (commencing with Section 17550) of Part 7 of Division 4 of Title 2 of the Government Code, and that payment shall be made pursuant to Article 5 (commencing with Section 17615) of that chapter. Notwithstanding any other law, interest shall be paid from funds appropriated in this item only to the extent, and in the amount, authorized by Section 17561.5 of the Government Code.

2. The Controller shall offset payments made from the appropriation in this item to recoup the amount of any unallowable mandate claim costs determined by desk or field audits.
3. Notwithstanding any other law, accounts receivable for recoveries that result in savings as described in this item shall have no effect upon the positive balance of the General Fund. The savings may be used to pay claims for costs incurred to carry out the cited state mandates in this item."

"8885-295-0044—For local assistance, Department of Motor Vehicles, payable from the Motor Vehicle Account, State Transportation Fund, 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 through the 2023–24 fiscal year~~1,931,000~~2,385,000

Schedule:

(1) 6905005-Administrative License Suspension Mandates: Per Se (Ch. 1460, Stats. 1989) (98-TC-16)~~1,931,000~~2,385,000

Provisions:

1. Allocations of funds provided in this item to the appropriate local entities shall be made by the Controller in accordance with the provisions of each statute or executive order that mandates the reimbursement of the costs, and shall be audited to verify the actual amount of the mandated costs in accordance with subdivision (d) of Section 17561 of the Government Code. Audit adjustments to prior-year claims may be paid from this item. Funds appropriated in this item may be used to provide reimbursement pursuant to Article 5 (commencing with Section 17615) of Chapter 4 of Part 7 of Division 4 of Title 2 of the Government Code.
2. Of the amount appropriated in this item, \$454,000 is to reimburse local entities for the costs incurred through the 2022-23 fiscal year."



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Various Budget Bill Items and Reimbursements, Support, California Military Department

State Active Duty Compensation Adjustment—It is requested that the Items listed below be amended by the ongoing amounts noted to align the pay of the Department's State Active-Duty employees to the pay of service members of similar grade in the United States Army, Air Force, and Navy:

- Item 8940-001-0001 be increased by \$284,000 and reimbursements be increased by \$1,000
- Item 8940-002-0001 be increased by \$8,000
- Item 8940-001-0890 be increased by \$721,000
- Item 8940-001-3085 be increased by \$4,000

It is also requested that provisional language be amended to allow for the existing mid-year augmentations of these Items to be applicable for 6912-Youth & Community Programs (see Attachments 1 and 2).

Task Force Rattlesnake Salary Adjustment—It is requested that Item 8940-002-0001 be increased by \$90,000 ongoing to align the pay of Emergency State Active-Duty service members to the pay of service members of similar grade in the federal armed forces, and to provide funding to mitigate Industrial Disability Leave costs.

The May Revision proposes adjustments to prior investments to assist in closing the projected shortfall. These adjustments include the following:

Deferred Maintenance—It is requested that Item 8940-001-0001 be decreased by \$4.75 million one-time in fiscal year 2025-26. It is also requested that Provision 11 be amended to allow for an augmentation of up to \$4.75 million if the California Military Department receives federal funds for three deferred maintenance projects (see Attachment 1). To the extent federal funds are received, the Department would be required to share in the cost of the deferred maintenance projects.

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 Jessie Romine, Principal Program Budget Analyst, at (916) 445-8913.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anna M. Caballero, 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 Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review
Subcommittee No. 4
Honorable James Ramos, Chair, Assembly Budget Subcommittee No. 6
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
Major General Matthew Beevers, California Military Department
Lieutenant Colonel Adam Rix, Comptroller, California Military Department
Ajit Bindra, Budget Officer, California Military Department

Amendment to Item 8940-001-0001 as follows:

"8940-001-0001—For support of Military Department155,376,000

Schedule:

(1)	6911-National Guard	149,285,000
(2)	6912-Youth & Community Programs	23,270,000
(3)	Reimbursements to 6911-National Guard	-17,069,000
(4)	Reimbursements to 6912-Youth & Community Programs	-110,000

Provisions:

1. Expenditures shall not be made from the funds appropriated in this item as a substitution for personnel, equipment, facilities, or other assistance, or for any portion thereof, that, in the absence of the expenditure, or of this appropriation, would be available to the Adjutant General, the California State Military, or the State Military Reserve from the federal government.

2. Of the funds appropriated in Schedule (1), \$480,000 shall be for military retirements, in accordance with Sections 228 and 256 of the Military and Veterans Code.

3. Of the funds appropriated in this item, \$1,805,000 shall be used to provide mandatory employee compensation increases for state active duty employees. The funds provided in this provision shall be expended pursuant to Sections 320 and 321 of the Military and Veterans Code, which require state active duty employees to receive the same compensation increases as their counterparts on federal active duty. Any unspent funds subject to this provision shall revert to the General Fund.

4. Annually on March 1, the Military Department shall submit a report to the fiscal committees of each house of the Legislature for the Job ChalleNGe Program with the following: (a) the program completion rate; (b) the rate of job placement in the field of study; and (c) the rate of continued employment 12 months after completion of the program based on responses from program graduates.

5. Of the amount appropriated in Schedules (1) and (2), \$37,000,000 is available for payments made in advance of offsets from Federal Trust Fund recoveries. The Military Department shall separate this amount from its operating budget in its accounting system and provide quarterly reports to the Department of Finance that reflect the updated appropriation authority for operations.

6. Of the amount appropriated in Schedule (1), up to \$1,301,000 shall be used for the California Cybersecurity Integration Center.

7. Information sharing by the California Cybersecurity Integration Center shall be conducted in a manner that protects the privacy and civil liberties of individuals, safeguards sensitive information, preserves business confidentiality, and enables public officials to detect, investigate, respond to, and prevent cyberattacks that threaten public health and safety, economic stability, and national security.

8. Notwithstanding any other law, the Director of Finance may authorize a loan from the General Fund to the Military Department for cashflow purposes in an amount not to exceed \$30,000,000, subject to the following conditions:

- (a) The loan is to meet cash needs resulting from a delay in reimbursements.
- (b) The loan is for a short term and shall be repaid upon order of the Director of Finance.
- (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
- (d) Within 15 days of authorizing the loan, the Department of Finance shall provide written notification to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house that consider appropriations.

9. Of the funds appropriated in Schedule (1), \$15,000,000 shall be available for Counterdrug Task Force drug interdiction activities supporting local, state, federal, and tribal law enforcement agencies. Priority shall be given to activities targeting heroin, fentanyl, methamphetamine, cocaine, and other illegal drugs that can cause overdose deaths. The Military Department shall submit a report on how this funding was used on an annual basis, beginning October 1, 2025, until all funds have been spent. For each request, the report shall provide, at minimum, the name of the requesting agency, the type of illicit substances targeted, the level and type of resources requested, reasons for denying or partially approving a request, and the outcomes achieved, including the amount of illicit substances seized.

10. Upon order of the Department of Finance, the amount available for expenditure in Schedules (1) and (2) may be augmented by an amount sufficient for the Military Department to cover cost increases for pay, basic allowances for housing and subsistence, cost-of-living, and salary driven benefit adjustments for state active duty employees following passage of a federal active duty compensation increase in the federal budget.

11. Upon order of the Department of Finance, the amount available for expenditure in Schedule (1) may be augmented by up to ~~\$6,250,000~~ \$4,750,000 if the Military Department ~~fails to~~ receives a federal match for three armory deferred maintenance projects."

Amendment to Item 8940-001-3085 as follows:

"8940-001-3085—For support of Military Department, payable from the Behavioral Health Services Fund1,872,000

Schedule:

(1) 6911-National Guard1,872,000

Provisions:

1. Upon order of the Department of Finance and subject to available resources, the amount available for expenditure in Schedules (1) and (2) may be augmented by an amount sufficient for the Military Department to cover cost increases for pay, basic allowances for housing and subsistence, cost-of living, and salary driven benefit adjustments for state active duty employees following passage of a federal active duty compensation increase in the federal budget."



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Item 8940-301-0001 and Elimination of Item 8940-301-0604, Capital Outlay, California Military Department

Los Alamitos: STARBASE Classroom Building—It is requested that Item 8940-301-0001 be eliminated to withdraw the Governor's Budget proposal of \$419,000 General Fund for the working drawings phase of the STARBASE Classroom Building project.

Moreno Valley Land Acquisition—It is requested that Item 8940-301-0604 be increased by \$1 million one-time for the acquisition of approximately three acres of vacant land located by the existing Moreno Valley Readiness Center. This acquisition will provide land for vehicle staging and circulation at the Readiness Center complex upon completion of a project to relocate the Riverside Vehicle Maintenance Shop.

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 Randall Katz, 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 Anna M. Caballero, 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 Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review
Subcommittee No. 4
Honorable James Ramos, Chair, Assembly Budget Subcommittee No. 6
Gabriel Petek, Legislative Analyst
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Major General Matthew Beevers, California Military Department
Lieutenant Colonel Adam Rix, Comptroller, California Military Department
Ajit Bindra, Budget Officer, California Military Department



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

Gavin Newsom ■ Governor

1021 O Street, Suite 3110 ■ Sacramento CA 95814 ■ www.dof.ca.gov

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

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

CalVet Electronic Health Record Project Phase 3—It is requested that Item 8955-001-0001 be increased by \$5,225,000 one-time to provide resources for the implementation of an electronic health record system for the Veterans Homes of California.

Veterans Homes Deferred Maintenance—It is requested that Item 8955-001-0001 be decreased by \$819,000 ongoing.

Administrative Services Staffing—It is requested that Item 8955-001-0001 be decreased by \$285,000 and 2 positions ongoing.

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 Jessie Romine, 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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cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
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Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review
Subcommittee No. 4
Honorable Sharon Quirk-Silva, Chair, Assembly Budget 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
Trisha Smith, Deputy Secretary, Administrative Services, California Department of Veterans
Affairs
Monica Mitre, Assistant Deputy Secretary, Budget Operations, Department of Veterans
Affairs



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Addition of Budget Bill Item 9210-102-0001, Local Assistance, and Amendment to Item 9210-103-0001, Local Assistance, Local Government Financing

Technical Adjustment: Chapter 2, Statutes of 2025—It is requested that Item 9210-102-0001 be added in the amount of \$1,000 to allow Finance to augment this Item in the 2025-26 fiscal year to provide secured roll property tax backfills for losses incurred due to the 2025 Los Angeles County Wildfires, pursuant to subdivision (g) of Control Section 90.00 as added by Chapter 2, Statutes of 2025 (AB 100). It is also requested that provisional language be added to allow the Los Angeles County Auditor-Controller to submit a subsequent claim for further reimbursement if their first claim is insufficient (see Attachment 1).

Property Tax Backfill for Orange County Airport Fire—It is requested that Item 9210-103-0001 be increased by \$17,000 to reimburse Orange County for property tax losses incurred in the 2024-25 fiscal year as a result of the 2024 Orange County Airport Fire (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 Christopher 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 Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
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Katja Townsend, Capitol Director, Assembly Republican Leader's Office

9210-102-0001—For local assistance, Local Government Financing1,000

Schedule:

(1) 7540-Aid to Local Government1,000

Provisions:

1. The Department of Finance may authorize the augmentation of the total amount available for expenditure under this item pursuant to subdivision (g) of Control Section 90.00 of the Budget Act of 2024, as amended by Chapter 2, Statutes of 2025.
2. If the amount allocated to a county is insufficient to backfill actual property tax revenue losses for a particular county, the county auditor-controller may submit to the Department of Finance a claim detailing the insufficiency no later than December 1, 2027. The Department of Finance may review the insufficiency claim for consideration in a subsequent Governor's Budget. By December 1, 2027, county auditor-controllers shall also determine if a local agency that received reimbursement was reimbursed in an amount that exceeded its actual property tax revenue loss. If a county auditor-controller makes such a determination, the county auditor-controller shall notify the Department of Finance and remit the excess portion to the Controller in the timeframe specified by the Department of Finance.

Amend Item 9210-103-0001 as follows:

“9210-103-0001—For local assistance, Local Government Financing, to be allocated by the Controller~~390,000~~407,000”

Schedule:

(1) 7540-Aid to Local Government~~390,000~~407,000

Provisions:

1. Of the amount appropriated in this item, \$390,000 is to reimburse the Counties of Butte and Tehama for property tax losses incurred in the 2024–25 fiscal year as a result of the 2024 wildfires.
2. To receive the funds identified in Provision 1, each county shall submit to the Department of Finance a countywide claim detailing the losses incurred by the county and the cities and special districts located therein. The Department of Finance shall review the claims for accuracy and, upon determining the claims are accurate and complete, shall notify the Controller who will provide reimbursement in the amount specified by the Department of Finance.
3. Notwithstanding any other law, the funds identified in Provision 1 shall be available for encumbrance or expenditure until June 30, 2028.
4. If the amount identified in Provision 1 is insufficient to backfill actual property tax revenue losses, the county auditor-controller may submit to the Department of Finance a claim detailing the insufficiency no later than December 1, 2027. The Department of Finance may review the insufficiency claim and include the approved claim amounts in a subsequent Governor's Budget. By December 1, 2027, county auditor-controllers shall also determine if a local agency that received reimbursement was reimbursed in an amount that exceeded its actual property tax revenue loss. If a county auditor-controller makes such a determination, the county auditor-controller shall notify the Department of Finance and remit the excess portion to the Controller.
5. Of the amount appropriated in this item, \$17,000 is to reimburse Orange County for property tax losses incurred in the 2024–25 fiscal year as a result of the 2024 Orange County Airport Fire.
6. To receive the funds identified in Provision 5, Orange County shall submit to the Department of Finance a countywide claim detailing the losses incurred by the county and the cities and special districts located therein. The Department of Finance shall review the claims for accuracy and, upon determining the claims are accurate and complete, shall notify the Controller who will provide reimbursement in the amount specified by the Department of Finance."



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Addition of Budget Bill Item 9650-496, Support, Health and Dental Benefits for Annuitants

It is requested that Item 9650-496 be added to revert the unencumbered balances of the appropriations in Item 9650-001-0001, Budget Act of 2022 to the General Fund as of June 30, 2025 (see Attachment 1). The program is sufficiently funded without the reappropriation amount.

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 Hanzhao Meng, 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 Anna M. Caballero, 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 Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review
Subcommittee No. 4
Honorable Sharon Quirk-Silva, Chair, Assembly Budget 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
Michele Nix, 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

9650-496—Reversion, Health and Dental Benefits for Annuitants. As of June 30, 2025, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances of the funds from which the appropriations were made.

0001—General Fund

- (1) Item 9650-001-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) as reappropriated by Item 9650-490, Budget Act of 2024 (Chs. 22, 35, and 994, Stats. 2024)



May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Various Budget Bill Items, Support, Employee Compensation

Augmentation for Employee Compensation—It is requested that Item 9800-001-0001 be increased by \$17,070,000 ongoing, Item 9800-001-0494 be increased by \$52,765,000 ongoing, and Item 9800-001-0988 be increased by \$26,383,000 ongoing, to reflect updated expenditures for collectively bargained pay increases and health and dental premiums. Additionally, while these amounts reflect estimated health premium rates, Finance notes the health rates will be finalized and adopted by the California Public Employees' Retirement System (CalPERS) Board of Administration in the summer of 2025.

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 Hanzhao Meng, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Operations Agency
Eraina Ortega, Director, Department of Human Resources
Anthony Crawford, Deputy Director of Fiscal and Data Management, Department of
Human Resources
Stephan Higginbotham, Chief, Financial Management Division, Department of
Human Resources

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Various Budget Bill Items and Control Section 31.00, Support, and Addition of Control Section 3.90 and 3.91, Employee Compensation

The May Revision proposes adjustments to prior investments and modifies specified requests within the Employee Compensation areas that were included in the 2025-26 Governor's Budget (see Attachment 1). Additionally, as described in this letter, modifications could include reductions or suspensions of specific items or programs (see Attachments 2 and 3).

Modified Governor's Budget Proposals

Augmentation for Employee Compensation—It is requested that following items be amended in fiscal year 2025-26 and 2026-27 to reflect the net of assumed suspension of various employee compensation increases and changes in estimated health and dental premiums:

- Item 9800-001-0001 be decreased by \$266,252,000.
- Item 9800-001-0494 be decreased by \$269,473,000.
- Item 9800-001-0988 be decreased by \$134,736,000.

Additionally, while these items include estimated health premium contributions, Finance notes the health rates will be finalized and adopted by the California Public Employees' Retirement System (CalPERS) Board of Administration until summer 2025.

Control Section 31.00: Administrative Procedures for Salaries and Wages—It is requested that Control Section 31.00 be amended to reflect the proper salary threshold as a result of suspending employee compensation adjustments (see Attachment 1).

New Requests for May Revision:

Control Section 3.90: Reduction for Employee Compensation—It is requested that Control Section 3.90 be added to provide Finance with the authority to adjust departmental budgets to reflect the expenditure of funds for employee compensation pursuant to agreements reached through collective bargaining (see Attachment 2).

Control Section 3.91: Suspension for Employee Compensation (Suspensions)—It is requested that Control Section 3.91 be added to suspend certain collectively bargained salary increases that were to become effective during 2025-26 (see Attachment 3).

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 Hanzhao Meng, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Anthony Crawford, Deputy Director of Fiscal and Data Management, Department of
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Stephan Higginbotham, Chief, Financial Management Division, Department of
Human Resources

Amend Control Section 31.00 as follows:

“SEC. 31.00. (a) The appropriations made by this act shall be subject, unless otherwise provided by law, to Section 13320 and Article 2.5 (commencing with Section 13332) of Chapter 3 of Part 3 of Division 3 of Title 2 of the Government Code, requiring expenditures to be made in accordance with the allotments and other provisions of departmental budgets approved by the Department of Finance.

(b) The departmental budgets shall authorize, in the manner that the Department of Finance shall prescribe, all established positions whose continuance for the year is approved. Authorization by the Department of Finance is required for (1) the reclassification of any position to or from a monthly maximum salary of ~~\$13,842~~ \$13,439 or above, regardless of range, (which is equivalent to the monthly maximum salary of the Information Technology Manager II classification as of July 1, 2025) and (2) the establishment of any new position not (A) specifically identified in the Governor's Budget and approved by the Legislature or (B) approved by the Legislature and specifically documented in the Final Change Book or enacted legislation. Additionally, authorization by the Department of Finance is required for (1) the reclassification of any non- Career Executive Assignment classification to a Career Executive Assignment classification or (2) the administrative establishment of any Career Executive Assignment classification.

(c) The Department of Finance shall, for a period of not less than two years, keep and preserve documentation concerning position changes approved as specified in subdivision (b). The Department of Finance may use electronic means to keep and preserve this documentation.

(d) It is the intent of the Legislature that all positions administratively established pursuant to this section that are intended by the administration to be ongoing be submitted to the Legislature for approval through the regular budget process as soon as possible. All positions administratively established pursuant to this section during the 2025-26 fiscal year shall terminate on June 30, 2026, except for those positions that have been (1) approved by the Legislature as part of the regular budget process for the 2026-27 fiscal year as new positions or (2) approved by the Department of Finance after the 2026-27 Governor's Budget submission to the Legislature and subsequently reported to the Legislature prior to July 1, 2026. The positions identified in (2) above may be reestablished by the Department of Finance during the 2025-26 fiscal year, provided that these positions are shown in the Governor's Budget for the 2027-28 fiscal year as submitted to the Legislature, and provided that these positions do not result in the reestablishment of positions deleted by the Legislature through the budget process for the 2026-27 fiscal year. The Department of Finance shall provide written notification to

the Chairperson of the Joint Legislative Budget Committee within 30 days of the reestablishment of positions approved in the 2026-27 fiscal year pursuant to (2) above.

(e) Moneys appropriated in the 2025-26 fiscal year may be expended for increases in salary ranges or any other employee compensation action only if appropriated for that purpose, or if the Department of Finance certifies to the salary and other compensation-setting authority, prior to the adoption of the action, that funds are available to pay the increased salary or employee compensation resulting from the action. Prior to certification, the Department of Finance shall determine whether the increase in salary range or employee compensation action will require supplemental funding in the 2026-27 fiscal year. If the Department of Finance determines that supplemental funding will be required, the department may certify only if it notifies in writing, at least 30 days before, the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or a lesser time which the chairperson of the joint committee, or the chairperson's designee, determines.

(f) A certification on a payroll claim that expenditures therein are in accordance with current budgetary provisions as approved by the Department of Finance shall be sufficient evidence to the Controller that these expenditures comply with this section.

(g) Requests to continue administratively established positions as ongoing positions pursuant to subdivision (d) shall include information on the date the positions were administratively established. This information shall be included in the administration's budget change proposals and finance letters. If the administration requests to establish new positions in the 2026-27 fiscal year, and subsequently decides to administratively establish the positions in the 2025-26 fiscal year, the Department of Finance shall provide written notification to the Chairperson of the Joint Legislative Budget Committee within 30 days of the administrative establishment of the positions.

(h) This section applies to all state agencies, departments, boards, bureaus, and commissions."

SEC. 3.90. (a) Notwithstanding any other provision of this act, each item of appropriation in this act shall be reduced, as appropriate, to reflect a reduction in employee compensation to be achieved through collective bargaining agreements and nonrepresented employees (utilizing existing authority for the administration to adjust compensation for nonrepresented employees). The Director of Finance shall allocate the necessary reductions to each item of appropriation to accomplish the employee compensation reductions required by this section.

(b) If a reduction in employee compensation is not achieved through collective bargaining agreements by July 1, 2025, the Director of Finance, upon agreement with the Legislature on this act, shall reduce employee compensation for members of all bargaining units without such a collective bargaining agreement.

SEC. 3.91. In accordance with Sections 3517.6, 3517.61, and 19827 of the Government Code, notwithstanding any other provision of law, the economic provisions of existing memoranda of understanding (MOU) for represented employees and employees excluded or exempt from collective bargaining, which require the expenditure of funds for increased salaries and wages (general salary increases, special salary adjustments, pay differentials, etc.) that were to become effective at any point during the 2025-26 fiscal year, and are not specifically identified in Item 9800, are hereby suspended. The remainder of an MOU, including economic terms of the agreement not specifically related to the various pay items listed above, such as the amount necessary for the payment of compensation and employee benefits that were in effect prior to the 2025-26 fiscal year, shall continue in full effect, subject to the reductions in employee compensation as required by Control Section 3.90.

May 14, 2025

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, 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 15, 2025 (see Attachment 1).

The newly adopted state employer contribution rates result in net decrease in state contributions of \$103,856,000 ongoing from the \$2,180,976,000 increase included in the Governor's Budget. The \$103,856,000 ongoing decrease consists of a decrease of \$23,121,000 General Fund, a decrease of \$58,025,000 special funds, and a decrease of \$22,710,000 other nongovernmental cost funds.

The decrease in state employer contributions for CalPERS members is due to the integration of CalPERS valuation results as of June 30, 2024, which were not available at Governor's Budget. The decrease in the state employer contribution rate for JRS II members is attributed to a lower JRS II rate than 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 Hanzhao Meng, 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 Heath Flora, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Akilah Weber Pierson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 4
Honorable Laura Richardson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 5
Honorable Sharon Quirk-Silva, Chair, Assembly Budget 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
Stephen Gilmore, Chief Investment 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

“SEC. 3.60. (a) Notwithstanding any other law, the employers' retirement contributions for the 2025–26 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	31.89% 31.42%
California State University, Miscellaneous, First Tier	31.89% 31.42%
Miscellaneous, Second Tier	31.89% 31.42%
State Industrial	20.55% 21.42%
State Safety	22.41% 22.85%
Peace Officer/Firefighter	48.73% 51.01%
California State University, Peace Officer/Firefighter	48.73% 51.01%
Highway Patrol	70.85% 70.61%
Judges' Retirement System II	23.90% 22.62%

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 2025–26 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 ~~\$744,116,000~~\$731,109,000 General Fund for the 2025–26 fiscal year. This amount will be included in the total appropriation for Item 6610-001-0001 in the 2025–26 fiscal year.

(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 (Assembly Bill 340 of the 2011–12 Regular Session) 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 \$141,899,636 (\$98,264,537 General Fund) for the 2025–26 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 2025–26 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 2025–26 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."