

California State Assembly



Agenda

Assembly Budget Subcommittee No. 5 on State Administration

Assemblymember Sharon Quirk-Silva, Chair

Tuesday, March 17, 2026

1:30 P.M. – State Capitol, Room 447

Items To Be Heard		
Item	Description	Page
1700	Civil Rights Department	2
	1. Civil Rights Department Chaptered Legislation	2
	2. Ongoing Workload Related to Cannabis Discrimination in Employment (AB 2188)	5
	3. Ongoing Workload Resources for AB 1041 and AB 1949	7
	4. Security at Public Counters	9
0509	Governor's Office of Business and Economic Development	11
	5. California Export Promotion Program (CAL EXPORT)	11
	6. Film and Television Tax Credit Staffing	15
	7. Innovation and Emerging Technologies	17
	8. Jobs First Administrative Resources Reappropriation	19

Items To Be Heard

1700 Civil Rights Department

The Civil Rights Department (CRD) is responsible for protecting the civil rights of the people of California. CRD receives, investigates, conciliates, mediates, and prosecutes complaints alleging unlawful discrimination and other civil rights violations in employment, housing, public accommodations, business, and state-funded programs and activities, as well as acts of hate violence and human trafficking. CRD is authorized to prosecute cases directly in court and to seek attorney's fees and costs when it is the prevailing party. CRD's jurisdiction extends to individuals, employers, housing providers, private and public entities, business establishments, and state-funded programs and activities within California. The Civil Rights Council (Council), within CRD, promulgates regulations to interpret California's civil rights laws and holds civil rights hearings. CRD also conducts outreach and education and operates a pay data reporting program, the Commission on the State of Hate, and other strategic initiatives to prevent and remedy discrimination and other unlawful conduct. The Governor's budget proposes a budget of \$68.7 million, of which \$68.7 million is General Fund, with a total of 381.3 positions for CRD.

Issue 1: Civil Rights Department Chaptered Legislation

The Governor's budget includes General Fund resources and position authority totaling \$2,395,000 and 19.0 positions in 2026-27, \$3,177,000 in 2027-28, \$4,168,000 in 2028-29, \$5,154,000 in 2029-30, \$4,254,000 in 2030-31, and \$3,354,000 in 3031-32 and ongoing to implement statutory requirements associated with four bills chaptered from 2025.

Bill	26-27	POS	27-28	POS	28-29	POS	29-30	POS	30-31	POS	31-32	POS
SB 464	\$845	3	\$736	3	\$736	3	\$736	3	\$736	3	\$736	3
AB 822	\$900	4	\$1,800	4	\$1,800	4	\$1,800	4	\$900	4	\$0	0
AB 935	\$650	3	\$641	3	\$641	3	\$641	3	\$641	3	\$641	3
SB 518	\$0	9	\$0	9	\$991	9	\$1,977	9	\$1,977	9	\$1,977	9
Total	\$2,395	19	\$3,177	19	\$4,168	19	\$5,154	19	\$4,254	19	\$3,354	15

*Dollars in thousands **POS=Positions

Background

This item includes resources for the following bills:

1. SB 464 (Smallwood-Cuevas, Chapter 760, Statutes of 2025) established the pay data reporting program and required employers of 100 or more employees to annually report

to CRD pay- and hours-worked data by establishment, pay band, job category, sex, race, and ethnicity. SB 464 amends the Pay Data Reporting Program by 1) changing the job categories that private employers must use to report employees from the existing 10 to 23 new categories; 2) requiring a court to impose penalties, upon CRD's request, on a private employer who fails to comply with the Pay Data Reporting Program; and 3) requiring private employers and labor contractors to collect and store demographic data gathered pursuant to the Pay Data Reporting Program separately from employees' personnel records.

This BCP would request \$845,000 and three positions in 2026-27, and \$736,000 and three positions ongoing to implement the provisions of SB 464.

2. AB 822 (Chapter 714, Statutes of 2025), extends the sunset of the Commission on the State of Hate to January 1, 2031, and extends the final Annual State of Hate Commission Report due date to July 1, 2030.

The Commission's mission is to "strengthen California's efforts to monitor, prevent, and respond to hate activity, as well as support those targeted by hate, through community-informed research, education, and advisement." The Commission has developed evidence-based, community-informed policy recommendations for use by the Legislature, Governor, and other state agencies and departments to address and reduce hate crimes and other hate incidents.

This BCP would request \$900,000 in 2026-27, \$1.8 million per year through 29-30, and \$900,000 for 30-31 and 4 positions for resources for the Commission on the State of Hate.

3. AB 935 (Chapter 717, Statutes of 2025), establishes additional data collection and reporting requirements for CRD, significantly increasing CRD's workload. AB 935 requires CRD to collect and publish information regarding complaints of prohibited discrimination. For every complaint received by CRD, this bill requires CRD to collect, in compliance with state and federal law and to the extent it is reported by the complainant: 1) Demographic data relative to ethnicity, race, gender, and other critical demographic information; and (2) Any final action taken by CRD in response to the complaint and the timeline between the date the complaint was filed with CRD and the final action taken by the department. CRD would need to assess what data constitutes "critical demographic data" and add this data to its collection procedures, in accordance with state and federal law.

This BCP requests \$650,000 and three positions in 2026-27, \$641,000 and three positions for 2027-28 through 2030-31 and ongoing.

4. SB 518 (Chapter 755, Statutes of 2025), created the Task Force to Study and Develop Reparation Proposals for African Americans, with a Special Consideration for African Americans Who Are Descendants of Persons Enslaved in the United States (task force).

The task force studied and proposed reparations for African Americans, particularly descendants of enslaved persons, acknowledging California's role in slavery and systemic racism. The task force published the California Reparations Report (report) in June of 2023, proposing more than 100 policy recommendations. SB 518 in part implements one of the report's recommendations by establishing, upon appropriation, the Bureau for Descendants of American Slavery (bureau) within CRD. The bureau is led by a deputy director and contains three divisions: a Genealogy Division; an Outreach and Education Division; and a Legal Affairs Division. The Outreach and Education and Legal Affairs Divisions become operative immediately. The duties of the Genealogy Division are triggered by the completion of research by the California State University (CSU) under Chapter 755, Statutes of 2025 (SB 437). CRD's request for resources is based on costs prior to the completion of CSU's work.

This BCP requests nine positions in 2026-27 and 2027-28, \$937,000 and nine positions in 2028-29, \$1.869 million and nine positions in 2029-30 through 2030-31, and ongoing.

Panel

- Julia Parish, Deputy Director of Legislation, Policy, Civil Rights Department (CRD)
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance (DOF)
- Isabel Fairclough, Finance Budget Analyst, DOF
- Paul Steenhausen, Principal Fiscal & Policy Analyst, Legislative Analyst's Office (LAO)

Staff Comments

Staff has no concerns with the resources requested as they are consistent with the fiscal analysis as the bills moved through the policy process.

The Subcommittee may wish to ask some general questions about CRD programs including the following:

1. How has CRD been impacted by the changing federal landscape?
2. The Legislature has extended funding for two programs below until June 2026. Can CRD discuss what will happen without additional funding for these programs?
 - a. Enforcement, Investigation and Conciliation Enhancements: this program decreases the wait time between when a member of the public files an intake with CRD and when they are interviewed by CRD staff (which initiates CRD's investigation into their civil rights complaint), and
 - b. Community Conflict Resolution Unit: This program offers free dispute resolution services to communities in conflict related to hate and discrimination.

Staff Recommendation: Hold Open

Issue 2: Ongoing Workload Related to Cannabis Discrimination in Employment AB 2188

The Governor's budget includes \$2,103,000 (General Fund) in 2026-27 and \$2,070,000 in 2027-28 and ongoing and 12.0 positions to support the implementation of Chapter 392, Statutes of 2022 (AB 2188) at the CRD.

Background

The 2023 Budget provided CRD with limited-term funding through June 30, 2026, to implement AB 2188. CRD utilized the limited-term funding to retain 12.0 positions. Funding for the positions is set to expire on June 30, 2026. The utilization of limited term funding was to assess the resources that would be needed to fully implement AB 2188.

To continue to process the increased caseload associated with the implementation of AB 2188, CRD requests 12.0 positions, \$2,103,000 General Fund in 2026-27 and \$2,070,000 in 2027-28 and ongoing.

The (CRD) receives, investigates, conciliates, mediates, and prosecutes complaints of alleged violations of numerous civil rights laws. Chapter 392, Statutes of 2022 (AB 2188) added a new section, Government Code section 12954, to the Fair Employment Housing Act (FEHA) that makes it unlawful for private employers (of five or more employees) and California public employers to "discriminate against a person in hiring, termination, or any term or condition of employment, or otherwise penalize a person," based on either (1) "[t]he person's use of cannabis off the job and away from the workplace" or (2) "[a]n employer-required drug screening test that has found the person to have non-psychoactive cannabis metabolites in their hair, blood, urine, or other bodily fluids." Chapter 408, Statutes of 2023 (SB 700) further amended this section to prohibit an employer from requesting information from an applicant relating to their use of cannabis off the job and away from the workplace.

According to data from the Employment Development Department, as of the second quarter of 2021, approximately 15.4 million Californians work for employers with at least five employees (and therefore would be protected by AB 2188). The U.S. Bureau of Labor Statistics reports that 9.8% of California businesses test job applicants and current employees for drugs and alcohol, and a study by Quest Diagnosis found that, of employees screened across the nation in 2021, 3.9% of those screenings tested positive for the presence of marijuana. Combining these findings, approximately 1.5 million California employees are subject to drug and alcohol screenings each year, and of those, approximately 59,000 employees will test positive for the presence of cannabis. Of these 59,000, not all will face an adverse action by their employer or prospective employer, not all who face an adverse action will file a complaint with CRD, and not all who do face an adverse action will be actually protected by AB 2188 because of various exceptions to the law (although they may still file a complaint with CRD that the department may

be required to investigate). Based on CRD’s experience enforcing FEHA, it is estimated that AB 2188 will result in 200 to 300 additional intakes evaluated for investigation each year.

Panel

- Julia Parish, Deputy Director of Legislation, Policy, CRD
- Allison Hewitt, Principal Program Budget Analyst, DOF
- Isabel Fairclough, Finance Budget Analyst, DOF
- Paul Steenhausen, Principal Fiscal & Policy Analyst, LAO

Staff Comments

Staff has no concerns with the proposal. However, the program may need to be assessed again in the future to ensure that resources are adequate.

Staff Recommendation: Hold Open

Issue 3: Ongoing Workload Resources for AB 1041 and AB 1949

The Governor's budget includes \$1,278,000 (General Fund) and eight positions in 2026-27 and \$1,255,000 (General Fund) in 2027-28 and ongoing, to continue implementation of Chapters 748, Statutes of 2022 (AB 1041) and Chapter 767, Statutes of 2022 (AB 1949) for the Civil Rights Department.

Background

To manage the increased caseload resulting from the enactment of AB 1041 and AB 1049, CRD was allocated limited term funding through June 30, 2026. CRD utilized the limited term funding to retain 8.0 limited term positions. Funding for the positions is set to expire on June 30, 2026.

The California Family Rights Act (CFRA), which is part of the Fair Employment and Housing Act (FEHA) and is enforced by CRD, provides eligible employees with up to 12 weeks of job-protected leave to care for their own serious health condition or that of a family member or to bond with a new child. SB 1383 (Chapter 86, Statutes of 2020), among other laws, expanded the employers covered by CFRA to private employers with five or more employees and expanded the types of family members for whom an employee can take CFRA leave. Currently, an eligible employee may take CFRA leave to care for a child, spouse, domestic partner, parent (including a parent-in-law), sibling, grandparent, or grandchild.

AB 1041 (Chapter 748, Statutes of 2022), amended both the CFRA and the Healthy Families Act of 2014 (paid sick leave law), expanding eligibility to allow employees to take protected leave to care for designated individuals beyond traditional family members. AB 1949 (Chapter 767, Statutes of 2022) amended CFRA to mandate that employers grant an eligible employee's request for up to five days of bereavement leave. These legislative changes increased the complexity and volume of leave-related intake and casework. While the initial estimated volume was approximately 250 additional intakes, actual case volume has exceeded this number, demonstrating a growing need for resources. CRD's small employer family leave mediation program provides free mediation services to small employers (5 to 19 employees) and their employees who are in dispute about an employee's right to family and medical leave, bereavement leave, or reproductive loss leave. This mediation is required before an employee can file a civil action against the employer if either the employee or the employer requests it.

According to data from the Employment Development Department, as of the third quarter of 2024, approximately 16.5 million Californians work for employers with at least five employees (and therefore are protected by AB 1041 and AB 1949).

CRD initially estimated that it would receive a total of 250 additional intakes once AB 1041 and AB 1949 went into effect in January 2023. The intakes have surpassed this initial estimate. Additionally, CRD has experienced similar growth in requests for rights to sue, cases referred to mediation, and cases mediated.

Panel

- Julia Parish, Deputy Director of Legislation, Policy, CRD
- Allison Hewitt, Principal Program Budget Analyst, DOF
- Isabel Fairclough, Finance Budget Analyst, DOF
- Paul Steenhausen, Principal Fiscal & Policy Analyst, LAO

Staff Comments

The limited term funding was used to help assess the impact of the program. According to CRD, the work is greater than what was initially estimated. Staff has no concerns.

Staff Recommendation: Hold Open.

Issue 4: Security at Public Counters

The Governor’s budget includes \$502,000 (General Fund) in 2026-27, and ongoing for security guard services at all CRD public counters.

Background

The Civil Rights Department (CRD) does not currently have resources to provide security guard services at all satellite offices with public access counters. Providing on-site security guards will support the safety of CRD employees who interact with the public and process sensitive cases.

To enhance security and safety of CRD, employees and visitors, CRD will contract a vendor to place unarmed security guards in Fresno, Los Angeles, Oakland, Riverside and Bakersfield. The contract will be for one year and will renew each year to maintain safety of CRD employees.

CRD security officers in the Los Angeles location and the May Lee location have played a critical role in keeping our public counters safe for staff. Since July 2024, 14 complainants have made threats to harm employees, creating serious safety concerns. Individuals on-site have become hostile in several cases and have had to be physically escorted out of CRD buildings. Multiple complainants have been banned from visiting in person to protect staff from further risk. With the support of security personnel, staff have been able to continue serving the public with a greater sense of safety and support. On-site security guards can greatly enhance the security and safety of CRD properties, playing a crucial role in maintaining order and deterring potential threats.

Estimated Security Costs

CRD Office Location	Average Monthly Cost	Estimated Cost per Fiscal Year (Average Monthly Cost x 12)
Sacramento	N/A – Security services provided by the State-owned building	N/A – Security services provided by the State-owned building
Los Angeles	\$14,084	\$ 168,999
Oakland	\$ 6,337	\$ 76,039
Fresno	\$ 6,337	\$ 76,039
Bakersfield	\$ 7,158	\$ 85,894
Riverside	\$ 7,923	\$ 95,079
Total	\$ 41,839	\$ 502,050

Panel

- Tara Hicks, Business Services Manager, CRD
- Allison Hewitt, Principal Program Budget Analyst, DOF
- Isabel Fairclough, Finance Budget Analyst, DOF
- Paul Steenhausen, Principal Fiscal & Policy Analyst, LAO

Staff Comments

Prior to this BCP, CRD used department savings to cover the cost for security guard services. This request would allow CRD to have dedicated funding moving forward rather than relying on department savings.

Staff Recommendation: Hold Open

0509 Governor's Office of Business and Economic Development

The Governor's Office of Business and Economic Development (GO-Biz) provides a single point of contact for economic development, business assistance and job creation efforts. The GO-Biz works with companies and organizations across the nation to market the benefits of doing business in California, recruit new businesses, retain businesses, and support private sector job growth. The GO-Biz serves as the Governor's lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, economic growth, export promotion, permit assistance, innovation and entrepreneurship. The Governor's budget proposes a budget of \$572.4 million, of which \$150.3 million is General Fund, with a total of 194.3 positions for GO-Biz.

Issue 5: California Export Promotion Program (CAL EXPORT)

The Governor's budget includes \$1.4 million (General Fund) annually, with up to five percent available for administration costs, to scale export promotion efforts and create the California Export Promotion Program (CAL EXPORT) within the Governor's Office of Business and Economic Development (GO-Biz) International Affairs and Trade Unit. CAL EXPORT will provide export promotion and supply chain resiliency programming for small businesses as California's flagship trade program.

Background

In 2024-25, GO-Biz requested funding from the Federal Trust Fund, ongoing for federal awards received by the California Business Investment Services. The GO-Biz, International Affairs and Trade (IAT) program administers State Trade Expansion Program (STEP), which is a federal grant program under the United States Small Business Administration (U.S. SBA). GO-Biz IAT has historically applied for and received funding every federal fiscal year.

The California Department of Food and Agriculture (CDFA) previously administered the STEP program on behalf of California. When CDFA was applying for and administering STEP grants on behalf of California, GO-Biz IAT served as a close collaborator. Over time, GO-Biz IAT's expansive networks have proven so critical to identifying potential STEP grantees that both GO-Biz and CDFA determined it made more sense for the GO-Biz IAT team to lead California's participation in the program. The result is that GO-Biz IAT applied for and received federal STEP funds and continues to apply for and receive grant funding.

According to GO-Biz, since 2022, it has helped more than 534 small businesses generate over \$141 million in export sales, achieving a return on investment (ROI) of \$119 for every dollar spent, small businesses reported the creation and retention of 656 jobs. However, the program's future is uncertain, threatened both by shifting federal priorities and annual administrative grant cycles that make long-term planning challenging. Without stable, dedicated state-level funding,

California cannot guarantee consistent programming, inclusive outreach, or the presence at global trade shows that small businesses rely on to compete and/or protect market share.

The resources requested allows California to establish CAL EXPORT as a permanent, statewide program rather than a year-to-year federal grant-dependent effort, positioning California more competitively with peer states that have had similar programming and dedicated state resources for years. To the extent federal funding is not available in the future, this General Fund augmentation allows GO-Biz to maintain their existing efforts in promoting international trade for California. Up to five percent of funds will support administration, while the remaining resources will be invested directly in programming such as direct small business grants to support export activities via our existing export voucher model, state pavilions at international trade shows, business matchmaking, export training, and supply chain resiliency initiatives. This ensures exporters can plan participation well in advance, improving outcomes and inclusivity.

Resource History
State Funding Match for STEP (dollars in thousands)

Program Budget	PY - 3	PY - 2	PY - 1	PY	CY
	2021-2022*	2022-2023	2023-2024	2024-25	2025-26*** PROJECTED
Total Federal and State Expenditures	N/A	\$923,076	\$1,076,922	\$1,384,614	\$1,384,614
Federal Award	N/A	\$600,000	\$700,000	\$900,000	\$900,000
Authorized State Expenditures	N/A	\$323,076	\$376,922	\$484,614	\$484,614
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions Dedicated to STEP**	N/A	2	2	2	2
Filled Positions	N/A	1	2	2	2
Vacancies	N/A	1	0	0	0

*Note: The federal award for 2025-26 has not been awarded and may not be. In that case, total federal and state expenditures for export activity would be \$0.

Panel

- Emily Desai, Chief Deputy, Governor’s Office of Business and Economic Development (GO-Biz)
- Tricia Utterback, Trade and Investment Representative – Europe, MEA, India, GO-Biz
- Jessie Romine, Principal Program Budget Analyst, DOF
- Justin Adelman, Assistant Program Budget Manager, DOF
- Rowan Isaaks, Economist, LAO

LAO Comments

While enhancing export assistance to small firms could provide benefits, we have comments regarding the justification for creating a new permanent state-funded export promotion program.

Proposal Premature Given Continued Availability of Federal STEP Funding. The proposal is justified in part by concerns about instability in federal funding through the State Trade Expansion Program (STEP). However, the federal government continues to operate the program and provide grants to states for export assistance activities, and the proposal does not provide evidence that the program is expected to be discontinued in the near term. In fact, the federal government continues to solicit applications for STEP grants from states. As a result, establishing an ongoing General Fund program at this time could duplicate federal support for activities that are currently funded through federal grants.

Legislature Could Consider More Limited Alternatives. California faces both potential and actual reductions in federal support across a range of policy areas, including major programs such as Medi-Cal. Given the state's structural budget deficit, the Legislature will need to consider which programs should be prioritized for replacement with General Fund resources should federal funding decline. Approving ongoing funding for this proposal would effectively commit the state to backfilling a relatively small federal program before federal funding has actually been reduced. This raises the question of why this program is being prioritized over others facing federal funding changes. If the Legislature wishes to maintain the state's export promotion capacity while federal funding levels remain uncertain, it could consider more limited approaches:

- **Conditional funding.** The Legislature could make state funding contingent on the availability of federal STEP funding, allowing the state to backfill any reduction in federal support while avoiding duplication if federal funds remain available.
- **Limited-term funding.** The Legislature could approve funding on a limited-term basis rather than establishing an ongoing General Fund commitment. This would allow the state to maintain export promotion services while monitoring federal funding trends before creating a permanent state program.

Staff Comments

The Legislature will have to prioritize which programs it will want to save due to the actions of the federal government. This subcommittee, along with all of the subcommittees, are going to be asked to backfill programs because of the loss of federal dollars. Although the investments in small businesses through the STEP program and through a possible CAL EXPORT program

have merit, the Legislature will have to look at its priorities across the budget and decide what it wants to fund.

The Subcommittee may wish to ask the following:

1. Why make this program an ongoing program? There will likely be changes at the federal level with a new administration. In those cases, wouldn't the state want to access federal dollars instead of state general fund?
2. How many other states have their own state program similar to CAL EXPORT? Do those states rely on federal grants or their own state dollars?
3. Explain how a business applies to the STEP or future CAL EXPORT program.
4. Under the BCP, GO-Biz discusses the data that it collects on all the businesses who receive funding. Is that data public and is it posted on GO-Biz's website?

Staff Recommendation: Hold Open.

Issue 6: Film and Television Tax Credit Staffing

The Governor's Budget includes \$472,000 General Fund, and 3.0 permanent positions in 2026-27, and \$472,000 General Fund ongoing, to support the expansion of the California Film & Television Tax Credit Program.

Background

Recent changes to the film tax credit increased the workload for the California Film Commission. First, the 2025 Budget Act increased the annual tax credit amount for the California Film & Television Tax Credit 4.0 (Program 4.0) from \$330 million to \$750 million. Program 4.0. was also made a refundable tax credit in 2023, the state's first large-scale refundable credit for business taxpayers. The taxpayer may elect to take the credit as refundable at a discounted 90 percent rate and the refundable credit is taken over five years. This change and the increase in the amount was intended to make California's tax credit competitive with other states and keep the film industry in California.

Additionally in 2025, AB 1138 (Chapter 27, Statutes of 2025) made several changes to Program 4.0 and the Soundstage Program. These changes included increasing the base credit percentage from 20 percent to 35 percent, increasing budget thresholds, and broadening the definition of a "qualified motion picture" to include animated TV shows and films, large-scale competition shows, and TV episodes that are 20-minutes or longer.

To address the increase in workload from the increase in annual funds \$330 million to \$750 million, and the changes to Program 4.0, CFC requests the following three positions:

1. 1.0 Analyst II – Implementation of the DEIA provisions: Until very recently, the DEIA Supervisor I was the sole reviewer of all DEIA documents. Two additional Analyst IIs have been successfully onboarded. However, with the recent approval of the \$750 million and AB 1138, the volume of DEIA documents to be reviewed is expected to increase by 127 percent.
2. 1.0 Motion Picture Production Analyst – Public need and Runaway Production Mitigation: Currently, the CFC has two Motion Picture Production Analysts (MPPAs) to review tax credit applications for each fiscal year. Historically, on average, 210 applications are reviewed annually. However, since launching Program 4.0 and opening the first window of applications, the CFC has seen a nearly 400 percent increase in application volume. As such, the CFC conservatively estimates that with the \$750 million expansion, the number of applications will increase by 115 percent to 450 each fiscal year.

3. 1.0 Research Data Specialist – Program Transparency and Integrity: The CFC currently does not have a Research Data Specialist I (RDS I) to track, collect, and analyze data for the tax credit program. All data collection is being handled by one Analyst II and more advanced reporting responsibilities are shared by the Film and Television Tax Credit Program Deputy Director and the Program Manager. Therefore, a Research Data Specialist I is mission critical to ensure that the CFC complies with current and future reporting requirements.

Panel

- Lauren Greenwood, Senior Deputy of Legislative & External Affairs, GO-Biz
- Leah Medrano, Deputy Director of the CA Film & Television Tax Credit Program, GO-Biz
- J.T. Creedon, Finance Budget Analyst, DOF
- Jacob Kirn, Principal Program Budget Analyst, DOF
- Rowan Isaaks, Economist, LAO

Staff Comments

With the increase in work from the changes in Program 4.0 and AB 1138, CFC is likely to need additional staff to implement the new provisions. However, the fiscal analysis for AB 1138 stated that \$330,000 would be needed to implement these changes. The Subcommittee may wish to ask the CFC to explain why the budget request is higher than the fiscal analysis of the bill.

The Subcommittee may wish to ask the following:

1. Can CFC discuss the increase in work with Program 4.0 including how many applications were received for the refundable credit and what was the average amount of credit that went to grantees? Are productions mostly in Los Angeles or are they moving throughout the state?
2. Can you discuss what is happening with the diversity work plan. Are applicants opting out? After a diversity workplan is submitted, what role does CFC have in posting information about the workplans and how will the new position help with this work?

Staff Recommendation: Hold Open.

Issue 7: Innovation and Emerging Technologies

The Governor's budget requests \$400,000 (General Fund) ongoing, and one permanent position to operationalize and expand GO-Biz's work to attract, retain, and grow innovation and emerging technology sectors in California. The funding will support a repeatable, statewide cadence of sector convenings, demo days, monthly working groups, in-region activities, federal funding bid support, and marketing resources and materials for these sectors. This funding will encompass the one permanent position and administrative support including graduate student assistants.

Background

The goal of the funding, according to GO-Biz, is to address a gap in GO-Biz's ability to engage California's high-growth business sectors. These sectors primarily fall under the North American Industry Classification System (NAICS) codes of Information (51) and Professional, Scientific, & Technical Services (54) –such as artificial intelligence (AI), quantum, cloud/data platforms, robotics, and software technology.

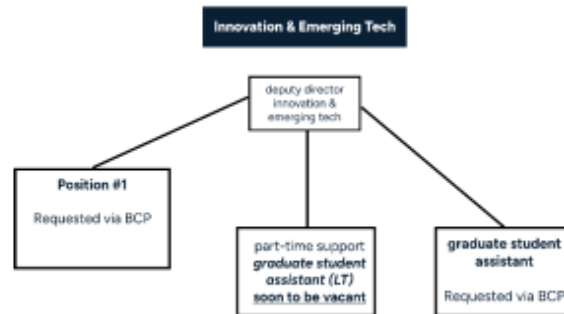
Due to the demand from these sectors and to align with objectives in the California Jobs First State Economic Blueprint, GO-Biz repurposed an existing Deputy Director in 24-25 to stand up an Innovation & Emerging Technologies function for GO-Biz with the aim to:

- Deliver GO-Biz's core business investment services for attraction, expansion, and retention to these sectors
- Establish first-ever technology transfer and commercialization relationships with R1 universities, national laboratories, federally funded research and development centers (FFRDCs), and Department of Defense (DOD) University Affiliated Research Centers (UARCs)
- Produce sector marketing materials that reflect California's assets
- Provide site selection and real estate financing technical assistance to research parks; and
- Coordinate incentive realignment with state agencies and departments so emerging-tech firms can utilize California's suite of incentive offerings for attraction, expansion, and retention purposes.

The Deputy Director performs these functions in addition to managing GO-Biz's two port data grant programs. With only one senior staff position standing up this portfolio with support from an AGPA and graduate assistant, GO-Biz cannot (a) meet firm-level demand at scale for core business investment services (e.g. primarily incentive navigation and incentive technical assistance), (b) convert "lab-to-market" opportunities by coordinating with universities and federal labs on technology commercialization and transfer, and (c) keep

pace with time sensitive federal funding windows (e.g. DOE, DARPA, NSF, DOD) where state support can influence federal award outcomes.

The funds in this BCP will be used for one position, either an Assistant or Associate Deputy Director appointee and fund two graduate assistants as shown below.



Panel

- Lauren Greenwood, Senior Deputy of Legislative & External Affairs, GO-Biz
- Trelynd Bradley, Deputy Director of Innovation & Emerging Technologies, GO-Biz
- Jessie Romine, Principal Program Budget Analyst, DOF
- Justin Adelman, Assistant Program Budget Manager, DOF
- Rowan Isaaks, Economist, LAO

Staff Comments

The Subcommittee may wish to ask the following:

1. The BCP only discusses the pay for one new position- can GO-Biz explain how the graduate assistants will be paid? Also, can GO-Biz explain why the position they are hiring is set between an Assistant or an Associate Deputy Director -how do those two positions differ in pay.
2. Last year, the Governor’s budget included \$4 million for funding for quantum. The Subcommittee may wish to ask GO-Biz for an update on how the funding is being utilized and how it relates to this proposal.
3. Last year, the Governor’s budget included \$25 million to support capital expenditures incurred during the construction of the National Semiconductor Technology Center’s Design and Collaboration Facility. Can GO-Biz provide a status update on that project.

Staff Recommendation: Hold Open.

Issue 8: Jobs First Administrative Resources Reappropriation

The Governor’s Budget includes a reappropriation from previous Budget Acts to extend the encumbrance periods from two appropriations. The extended encumbrance period will allow GO-Biz, Employment Development Department (EDD), and Labor Workforce Development Agency (LWDA) to expend administrative resources for Jobs First program aligning with the lifecycle of the program which is operable until June 30, 2030.

Background

The Budget Acts of 2024 and 2025 appropriated \$50 million in funding each year for California Jobs First (formerly known as the Community Economic Resilience Fund (CERF)), within the Employment Development Department’s budget.

The Budget Acts include an encumbrance deadline of June 30, 2026, and June 30, 2027, and an additional two years for expensing funds. The Budget Acts also allow up to 5 percent of the funds to be used for administrative costs by GO-Biz, LWDA, and EDD. The extension would allow the three entities to have the resources necessary to administer the program through its full completion.

Table 1 - PROGRAM BUDGET INFORMATION

PROGRAM	BUDGET ACT	ITEM OF APPROPRIATION	ENCUMBRANCE	EXTEND TO
California Jobs First	2024	7100-101-0001	June 30, 2026	June 30, 2028
California Jobs First	2025	7100-101-0001	June 30, 2027	June 30, 2029

Panel

- Derek Kirk, Senior Advisor for Economic Policy, GO-Biz
- Emily Desai, Chief Deputy, GO-Biz
- Jessie Romine, Principal Program Budget Analyst, DOF
- Justin Adelman, Assistant Program Budget Manager, DOF
- Rowan Isaaks, Economist, LAO

Staff Comments

The Subcommittee may wish to ask, how much of the total \$100 million has been expended or encumbered? To date, how has the funding been used?

Staff Recommendation: Hold Open

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 5 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Genevieve Morelos.