

California State Assembly



Informational Hearing Agenda

Assembly Budget Subcommittee No. 4 on Climate Crisis, Resources, Energy, and Transportation

Assemblymember Steve Bennett, Chair

Wednesday, March 18, 2026
9:30 A.M. – State Capitol, Room 447

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Non-Presentation Items: The following items do not receive a formal presentation from the Administration in order to focus time on the most substantial proposals. Members of the Subcommittee may ask questions or make comments on these proposals at the time designated by the Subcommittee Chair or request a presentation by the Administration at the discretion of the Subcommittee Chair. Members of the public are encouraged to provide public comment on these items at the designated time.

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Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Presentation Items

0555 Secretary of the Environmental Protection Agency

Issue 1: Opening Remarks – Secretary Yana Garcia

The California Environmental Protection Agency Secretary, Yana Garcia, will provide opening remarks on the 2025-27 proposed environmental protection budget.

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Where do you see the biggest disruptions in the Agency's work as a result of lost partnerships with the Federal government and rollbacks in environmental protections?
2. How has California's commitment to environmental justice changed throughout your time both as Agency Secretary, but also in your career as a public servant in California? What more do we need to do?
3. What more can the state do to foster trust with frontline and disadvantaged communities that are disproportionately impacted by environmental harms?
4. California's environmental policies are grounded in the polluter-pays principle, yet we increasingly encounter both legacy pollution where there is no viable responsible party and newer programs where implementation timelines can affect when polluters ultimately bear those costs. How is the Agency approaching these challenges to ensure that the polluter-pays principle remains meaningful in practice?
5. As Secretary overseeing departments that rely heavily on special funds and fee-based revenues, what unique budget challenges have you observed?

Staff Recommendation: Informational, no action needed.

Various

Issue 2: Landfill Support, Response, and Enforcement

The Governor's budget requests \$5,142,000 million and 12 permanent full-time positions from various funds, which includes \$1.0 million for local assistance programs, and \$1.4 million for ongoing contract dollars to address Subsurface Elevated Temperature (SET) events at Class III Landfills. Positions will be spread across the California Environmental Protection Agency (CalEPA), the Department of Resources Recycling and Recovery (CalRecycle), Department of Toxic Substances Control (DTSC), and the State Water Resources Control Board (SWRCB).

Background:

A subsurface elevated temperature (SET) event is a hazardous, non-typical, accelerated chemical reaction or underground fire within a municipal solid waste landfill. California is currently experiencing active SET events at the Chiquita Canyon Landfill (CCL) and El Sobrante Landfill (ESL), underscoring a critical need to modernize landfill infrastructure and develop updated response strategies that occur at landfill sites.

A SET event begins to occur when temperatures in landfill gas and subsurface landfill waste exceed 131 degrees Fahrenheit (F). As the ongoing SET increases in size, temperatures within the landfill can increase to 160 degrees F and beyond.

SETs can have severe short- and long-term consequences to a landfill, including:

1. **Fire and explosion risks:** Elevated temperatures can ignite waste gases, such as methane and hydrogen, leading to fires and explosions.
2. **Gas migration and emissions:** Landfill gas composition and generation are altered by SETs, which affects the landfill gas collection and control system's capacity to manage gas and prevent emissions. This can potentially lead to the uncontrolled release of toxic and nuisance gases, such as volatile organic compounds (VOCs) and hydrogen sulfide, that can impact air quality and affect nearby communities and ecosystems. In addition, increased landfill gas production and pressure can result in subsurface landfill gas migration outside of the waste management landfill.
3. **Leachate management:** SETs change the composition of the leachate and increase its production and can compromise the effectiveness of leachate collection system and liner, posing a threat to water quality.
4. **Landfill stability and safety:** A SET will consume waste and increase leachate levels within the waste management unit, resulting in rapid unpredictable settlement and an uncontrollable rise in leachate levels that can result in slope instability, potentially affecting the liner and cap systems.

Chiquita Canyon Landfill and El Sobrante Landfill SET events

The Chiquita Canyon Landfill is a 639-acre privately-owned municipal solid waste disposal facility in north Los Angeles County in Castaic, California. The surrounding area consists of industrial, agricultural, and residential properties, with the nearest residential development located approximately 1,000 feet northwest in the Val Verde community. The landfill has been an important component of Southern California's solid waste infrastructure, taking nearly one-quarter of Los Angeles County's solid waste prior to this year.

In May 2022, an uncontrolled SET significantly expanded in the inactive north-western portion of Chiquita Canyon Landfill resulting in the release of landfill gas in and around the neighboring residential communities and a substantial increase in leachate volume. Since it was discovered, the SET has generated more than 27,000 complaints to the South Coast Air Quality Management District (SCAQMD). The SET has also produced additional quantities of liquid waste (i.e., leachate) that must be removed from the reaction area. The leachate being collected from the SET contains high levels of benzene, a chemical that poses risk to public health and the environment. The SET is causing substantial impacts to the neighboring communities, with residents living as close as 1,000 feet from the SET's border.

The El Sobrante Landfill is a privately-owned facility in Riverside County. The nearest residential development is approximately 1,500 feet from the landfill. As of May 2025, the El Sobrante Landfill has produced approximately 9.7 million gallons of leachate during the 2025 calendar year. Based on samples collected, much of the leachate exceeds hazardous waste thresholds for benzene.

Requested Positions, Responsibilities, and Goals

1. With the positions detailed below, along with grants and contracts, the departments and agencies aim to address SETs and other gas migration issues at landfills by doing the following:
2. Developing and implementing effective monitoring and reporting systems to detect SETs early, allowing for prompt intervention.
3. Developing and implementing effective strategies to mitigate and remediate SETs, minimizing environmental and health impacts
4. Developing regulations that specifically address avoidance, monitoring, and mitigation requirements and uniform standards to demonstrate financial ability for corrective actions, closure, and post-closure maintenance of a landfill experiencing a SET.
5. Formulating a strategy and obtain resources to monitor for and address short- and long-term impacts to nearby communities.

CalEPA

CalEPA requests \$606,000 and 2.0 positions in 2026-27 and ongoing from distributed admin which includes \$63,000 in ongoing contract costs to coordinate the response to landfills and SET events.

Positions include:

- Career Executive Assignment (CEA) Level B
- Information Officer II (Specialist)

Contract request includes:

- \$63,000 in ongoing contracting funds to take over the maintenance and operations of the Chiquita Canyon Landfill Website.

DTSC

DTSC requests \$2.1 million and 4.0 positions in 2026-27 and ongoing to address SET events at Class III Landfills, including the Chiquita Canyon Landfill and other Class III permitted landfills to control the emerging threat to public health. This request includes \$1.1 million for contracting costs.

DTSC is responsible for ensuring that landfill operators are managing hazardous waste as required by California law. This includes properly sampling the leachate to determine if hazardous substances, such as benzene, are being generated and the potential for these hazardous substances to threaten public health and the environment. If mitigation measures are necessary, DTSC oversees the design, implementation, and monitoring of the remedies to ensure that the risk of any releases to the environment or nearby communities is minimized.

Positions include:

- 1 Supervising Hazardous Substances Engineer I
- 1 Senior Hazardous Substances Engineer
- 1 Engineering Geologist
- 1 Senior Environmental Scientist (Specialist)

Contract request includes:

- \$1 million to bring in subject matter experts to help DTSC staff better analyze, select software, model, develop appropriate mitigative measures, and monitor the SET event once mitigative measures are taken.

CalRecycle

The Department of Resources Recycling and Recovery (CalRecycle) requests a total of \$1,955,000 and 4.0 permanent positions starting in 2026-27. CalRecycle regulates and oversees the management of municipal solid waste in California, including the operation of landfills.

The resources are needed to address ongoing workload concerning oversight and cost recovery of landfills experiencing a SET event, as well as to assist local governments and landowners on mitigating illegal disposal as result of landfills experiencing early closures or reduced operations.

Positions include:

- 1 Senior Waste Management Engineer (Specialist)
- 1 Staff Services Manager
- 1 Associate Governmental Program Analyst
- 1 Environmental Scientist

The contract request includes \$250,000 to provide a statewide annual forum/conference focused on methods to prevent, investigate, enforce, and mitigate illegal dumping and disposal in California.

CalRecycle also requests \$1,000,000 for grant distribution for LEAs to assist in meeting their certification requirements to review documents or reports generated pursuant to engineering requirements associated with landfills.

SWRCB

The State Water Resources Control Board requests \$463,000 ongoing and 2.0 permanent positions to strengthen the Los Angeles Regional Water Quality Control Board's technical and operational capacity to prevent, investigate, and respond to threats from landfill SET events to water quality and public health that go beyond day-to-day landfill regulation activities.

Positions include:

- 1 Engineering Geologist
- 1 Water Resource Control Engineer/ Geotechnical Engineer

Panel

- Jamie Gonsalves, Finance Budget Analyst, Department of Finance
- Nate Williams, Principal Program Budget Analyst, Department of Finance
- Brandy Hunt, Deput Secretary Fiscal Policy and Administration, CalEPA
- Alana Mathews, Deputy Secretary Law Enforcement and Counsel, CalEPA

- Annalisa Kihara, Assistant Deputy Director, SWRCB
- Jenny Newman, Assistant Executive Officer, SWRCB
- Thanne Berg, Deputy Director, Site Mitigation and Restoration Program, DTSC
- Zoe Heller, Director, CalRecycle
- Mark de Bie, Deputy Director, Waste Permitting and Compliance Division, CalRecycle
- Frank Jimenez, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

LAO Comments

Within the LAO's recommended framework for approaching environment budget decisions publication, the LAO found that this proposal addresses critical health and safety concerns, and merits consideration of budget-year funding based on their assessment of the proposal.

- **Various: Landfill Support, Response, and Enforcement.** The budget proposes \$5.1 million ongoing from various special funds to support DTSC, the California Department of Resources Recycling and Recovery, CalEPA, and SWRCB in addressing subsurface elevated temperature (SET) events at landfills. (SET events are subsurface reactions that increase temperatures within landfills, which can potentially damage liners and gas collection systems and pose risks to the environment and nearby communities.) The funding and positions would address additional workload related to two active SET events occurring in the state; enhance overall state oversight; and update regulations to strengthen monitoring, response, and enforcement for future SET events. Ensuring regulatory agencies have sufficient capacity to manage current incidents and to prevent and address future events would improve protections for human health and the environment. Additionally, the proposal uses dedicated special funds consisting of fees charged on industry to support regulatory activities such as these.

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Can the Administration share more details about how the growing presence of lithium-ion batteries in California's landfills are an emerging challenge and are connected to SET events?
2. Why is it difficult to attribute what causes SET events?
3. With the \$1 million proposed for grants to local enforcement agencies, how many agencies do you expect to be able to award funding to annually?
4. The proposal states a formal rulemaking process will begin after consultation on the scope of the regulations that have been completed between CalRecycle, DTSC, SWRCB, and CARB. When does CalEPA expect the scoping of regulations will be completed?

5. Please describe the specific deficiencies in the current regulations related to SET events and explain how these shortcomings may have hindered monitoring, mitigation, and enforcement efforts at the Chiquita Canyon and El Sobrante landfills.

Staff Recommendation: Hold Open.

3940 State Water Resources Control Board

Issue 3: Safe and Affordable Funding for Equity and Resilience (SAFER) Drinking Water Program – Update and Impacts of New Cap-and-Invest Program

What is the Safe and Affordable Funding for Equity and Resilience (SAFER) drinking water Program?

The SAFER drinking water program is a set of tools, funding sources, and regulatory authorities designed to meet the goals of safe, accessible, and affordable drinking water for all Californians.

SB 200 (Chapter 120 of 2019, Monning) established the SAFER program and the Safe and Affordable Drinking Water (SADW) Fund. The SADW fund provides up to \$130 million annually to address funding gaps and provide solutions to water systems, especially those serving disadvantaged communities, to address both their short- and long-term drinking water needs. The fund can be used for a broad range of activities for communities and water systems, including emergency water supplies, technical assistance, actions to consolidate water systems, planning support, funding for capital construction projects, and direct operations and maintenance support.

SB 200 tasked the State Water Resources Control Board with administering the SADW Fund. The board created the SAFER program, which pairs allocations from the SADW Fund with funding from other sources—as well as regulatory actions—to help struggling water systems provide safe drinking water to their customers. The SADW fund is particularly focused on addressing drinking water needs in disadvantaged and historically disenfranchised communities, and California Native American Tribes.

Why is the SAFER Program needed?

Despite California being the first state in the nation to adopt a policy stating that clean water is a human right, prior to the launch of the SAFER program, an estimated one million Californians lacked access to safe and affordable drinking water. Many of the communities experiencing water contamination and shortages are located in the San Joaquin Valley. Additionally, low-income and Latino residents disproportionately lack access to safe and affordable drinking water.

What has the SAFER Program achieved since its establishment?

Since the 2019 launch of the SAFER Program, 900,000 more Californians have gained access to safe, affordable drinking water, reducing the number of people without access to safe drinking water from 1.6 million to 700,000. Over the same period, the State Water Resources Control Board distributed more than \$1 billion in grants to disadvantaged communities.

How did the reauthorization of Cap-and-Invest impact the Safe and Affordable Drinking Water Fund?

Senate Bill 840 not only made changes to the Cap-and-Invest program itself, but also made various modifications to the allocation of Greenhouse Gas Reduction Fund (GGRF) revenues starting in 2026-27. For example, SB 840 changed some statutory allocations from being set percentages of annual GGRF revenues to fixed dollar amounts. Senate Bill 840 also modified the order in which certain allocations are made, including setting aside \$1 billion for discretionary allocations earlier in the prioritization process.

Under the new tiering system in SB 840, the Safe and Affordable Drinking Water Program is in tier 3. This means that funding, specifically \$130 million, is available to the program after the commitments outlined in tiers 1 and 2 are fulfilled. Put another way, if funding is available after the allocations in the first two tiers are completed, then the Safe and Affordable Drinking Water Program will be funded.

This structure creates some key differences for the Safe and Affordable Drinking Water Program, compared to how it was funded under the old structure. First, under prior law, the Safe and Affordable Drinking Water Program received 5% of annual GGRF revenues, capped at \$130 million per year. Under SB 840, there is no percentage associated with how much the program receives; it is a flat amount.

Second, under prior law, if 5% of GGRF revenues amounted to less than \$130 million, the program would be backfilled by General Fund. This guaranteed that the program, irrespective of GGRF revenue volatility, would receive \$130 million.

Under SB 840, there is no General Fund backfill for the program.

Based on its auction projections and interpretation of SB 840, Department of Finance does not anticipate GGRF will have adequate revenues in 2026-27 to support the full amounts identified for the Tier 3 programs in SB 840, including the Safe and Affordable Drinking Water Program.

Instead, Department of Finance projects that the Tier 3 programs will be subject to proportional reductions in 2026-27 pursuant to the statutory methodology, receiving roughly 70 percent of the amounts specified in statute. The Safe and Affordable Drinking Water Program is projected to receive \$92 million.

The new structure will also impact the timing of when the Water Board will receive funds for the Safe and Affordable Drinking Water Program. Under the old structure, the Water Board received intermitted funding throughout the year. Under SB 840, the Water Board will not know how much funding will be available until commitments in the other two tiers are fulfilled, delaying when funding will be available. While this timing adjustment in the long-term will resolve itself, it does raise the questions on how funding for the program will be impacted in the 2026-27 fiscal year.

Panel

- E. Joaquin Esquivel, Chair, State Water Resources Control Board
- Viet-Long Nguyen, Finance Budget Analyst, Department of Finance
- Andrew Hull, Principal Program Budget Analyst, Department of Finance
- Andrew March, Assistant Program Budget Manager, Department of Finance
- Sonja Petek, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. How does the passage of SB 840 and the new structure of the Cap-and-Invest Program impact the Safe and Affordable Drinking Water Program?
2. How much is the Program projected to receive in 2026-27?
3. What is the immediate fiscal year impact on the Program? How does the tiering structure affect the timing of when the Water Board will receive GGFRF?
4. What specifically is funded by the Safe and Affordable Drinking Water Fund that cannot be funded by the revolving funds or general obligation bonds? What are some examples of where this funding was essential for a project?
5. How well is the SAFER program meeting its objectives for expanding access to safe and affordable drinking water? What are the key measures that the state uses to assess progress and success, and are these adequate and effective?
6. What are the primary challenges in bringing safe and affordable drinking water to the remaining residents who do not have it?

Staff Recommendation: Informational, no action needed.

Issue 4: Safe Drinking Water State Revolving Fund Administration Fund

The Governor's budget requests \$3.5 million in expenditure authority for fiscal year 2026-27 and ongoing from the Safe Drinking Water State Revolving Fund Administration Fund to support the personnel costs of the Drinking Water State Revolving Fund (DWSRF) program.

What is the Drinking Water State Revolving Fund?

California's Drinking Water State Revolving Fund (DWSRF) program provides grants and low-interest loans to assist public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with federal Safe Drinking Water Act requirements.

How is DWSRF Funded?

Congress appropriates funds under the Safe Drinking Water Act, and the U.S. Environmental Protection Agency distributes those funds to states as capitalization grants. Each state must provide a 20 percent match, after which the money is deposited into a state-managed revolving fund. In California, the program is administered by the California State Water Resources Control Board through its Division of Drinking Water.

The program is considered "revolving" because loan repayments—including interest—are returned to the fund and then lent out again for future projects. In accordance with federal rules, DWSRF funding is prioritized to projects that: (1) address the most serious risk to human health, (2) are necessary to ensure compliance with federal drinking water standards, and (3) assist public water systems most in need on a per household basis.

As a result, the DWSRF serves as one of the primary funding sources for improving and maintaining drinking water infrastructure in California, particularly for smaller systems that may otherwise struggle to finance necessary upgrades.

How does DWSRF improve the lives of everyday Californians?

The DWSRF provides ~7,800 public water systems in California the opportunity to utilize subsidized funding to correct infrastructure problems, to assess and protect source water, and to improve technical, managerial and financial capability. Additionally, the DWSRF benefits more than 7,400 small water systems (each serving fewer than 10,000 people) by providing funding for technical assistance in most aspects of public water systems operations and management, and by assisting with the training and certification costs for operators of small community and non-transient noncommunity water systems.

How do recent federal changes to the DWSRF impact funding in California?

Recent federal policy changes have significantly expanded and reshaped the Drinking Water State Revolving Fund. One of the most significant changes came through the Infrastructure

Investment and Jobs Act (IIJA), enacted in 2021, which provided a large supplemental infusion of funding to the program.

The Infrastructure Investment and Jobs Act appropriated \$30.7 billion over five years to DWSRF programs nationally. California received roughly \$1.9 billion for our existing State Revolving Fund (SRF) programs for drinking water and wastewater systems through the IIJA¹.

At the same time, congressional appropriations have increasingly included congressionally directed spending (earmarks) tied to water infrastructure projects. Traditionally, DWSRF appropriations are distributed to states according to a national formula, allowing states to prioritize projects through their own ranking systems. This prioritization in California is done by the Water Board.

However, earmarks allow Congress to direct portions of those funds to specific local projects before they reach the state revolving fund. In recent appropriations cycles, earmarks have accounted for a substantial share of total State Revolving Fund appropriations. As a result, a growing portion of federal drinking water funding is allocated outside of the traditional state revolving fund prioritization process, which can reduce the amount of capitalization funding available for states like California to distribute through their revolving loan programs.

How does California pay for administering the DWSRF?

Existing state and federal statutes allow the Water Board to charge a “fee-in-lieu-of-interest” payment on existing DWSRF loans for the administration of the DWSRF program. A “fee-in-lieu-of-Interest” payment is a method where a portion of a loan’s interest amount is re-classified as a “fee” and deposited in the DWSRF Administration Fund, which is separate from the DWSRF where loan principal and interest payments are deposited to originate new DWSRF loans.

For the last 25+ years the administration of the DWSRF program has been funded through 4 percent of the annual DWSRF federal grant amounts allocated to the state, commonly known as the “DWSRF 4 percent Administration Set-Aside.”

To help offset rising personnel costs and reduce dependency on DWSRF federal grants and the related DWSRF 4 percent Administration Set-Aside, the Water Board is requesting \$3.5 million in annual expenditure authority. This proposal’s solution will yield a source of long-term funding to support the Water Board’s administration of the DWSRF program and help ensure this program revolves in perpetuity per state and federal requirements.

This solution, combined with future DWSRF 4 percent Administration Set-Aside funding, will help offset rising personnel costs for the DWSRF program, including funding positions authorized three years ago under the additional DWSRF IIJA capitalization that sunsets in 2026-27, but will revolve in perpetuity. This solution also provides funding to help ensure a baseline of DWSRF administrative activities if future DWSRF federal grants are reduced.

¹ This includes funding for both the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund. This figure is from 2022.

Panel

- E. Joaquin Esquivel, Chair, State Water Resources Control Board
- Joe Karkoski, Deputy Director, State Water Resources Control Board
- Joshua Ziese, Assistant Deputy Director, State Water Resources Control Board
- Viet-Long Nguyen, Finance Budget Analyst, Department of Finance
- Andrew Hull, Principal Program Budget Analyst, Department of Finance
- Sonja Petek, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. How many DWSRF projects is the Water Board currently helping administer? How many Californians will benefit from these completed projects?
2. How does the Water Board currently pay for the administration of DWSRF loans? How does the "fee-in-lieu-of-interest" payment structure operate?
3. How long does it take, generally, to complete projects funded by the Drinking Water State Revolving Fund? Why does that timeline matter for the department in terms of administration of the loan?
4. How does congressionally directed spending impact the Water Board's ability to fund the administration of projects?

Staff Recommendation: Hold Open.

Issue 5: Permitting Impacts of Recent Supreme Court Decisions

The Governor's budget requests \$2.6 million in fiscal year 2026-27 and ongoing, and 12.0 permanent positions from the Waste Discharge Permit Fund to conduct essential water quality permitting and enforcement work due to the 2023 U.S. Supreme Court decision in *Sackett v. Environmental Protection Agency* that reduces federal jurisdiction over several waterbodies.

Background:

The Sackett Ruling, a US Supreme Court Decision from May 2023, significantly narrowed the scope of "waters of the United States" protected by the Clean Water Act to only those wetlands with a continuous surface connection to bodies that are "waters of the United States" and only waters that are "relatively permanent."

This decision has had significant impacts on the Water Boards' regulatory processes, particularly in the areas of water quality certification, National Pollutant Discharge Elimination System (NPDES) Permitting, and enforcement.

To address the full workload impacts of the Sackett Ruling, the Water Boards requested 38.0 positions (26.0 positions in 2024-25 and 12.0 positions phased in) as part of the 2024-25 Governor's Budget.

The final 2024 Budget included 26.0 positions and excluded the phased-in positions. Since then, the workload impacts have materialized as expected and the Water Boards is requesting 12.0 new positions to fully respond to the Sackett Ruling in the 2026-27 budget.

Key Impacts of the Sackett Ruling:

- **Water Quality Certification Program:** The *Sackett Ruling* has increased the workload for the Water Boards, as more activities require state-level orders for Waste Discharge Requirements (WDR) instead of federal Clean Water Act section 401 Certifications (401 Certifications). As of September 2025, the Water Boards have seen between a 20% and 48% statewide conversion from 401 Certifications to WDR with higher regionally specific spikes; meeting or exceeding the 25% conservative estimate used in the original 2024-25 Budget Change Proposal. Water boards anticipate this conversion rate could further increase in the future. There is strong incentive for dischargers to wait for federal regulations to fully codify the *Sackett Ruling* before asserting that they are not subject to Clean Water Act jurisdiction. In the face of uncertainty, dischargers may be more inclined to err on the side of applying for 401 certifications. Due to the level of uncertainty, while the Water Boards anticipate further workload increase, they continue to recommend that, at this time, a conservative 25% increase be used for resource planning purposes.
- **National Pollutant Discharge Elimination System (NPDES) Permitting:** The *Sackett Ruling* has created uncertainties in the NPDES permitting program, particularly for stormwater discharges. While the effects on the NPDES program have not fully manifested, the Water Boards anticipate an increase in the number of discharges that fall

outside the scope of federal NPDES permits due to the narrowing in scope of Waters of the United States (Waters of the U.S.), necessitating state-level Waste Discharge Requirements to provide protection for waters of the state to regulate activities alongside the NPDES stormwater permits. The expanded use of state-level WDR will require increased resources for implementation and enforcement at the Regional Water Quality Control Boards (Regional Water Boards).

- **Enforcement:** The *Sackett Ruling* has complicated the Water Boards' enforcement processes and hindered its ability to use enforcement to adequately protect waters of the state. The *Sackett Ruling* has increased the workload associated with gathering and presenting evidence regarding whether waters are under federal jurisdiction. The number of complex cases in which the Water Boards are limited to enforcing non-NPDES Waste Discharge Requirements instead of more easily enforced NPDES Permits has increased. Given the recentness of the *Sackett Ruling* relative to the pace of enforcement cases, the Water Boards anticipate the numbers of cases with *Sackett Ruling* related issues to continue to trend upwards as the regulated community continues to adapt to the new regulatory terrain.
- **Legal Uncertainty:** How the *Sackett Ruling* should be interpreted is subject to ongoing litigation. Upcoming changes in federal regulations are also expected to prompt litigation. This creates regulatory uncertainty as to how specific sites and activities should be regulated and what legal requirements are applicable.

The Water Boards are actively working to address these challenges to the extent that they can be addressed administratively, through the development of new permits under state law, increased coordination with federal agencies, and ongoing evaluation of regulatory tools and methods. The regulatory data and analysis presented in this report confirm the resources authorized in the 2024 Budget Act were both necessary and well-targeted. However, the scale and complexity of the impacts, particularly at the Regional Water Board level, underscore the need for additional resources to ensure timely permitting, effective enforcement, and consistent protection of waters of the state.

Panel

- E. Joaquin Esquivel, Chair, State Water Resources Control Board
- Phillip Crader, Deputy Director, State Water Resources Control Board
- Serena Liu, Attorney V, State Water Resources Control Board
- Yvonne West, Director, State Water Resources Control Board
- Viet-Long Nguyen, Finance Budget Analyst, Department of Finance
- Andrew Hull, Principal Program Budget Analyst, Department of Finance
- Sonja Petek, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

LAO Comments

Under the LAO's recommended framework for approaching environment budget decisions, the LAO found that this proposal addresses critical health and safety concerns, and merits consideration of budget-year funding based on their assessment of the proposal.

- ***State Water Resources Control Board (SWRCB): Responding to Changes in Clean Water Act Protections.*** The budget proposes \$2.6 million ongoing from the Waste Discharge Permit Fund, along with 12 positions, to mitigate impacts stemming from a U.S. Supreme Court decision. That decision (*Sackett v. U.S. Environmental Protection Agency*) narrowed federal Clean Water Act protections, thereby indirectly shifting regulatory responsibilities for certain bodies of water to the state under state law. The additional funding and positions would allow the board to issue and enforce permits protecting water quality and public health—including limiting the discharge of pollutants into waters of the state—without redirecting staff from other critical programs. The Legislature could consider making complementary changes to statute to make the state program more efficient.

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Did the impacts the Water Board anticipated, following the Sackett Ruling, materialize? How have those anticipated impacts differed from what has actually occurred? What are those key impacts?
2. What gaps in capacity do the requested positions fill? What are the consequences of not filling them?
3. What statutory changes were recommended in your report to the Legislature per budget bill language in the 2024 Budget Act? Why did the Water Board decide not to pursue trailer bill in Governor's budget?

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Various

Issue 6: Elimination of Vacant Positions – Department of Toxic Substances Control, State Water Resources Control Board, and Department of Pesticide Regulation

General Background on the Elimination of Vacant Positions and Control Section 4.12 of the 2025 Budget Act

The Governor's budget assumes on-going savings associated with the permanent elimination of vacant positions across all state agencies and departments. The authorization to eliminate vacant positions was included in [Control Section 4.12 of the 2025 Budget Act](#), which authorized the Department of Finance to adjust items of appropriation to achieve ongoing savings associated with the elimination of the positions. In total, [6,002.4 vacant positions were proposed for elimination](#) beginning in 2025-26, with savings totaling \$478.1 million (\$182.3 million General Fund) and \$487.1 million (\$191.3 million General Fund) in 2026-27, ongoing.

The 2025 Budget Act gave the Joint Legislative Budget Committee (JLBC) until January 1, 2026, to review and express nonconcurrency to the elimination of a subset of vacant positions. Specifically, JLBC had the authority to review and non-concur with the proposed elimination of positions authorized to implement legislation passed in 2022 and 2023 and positions at nine specified departments. The nine departments included the Office of Inspector General, Department of Fish and Wildlife, Department of Parks and Recreation, Department of Pesticide Regulation, State Water Resources Control Board, Department of Toxic Substances Control, Department of Industrial Relations, Department of Food and Agriculture, and the Department of Veteran Affairs.

In total, the JLBC was authorized to review the proposed elimination of 1,008.7 positions.

After reviewing responses from the various departments to questions posed by the JLBC, the committee identified 650.1 positions that merited additional review by the Legislature and issued a [response letter](#) on December 29, 2025, non-concurring with their elimination.

The Governor's budget continues to assume saving associated with the elimination of the 650.1 positions in fiscal year 2026-27.

The remainder of the positions, 5,352.3, were effectively eliminated on January 1, 2026.

At this hearing, the Subcommittee will review non-concurred positions at the Department of Substances Control, the State Water Resources Control Board, and the Department of Pesticide Regulation.

Non-concurred positions within the Department of Food and Agriculture, Department of Fish and Wildlife, and Department of Parks and Recreation will be heard at the Subcommittee's April 22, 2026, hearing.

Position Eliminations at Department of Toxic Substances Control (DTSC)

Of the 6002.4 positions proposed for permanent elimination, 112.1 positions are within the Department of Toxic Substances Control – accounting for savings of \$15.2 million (\$815,000 General Fund). According to Governor’s budget, DTSC has 1,369.1 authorized positions.

Department of Toxic Substances Control Control Section 4.12 Vacant Position Eliminations			
<i>Positions</i>	<i>Savings from Vacant Position Eliminations</i>		
<i>Total FTEs Proposed to be Eliminated</i>	<i>General Fund Savings (# of positions)</i>	<i>Other Fund Savings (# of positions)</i>	<i>Total Savings</i>
112.1	\$815,000 (5 positions)	\$14,431,000 (107.1 positions)	\$ 15,246,000

JLBC’s Review of Proposed Eliminations. Of the 112.1 positions, JLBC non-concurred with the elimination of 80.1 positions. Maintaining the positions would result in a loss of saving totaling \$11.3 million (\$680,000 General Fund).

The JLBC tried to identify positions that performed key functions for the department or supported important legislative priorities including activities that protect communities and the environment from toxic substances, support the restoration of contaminated land, and ensure the manufacturing of safer consumer products. In reviewing the proposed eliminations, the following criteria were used to determine which positions should be maintained:

- Responsible for criminal investigations.
- Conduct health and safety enforcement activities.
- Positions were approved as part of the 2022 reforms.
- Responsible for supporting or administering the Safer Consumer Product Program.
- Support brownfield cleanup programs.
- Administer or oversee fee collection and enforcement.
- Review permitting applications of hazardous waste facilities.
- Involved in enforcement activities that could result in generation of fine and penalty revenue.
- Perform work that is reimbursable.
- Supported by Special Funds.

In total, JLBC identified 80.1 positions that met one or more of the criteria above.

Concerns with the Elimination of Positions at DTSC. While the criteria listed above were the reasons JLBC objected to the elimination of specific positions, most of the positions identified by the JLBC fell into three categories:

- The positions were established as part of the 2022 reform efforts.

- The positions were funded through Special Funds.
- The positions performed work that is reimbursable or generate revenue through fines and penalties.

2022 Reforms at DTSC. In 2021, after years of legislative hearings and policy changes, the Legislature enacted SB 158 (Committee on Budget and Fiscal Review), Chapter 73, Statutes of 2021, which mandated several policy reforms at DTSC, stabilized funding, and created the Board of Environmental Safety. SB 158 restructured and increased the charges that support the Hazardous Waste Control Account (HWCA) and the Toxic Substances Control Account (TSCA). According to the LAO, the resulting revenues were intended to: (1) solve the longstanding structural deficits in HWCA and TSCA, (2) support a new Board of Environmental Safety, (3) support programmatic expansions that address high-priority programs and activities, and (4) build sufficient reserves in both accounts. The additional revenue was also used to establish position authority for 260 new positions in 2022-23 and addressed staffing shortages across most of the department's mission responsibilities. Under control section 4.12, the Administration has proposed eliminating 17.6 positions, or about 7% of the positions authorized to implement the reforms.

Limited General Fund Savings. The Administration's elimination of positions at DTSC primarily included positions supported by Special Funds. 106.1 of 112.1 positions are supported by sources other than the General Fund. This includes fees that were raised to support the various programmatic expansions needed to fully implement the reforms. It is unclear how these eliminations will impact the reforms in the long term, but they could hinder the department's ability to continue implementing the needed reforms and meeting its statutory obligations.

Positions Generate Revenue or Reimbursements. Many of the positions either assist the department with revenue generation through the imposition of fines and penalties or perform work that is reimbursable. JLBC identified 66.5 positions that fall within this category. The elimination of positions that bring in fiscal resources could have a compounding impact on the department's overall budget.

Position Eliminations at State Water Resources Control Board (SWRCB)

Pursuant to Control Section 4.12, the Administration proposed the elimination of 90.8 full-time equivalent positions at SWRCB. The elimination of the positions results in ongoing savings of \$16.9 million (\$5.8 million General Fund). According to the Governor's budget, SWRCB has 2,802 authorized positions.

State Water Resources Control Board			
Control Section 4.12 Vacant Position Eliminations			
<i>Positions</i>	<i>Savings from Vacant Position Eliminations</i>		
<i>Total FTEs Proposed to be Eliminated</i>	<i>General Fund Savings (# of positions)</i>	<i>Other Fund Savings (# of positions)</i>	<i>Total Savings</i>
90.8	\$5,773,000 (20 positions)	\$11,182,000 (70.8 positions)	\$ 16,955,000

JLBC's Review of Proposed Eliminations. Of the 90.8 positions proposed for elimination, JLBC non-concurred with the elimination of 43 positions. Maintaining the positions would result in a loss of saving totaling \$8.1 million (\$2.5 million General Fund).

The criteria the JLBC considered in determining which positions should be maintained included positions that were:

- Responsible for enforcement and permitting of National Pollutant Discharge Elimination Systems.
- Support permitting and compliance of water discharge requirements.
- Assist with issuing water rights permits and licenses or managing change permits.
- Support enforcement of curtailments and other drought management measures.
- Work with flood management programs.
- Help with the administration of the Sustainable Groundwater Management Act.
- Responsible for Water Quality/Bay-Delta Plans/Stormwater Quality Control Plans.
- Responsible for monitoring per- and polyfluoroalkyl substances (PFAs) and maximum contaminant levels (MCLs).
- Work on implementation of drinking water grants or support Proposition 4.

In total, JLBC identified 43 positions that met one or more of the criteria above.

Concerns with the Elimination of Positions at SWRCB. According to the LAO's review of the [Proposed Elimination of State Environmental Positions](#), the environmental positions proposed to be eliminated were authorized to serve important state functions, including functions related to preserving health and safety and enforcing state laws. At the SWRCB, positions include staff who help regulate waste discharge into waters of the state, including drinking water sources. Eliminating these positions could come with serious trade-offs.

Last year in a letter, a coalition of water and sanitation agencies pointed out that the SWRCB's waste discharge program, water rights program, water quality program, dam safety program were transitioned from the General Fund to a fee-based system during the 2003-04 fiscal year. The shift was part of a broader budget strategy to alleviate the state's General Fund expenditures by increasing reliance on fees collected from regulated entities.

Seventy-eight percent of the positions proposed for elimination are supported by funding sources other than the General Fund. Many of the industry-based fees were put in place to ensure timely review of permits and eliminating the positions supported by the revenue could impact oversight, enforcement or approval of important projects. Of the 43 positions that JLBC non-concurred with, 28 positions play a role in SWRCB's drinking water and water quality programs.

Position Eliminations at the Department of Pesticide Regulation (DPR)

The Administration has proposed eliminating a total of 19 positions at DPR as part of the Control Section 4.12 vacant position elimination savings. The elimination of the positions results in savings of \$1.7 million Special Fund. There are no General Fund savings associated with the

elimination of these positions. According to the Governor's budget, DPR has a total of 556.6 full-time equivalents.

Department of Pesticide Regulation Control Section 4.12 Vacant Position Eliminations			
<i>Positions</i>	<i>Savings from Vacant Position Eliminations</i>		
<i>Total FTEs Proposed to be Eliminated</i>	<i>General Fund Savings (# of positions)</i>	<i>Other Fund Savings (# of positions)</i>	<i>Total Savings</i>
19	\$0 (0 positions)	\$1,740,000 (19 positions)	\$1,740,000

JLBC's Review of Proposed Eliminations. Of the 19 positions proposed for elimination, JLBC non-concurred with the elimination of 15 positions. Maintaining the positions would result in a loss of saving totaling \$1.5 million Special Funds – there is no loss of General Fund savings.

To focus the JLBC's review and identify positions responsible for implementing key legislative priorities, the Committee asked the department to indicate which positions proposed for elimination were associated with the following tasks or responsibilities:

- Involved in pesticide registration.
- Responsible for pesticide regulation.
- Play a role in supporting alternative pest management solutions.
- Collect pesticide use data.
- Responsible for worker safety and pesticide exposure.
- Support the 2024-25 program expansion approved in AB 2113.
- Support programs for disadvantaged communities.
- Were approved as part of the strategic plan.

Ultimately, the JLBC non-concurred with the 15 positions that the department identified as playing a role in the program expansion approved as part of [AB 2113 \(Garcia\), Chapter 60, Statutes of 2024](#). AB 2113 increased the mill assessment to help fill DPR's structural funding deficit and provided additional support to enhance the department's core functions. In addition, the measure was designed to improve timelines for registering pest management alternatives and re-evaluating high-risk pesticides. *All 15 of the positions are funded by Special Funds and will not have an impact on General Fund spending.*

Concerns with the Elimination of Positions at DPR. Following the adoption of the 2024-25 Budget Act and AB 2113, DPR raised registration fees paid by manufacturers of pesticide products to increase funding by over \$10 million annually. A coalition of agricultural interests expressed concerns that the elimination of positions could impact DPR's ability to meet the registration timelines and reevaluation requirements. AB 2113 requires the department to

“prioritize hiring for positions within the pesticide registration branch,” and without the additional staff, the department could struggle to eliminate the registration backlog.

Panel

- Andrew March, Assistant Program Budget Manager, Department of Finance
- Sonja Petek, Principal Fiscal & Policy Analyst, Legislative Analyst’s Office

Department representatives may also be available to answer questions on department impacts of vacancy eliminations.

LAO Comments

Maintaining Positions Would Erode Savings Administration Assumed in the Governor’s Budget... The Legislature did not concur with the elimination of 650 positions from the Governor’s original proposed amount, including 349 environmental positions. As such, the Governor’s proposal is not consistent with the priorities the Legislature expressed through the JLBC letter. However, if departments were able to retain and fill these positions, the budget would not achieve the associated level of savings assumed in the Governor’s budget. Consequently, if the Legislature wishes to retain the positions as part of its final budget package, it likely will need to find a commensurate level of savings elsewhere in the budget, at least for those positions supported by the General Fund.

...However, Maintaining Special-Funded Positions Would Not Directly Affect General Fund Condition. JLBC did not concur with the elimination of 349 environmental positions. Of these, a majority—about 216—receive special fund support, while about 133 receive General Fund support. If all of these positions ultimately are eliminated—as the Governor proposes—they would generate \$19 million in General Fund savings and \$25 million in special fund savings. Depending on their balances and constraints, certain special funds can be tools to help address a budget deficit, such as by providing loans to the General Fund or taking on expenditures previously funded by the General Fund. However, in many cases, the residual positions in question supported by special funds do not have a direct impact on the General Fund and thus do not factor directly into efforts to balance the budget. Consequently, if the goal of eliminating vacant positions is to address the state’s structural imbalance, in many cases, applying this approach to special-funded positions will not help. Rather, the primary fiscal results of this action will be larger reserves of unspent monies in these funds. Moreover, often special funds administered by CNRA and CalEPA departments, CDFA, and CPUC are structured specifically to ensure fee-payers help support regulatory activities and the mitigation of their industry’s environmental impacts. As such, reducing positions and expenditures could mean that funds—at least in the near term—end up sitting unused in account balances rather than supporting the activities that fee-payers have paid the state to undertake.

Eliminating Certain Positions Could Have Undesirable Programmatic Impacts. The environmental positions proposed to be eliminated were authorized to serve important state functions, including related to preserving health and safety and enforcing state laws. This was one of the key arguments JLBC cited for opposing their permanent elimination. For example, at

the California Department of Fish and Wildlife (CDFW), positions include game wardens who provide important law enforcement and wildlife and resource protection services. Some CDFW positions also administer various permits, a key function to ensure that projects—from habitat restoration to infrastructure and housing development—can be completed with less damage to the environment. Positions proposed for elimination at the Department of Parks and Recreation include public safety officers and staff protecting environmental, cultural, and historical resources. At the State Water Resources Control Board, positions include staff who help regulate waste discharge into waters of the state, including drinking water sources. Eliminating these positions consequently would come with serious trade-offs.

Positions May Address Important Needs Despite Being Vacant. The administration targeted vacant positions to achieve budgetary savings. Eliminating a vacant position may appear to have less of an impact on a department than eliminating a filled position. However, positions can be vacant for a number of reasons. For example, in the case of recently enacted legislation, departments likely had not yet had time to hire staff and still were in the initial process of filling the newly established positions when the Department of Finance determined that the positions would instead be eliminated. Additionally, positions can be vacant due to recruitment challenges, labor market constraints, or operational or practical considerations (for example, a department may still be filling a position after a recent employee departure), rather than as an indication of reduced program workload. While such challenges can lead to delays in filling positions, they do not mean these roles will not eventually be filled, nor that the responsibilities such staff perform are not important. While eliminating vacancies could appear to be an easy way to achieve ongoing budgetary savings, in some cases doing so could undermine environmental departments' long-term capacity and ability to achieve the goals and tasks laid out for them in state law.

LAO Recommendations

Maintain Special-Funded Environmental Positions Identified by JLBC. We recommend the Legislature reject the elimination of 216 environmental positions supported by special funds that JLBC identified in its nonconcurrency letter to the administration. The costs associated with these positions—totaling \$25 million—would begin to accrue as positions are filled. We find several compelling reasons for maintaining these positions. As described above, these positions serve important purposes and eliminating them could have negative programmatic impacts. Many of these positions may be vacant because they are hard to fill or for point-in-time circumstances, and not because they lack importance. Moreover, the fees used to pay for many of these positions were designed specifically to support the regulation and mitigation of industry's environmental impacts. Through JLBC, the Legislature already expressed its preference for maintaining these positions and doing so would not have an impact on the General Fund condition.

Weigh Importance of General-Funded Environmental Positions Against Other Budget Priorities. For the 133 General-Funded environmental positions identified by JLBC in its nonconcurrency letter, we recommend the Legislature consider the relative merits within the context of its overall budget architecture. Although many of the same arguments apply about the programmatic importance of these positions, maintaining them will have an impact on the

General Fund condition (about \$19 million) and could require the Legislature to identify other budgetary reductions to accommodate their support. If the Legislature were to maintain these positions, costs would not accrue until the positions are filled. Consequently, the total 2026-27 cost likely would be less than \$19 million.

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Can the Administration share what criteria were used to decide which positions were proposed for elimination?
2. How does the permanent elimination of vacant positions supported by special funds address the state's General Fund structural deficit?
3. What is the benefit of eliminating vacant positions instead of implementing a temporary hiring freeze?
4. With the Trump administration pursuing an aggressive deregulation agenda and laying off workers at federal agencies, could hiring new staff, including former federal employees, to fill these vacant positions, help address the dwindling environmental enforcement by the federal government?
5. For eliminated positions that achieve special fund savings, which special funds can be used to provide loans to the General Fund? Are there any special funds that cannot be used to provide temporary loans?

Staff Recommendation: Hold Open.

Issue 7: SB 54 Implementation Update

Packaging makes up over 50% of what we dump in California landfills by volume². Each year we see nearly 12 million metric tons of plastic enter our ocean globally - a dump truck of plastic pollution every 45 seconds³. Not only does plastic impact our ocean and marine life, it poses serious threats to human health, both from its production and its end life.

Background on SB 54:

In 2022, the Legislature passed SB 54 (Allen) to address the impacts of single-use packaging and plastic food service ware. This landmark packaging law requires that by 2032, California will:

- Cut single-use plastic packaging and food ware by 25%
- Recycle 65% of single-use packaging and food ware
- And ensure 100% of single-use packaging and plastic food ware is recycled or compostable

SB 54 establishes a new extended producer responsibility (EPR) program to manage covered material, which encompasses single-use packaging and single-use plastic food service ware products across every sector of the economy.

This means the law shifts the plastic pollution burden from consumers and ratepayers to producers. Producers will ensure that the covered material sold, offered for sale, distributed, or imported into California is recyclable or compostable.

EPR gives primary responsibility for managing products after their useful life to producers, who can design and market products to be more easily reused or recycled. EPR is intended to encourage product design changes to: (1) ensure products are easily reused or recycled; and (2) minimize negative impacts on public health and the environment at every stage of the product's life cycle.

Since the passage of SB 54, a number of steps to implement the bill have taken place, including selection of an Advisory Board for implementation within CalRecycle, selection of a Producer Responsibility Organization (PRO), finalization of covered material categories, and completion of the first Needs Assessment. CalRecycle was also tasked with drafting regulations for SB 54 implementation.

² California Department of Resources Recycling and Recovery. (n.d.). Packaging extended producer responsibility (EPR). CalRecycle. <https://calrecycle.ca.gov/packaging/packaging-epr/>

³ Monterey Bay Aquarium. (n.d.). The challenge of plastic pollution. Monterey Bay Aquarium. <https://www.montereybayaquarium.org/act-for-the-ocean/plastic-pollution/the-challenge>

Update on SB 54 Regulations:

Last March, the first set of proposed regulations were due to the Office of Administrative Law. The Governor did not submit the regulations for SB 54 by the deadline, delaying implementation and directing CalRecycle to restart the rulemaking process.

CalRecycle began its second rulemaking process in summer 2025 and submitted revised regulations to the Office of Administrative Law in November 2025.

Between January 29, 2026, and February 13, 2026, the Department held a 15-day comment period on the proposed revised regulations. CalRecycle is currently reviewing comments and plans to finalize the rulemaking as soon as possible. According to the department, the delayed rulemaking timeline will not impact the program's statutorily mandated obligations or timelines.

SB 54 and Affordability:

California ratepayer costs for curbside waste collection are increasing substantially. California communities spend an estimated \$428 million annually to clean up and control plastic pollution, in addition to the costs associated with the health impacts of plastic pollution.⁴

As mentioned, SB 54 shifts the financial burden of managing packaging and food ware waste from residents and taxpayers to producers. Therefore, implementation of SB 54 is vital for tamping down the long-term costs of disposing and managing plastic in California.

Panel

- Zoe Heller, Director, CalRecycle
- Mindy McIntyre, Chief Deputy Director, CalRecycle
- Frank Jimenez, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. What are the imminent deadlines in 2026 and 2027? Given the year delay in the regulations, do you remain confident in the ability to stay on track?
2. Please respond to the concerns raised by legislators regarding the nearly finalized regulations – namely: (a) the unauthorized categorical exclusion of food and agricultural packaging, (b) the treatment of chemical recycling vis-a-vis management of hazardous waste, rather than the state's standard of avoiding generation of hazardous waste, and (c) the exemption of over-the-counter medication packaging.

⁴ California Ocean Protection Council, "Plastic Pollution," last modified March 2, 2026, <https://opc.ca.gov/water-quality/plastics/>.

3. Under the categorical exclusion process, if the final regulations continue to allow it, will producers (or the PRO) pay for the cost of CalRecycle's review and evaluation of exclusion claims, or will taxpayers be on the hook for that work? If CalRecycle determines that an exclusion is not merited, is the producer required to pay fees retroactively to the PRO or to pay for CalRecycle's effort?
4. The Standardized Regulatory Impact Assessments (SRIA) indicates that SB 54 implementation will save Californians \$32 billion. Does the SRIA make any effort to assign incidence of producers' cost and savings associated with compliance?
5. Do you continue to see this law as critical to reducing plastic pollution and single use packaging waste? What's the vision for 2032 if SB 54 is implemented as the Legislature and Governor enacted it?

Staff Recommendation: Hold Open.

3960 Department of Toxic Substances Control (DTSC)

Issue 8: Generation and Handling Fee Update (including Trailer Bill proposal)

The Governor's budget includes trailer bill language that makes technical and clarifying amendments to SB 156 (Chapter 72, Statutes of 2024) to correct dates, departments' names, and wording for clarity and consistency in Health and Safety Code and Revenue and Taxation Code. These amendments would:

- Add, delete, or correct erroneous or missing statutory references, grammatical errors, or fee references.
- Eliminate duplicative or unnecessary language.
- Clarify application of penalties for each generation and handling fee violation.
- Add necessary language to 43201.01 to clarify that while the burden of proof is upon California Department of Tax and Fee Administration (CDTFA), it is not the higher "clear and convincing" standard applicable to fraud.
- Necessary changes to include new violations added to 43201.01 by SB 156 because, similar to a case of tax evasion, CDTFA would need more time to discover and investigate unpaid fees or feepayer misconduct.

Generation and Handling Fee

The Hazardous Waste Control Account primarily supports activities DTSC conducts related to regulating the generation, storage, transportation, and disposal of hazardous waste through permitting, compliance monitoring, and enforcement of noncompliance. In 2021, the Legislature enacted SB 158 (Committee on Budget and Fiscal Review, Chapter 73, Statutes of 2021) which mandated several policy reforms to DTSC, stabilized funding, and created the Board of Environmental Safety.

SB 158 established a sustainable fee framework by consolidating four fees into a single flat per-ton rate. SB 158 also established the Board of Environmental Safety to annually set rates. At the time of SB 158's enactment, the newly created generation and handling fee was estimated to generate \$81 million. Actual generation and handling fee revenues in 2022-23 were \$43 million, with revenues in 2023-24 at approximately \$48 million.

In order to address shortfall between estimated and actual revenue, the 2024-25 budget included trailer bill language in SB 156 (Chapter 72, Statutes of 2024) and a Budget Change Proposal to address the structural deficit in the Hazardous Waste Control Account. The proposed statutory changes included the following:

- Clarifying fee exemptions to be consistently applied and aligned with intent of SB 158.
- Defining "release" to be consistent with site mitigation language.
- Mandating DTSC to adopt regulations on an exemption review process and reporting requirements.
- Providing DTSC emergency rulemaking authority on fees administration.

- Replacing California Department of Tax and Fee Administration (CDTFA) penalties with escalating penalties based on delinquency period.
- Providing technical code cleanup.

The 2024-25 budget also included \$750,000 one-time, and \$500,000 ongoing from the Hazardous Waste Control Account to increase CDTFA audit activity and implement escalated penalty framework; and develop exemption review and reporting oversight processes, and build out DTSC and CDTFA oversight activities.

In the current year budget (2025-26), the Legislature appropriated \$837,000 from the Hazardous Waste Control Account ongoing, and \$1,719,000 Toxic Substances Control Account (TSCA) in 2025-26, and \$1,619,000 in 2026-27 and annually thereafter and 9.0 permanent positions to support implementation of the exemption review and reporting penalty assessment processes required by newly adopted regulations, as authorized by Chapter 73, Statutes of 2024 (SB 156).

Panel

- Jamie Gonzalves, Finance Budget Analyst, Department of Finance
- Nate Williams, Principal Program Budget Analyst, Department of Finance
- Brian Brown, Chief Financial Officer, Department of Toxic Substances Control
- Frank Jimenez, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Can the department provide an update on the status of hiring positions that were approved in the current year budget?
2. How much fee revenue was collected in 2024-25?
3. What are the impacts the department is seeing based on the changes in SB 156? Is the desired effect occurring?
4. How has the elimination of vacant positions impacted the fund health of the Hazardous Waste Control Account?
 - a. On the other hand, how did eliminated positions assist the department with revenue generation through the imposition of fines?
5. If the Legislature were to approve future exemptions from the Generation and Handling fee, what would the department need to do to right size expenditures to match revenues?

Staff Recommendation: Hold Open.

Issue 9: Exide: Continued Funding for Residential Cleanup

The Governor's budget requests \$70 million (\$20 million Lead-Acid Battery Cleanup Fund (LABCF) and \$50 million to be loaned from General Fund to the Toxic Substances Control Account (TSCA)) in 2026-27 and \$70 million (\$20 million LABCF and \$50 million to be loaned from General Fund to the TSCA) in 2027-28 to clean up an additional estimated 1,000 residential properties surrounding the former Exide Technologies facility in Vernon, California, with a representative lead concentration level above 80 parts per million.

Background:

The former Exide facility is located about five miles southeast of downtown Los Angeles in the City of Vernon. It occupies 15 acres in a heavy industrial region with surrounding residential areas less than a mile away to the north, south, and east. The facility recycled lead-bearing scrap materials obtained from spent lead-acid batteries to produce marketable lead ingots.

The battery recycling process required authorization from DTSC under Hazardous Waste Management laws. In 2002, DTSC issued a Corrective Action Consent Order that required Exide to investigate and clean up releases from the facility's operations. In early 2014, DTSC sampled 39 homes in the two nearest residential neighborhoods and found elevated levels of lead in the top six inches of soils at all of them.

In March 2015, DTSC ordered Exide to withdraw its permit, permanently cease operations, and close the facility in accordance with a DTSC-approved closure plan. Currently, the former Exide facility is undergoing facility closure activities. On-site and off-site corrective actions (including residential cleanups) are also ongoing.

Since 2015, DTSC has been working to identify and remove lead contamination from about 10,160 properties surrounding a former lead battery recycling facility that Exide Technologies (Exide) operated in Southern California. Approximately 100,000 people live in the area surrounding the facility and are thus at risk of lead exposure, which can cause significant health problems for vulnerable populations such as children.

As of December 2025, DTSC has overseen the cleanup of over 6,005 properties with the highest lead concentrations and greatest exposure risk. DTSC anticipates an additional 3,103 residential properties remaining to be cleaned with a representative lead concentration level above 80 parts per million.

This proposal will allow DTSC to clean up an additional estimated 1,000 properties, leaving 2,103 properties remaining.

Panel

- Jamie Gonzalves, Finance Budget Analyst, Department of Finance
- Nate Williams, Principal Program Budget Analyst, Department of Finance

- Thanne Berg, Deputy Director, Site Mitigation and Restoration Program, Department of Toxic Substances Control
- Frank Jimenez, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

LAO Comments

Within the LAO's recommended framework for approaching environment budget decisions publication, the LAO used this proposal as an example where the Legislature could modify the proposal by using an alternative funding source.

Explore Options for Alternative Funding Sources. The Legislature could consider supporting some of the Governor's proposals using funding sources other than the General Fund. Shifting fund sources could allow the Legislature to advance at least some of its intended objectives while limiting additional pressure on the General Fund. Pursuing this approach, however, would involve a number of trade-offs. For example, funding activities through new or higher fees would shift costs to the individuals or entities paying those fees. In addition, replacing General Fund support with fee-supported special funds could reduce flexibility and introduce specific statutory or programmatic conditions, potentially requiring changes to the scope or mix of which proposed activities could be implemented. Moreover, alternative funding sources may not be available at the same level as the Governor proposes and their use could require redirecting resources from other activities and priorities.

- **DTSC: Exide Residential Cleanup.** The budget proposes \$70 million in both 2026-27 and 2027-28—\$20 million from the Lead-Acid Battery Cleanup Fund and \$50 million from the General Fund as a loan to the Toxic Substances Control Account (TSCA)—to support DTSC in cleaning up additional residential properties impacted by lead-contaminated soil linked to the former Exide facility in the City of Vernon. The proposed funding would support the cleanup of approximately 1,000 properties (about 500 per year), though DTSC estimates that about 2,100 properties still would require remediation thereafter. Given the ongoing public health risks posed by lead-contaminated soil to residents in the surrounding communities, the state has a strong interest in advancing cleanup efforts. However, the Legislature could consider shifting a portion of activities from the proposed General Fund loan to the environmental fee (a tiered charge on statewide businesses with 100 or more employees) that supports TSCA. (We note that this change would not limit DTSC's current efforts to pursue potentially responsible parties for cost recovery—the primary mechanism that would, if successful, help reimburse General Fund loans and special fund expenditures for Exide residential cleanup.) While such a shift would reduce pressure on the General Fund, it would require the Board of Environmental Safety to raise the environmental fee, with the magnitude of the increase depending on the amount of costs that are shifted. (The Legislature also could free up General Fund resources by providing a smaller loan relative to the Governor. However, a key trade-off of downscaling this proposal would be fewer residential properties being remediated and prolonging pollution burden impacts for affected households).

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Can the Department share more about the status of Exide's Superfund designation? How could this designation assist with future costs for remediation? Can it assist with cost recovery of what the State has already spent on cleanup?
2. Can the Department respond to the LAO's option to explore alternative funding sources for this proposal?
3. What is the estimated future cost to clean the remaining 2,103 properties?
4. To date, how much funding has the department recovered from litigation against former operators and owners of the Exide facility and transporters that sent hazardous waste to the facility?

Staff Recommendation: Hold Open.

3930 Department of Pesticide Regulation

Issue 10: Department of Pesticide Regulation Environmental Justice Advisory Committee – Implementation Update (AB 652, 2023)

The Department of Pesticide Regulation (DPR) will provide an update on the implementation of AB 652 (Lee, Chapter 662, Statutes of 2023), which established an Environmental Justice Advisory Committee (EJAC) within the department to integrate environmental justice considerations into its programs, policies, decision making, and activities.

Background:

AB 652 required DPR to, by January 1, 2026, convene a Department of Pesticide Regulation Environmental Justice Advisory Committee (EJAC). The EJAC is required to be composed of up to 11 members, and hold, at a minimum, two public meetings annually, of which at least one per year must be held in a community with high pesticide use.

Environmental justice: Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. This goal will be achieved when everyone enjoys the same degree of protection from environmental and health hazards, and equal access to the decision-making process to have a healthy environment in which to live, learn, and work.

Meaningful involvement, as related to environmental justice, means that, "People have an opportunity to participate in decisions about activities that may affect their environment and/or health; the public's contribution can influence the regulatory agency's decision; community concerns will be considered in the decision making process; and, decision makers will seek out and facilitate the involvement of those potentially affected."

Disproportionate burden of pesticide exposure: According to the 2022 BMC Public Health article, "Pesticides and environmental injustice in the USA: root causes, current regulatory reinforcement and a path forward," "Many environmental pollutants are known to have disproportionate effects on Black, Indigenous, and People of Color (BIPOC), as well as on communities of low-income and wealth. The reasons for these disproportionate effects are complex and involve hundreds of years of systematic oppression kept in place through structural racism and classism in the United States... Disparities in exposures and harms from pesticides are widespread, impacting BIPOC and low-income communities in both rural and urban settings and occurring throughout the entire lifecycle of the pesticide from production to end-use... This is not simply a pesticides issue, but a broader public health and civil rights issue."

The BMC Public Health article describes a 2015 study by CalEPA researchers that found that environmental health hazards disproportionately burden communities of color in California, and that pesticide use was the pollution burden that showed the greatest racial, ethnic, and income disparities in the state – disproportionately imposing more of a hazard than multiple air pollutants and other toxic releases. The authors of the study found that more than 95% of all pesticide use

in the state occurs in the 60% of California zip codes that have the highest proportion of residents of color. It should be noted that the authors of the study found that no pollution indicators disproportionately burdened people in high percentage white or wealthy zip codes.

The BMC Public Health article cites other studies illustrating disproportionate pesticide exposure burden in California. For example, one study found that over half of the glyphosate used in California was applied in the state's eight most impoverished counties, where 53% of residents identified as Hispanic or Latinx compared to the state average of 38%. Another study found that in 2019, more than eight million pounds of pesticides linked to childhood cancers were used in the eleven California counties that had a majority Latinx population (>50%), resulting in 4.2 pounds of these pesticides used per person. This contrasts sharply with the 770,000 pounds of these same pesticides used in the 25 California counties with the fewest Latinx residents (<24%), resulting in 0.35 pounds of these pesticides used per person. Both groups of counties in that study have comparable land area and population sizes.

In addition to agricultural applications of pesticides, where residents can be exposed both at their workplaces and in their homes, BIPOC and people living in low-income communities are disproportionately impacted by pesticides in other ways. For one, it is well-established that the manufacturing, storage, and waste of chemicals such as pesticides affect BIPOC and impoverished communities more than the general population. The BMC Public Health article reports that California and many Southern states harbor the highest number of pesticide manufacturing facilities in predominantly BIPOC neighborhoods, averaging a 63% BIPOC population within one mile of a facility compared to a 40% and 38% national and relevant state average, respectively. Additionally, low income communities tend to have housing structures that are deteriorating due to lack of resources and investment. This issue, coupled with often crowded living conditions in public or low-income housing, often leads to the heavy use of pesticides as a short-term fix for chronic pest problems in low income areas.

The BMC Public Health article concludes that altogether, the available literature and data suggest that BIPOC and people living in poverty are generally exposed to higher levels of pesticides than the total population at large.

Funding for Implementation of AB 652:

Funding for the implementation of AB 652 was included in the 2024-25 May Revision and approved as part of the final budget agreement. This included \$580,000 ongoing from the Department of Pesticide Regulation Fund for 2.0 permanent positions and contracting.

Because this was a part of a consolidated Budget Change Proposal that included funding requests to implement multiple statutory requirements, the Administration did not provide additional details in the Budget Change Proposal about outcomes and accountability for implementing the statutory requirements within AB 652.

Current Implementation Updates:

According to DPR's website, "By January 1, 2026, in accordance with AB 652, DPR will establish and convene an Environmental Justice Advisory Committee (EJAC). The EJAC will provide recommendations to DPR on ways to integrate environmental justice considerations into DPR programs, policies, decision making, and activities, and advice the department on how DPR can improve its engagement with communities with the most significant exposure to pesticides. DPR will continue to provide updates on the status of the EJAC."

According to the draft charter of the EJAC developed by DPR, "The department is required to convene the EJAC by January 1, 2026. Funding for the EJAC was appropriated in the 2024-2025 budget and includes funding for DPR staff to support two annual meetings for the EJAC, per diem funds, and funding to support facilitation, translation/interpretation, or other contracting needs."

On December 10, 2025, DPR hosted the inaugural meeting of the EJAC.

Panel

- Celia Pazos, Deputy Director for Environmental Justice and Equity, Department of Pesticide Regulation
- Frank Jimenez, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. AB 652 required DPR to hold a minimum of two meetings of the EJAC each year; however, according to DPR's drafted charter, it appears that DPR will hold no more than two meetings a year. Why is that?
2. What are the roles and responsibilities of the two full-time staff supporting the EJAC? Can you explain why two full-time staff (one Senior Environmental Scientist, one Associate Government Program Analyst) are only able to facilitate two EJAC meetings per year? Are they able to coordinate more than two meetings per year so the EJAC can be more productive and include meaningful engagement with additional impacted communities?
3. Can DPR provide more detail on its contracts related to the EJAC? How does holding two meetings per year amount to an annual cost of \$220,000? Comparing the costs of DPR's EJAC to that of similar committees at other CalEPA entities, DPR's costs appear significantly higher. Why is that?
4. How will DPR's Deputy Director for Environmental Justice and Equity be involved with the EJAC?

5. Will the Department commit to holding more than two meetings of the DPR EJAC per year, ideally with more than one meeting per year held in impacted communities?

Staff Recommendation: Informational, no action needed.

Non-Presentation Items

0555 California Environmental Protection Agency

Issue 11: CalEPA Consolidated Administration

The Governor's budget requests 14.0 permanent positions and reimbursement authority in the amount of \$2,595,000 from the Motor Vehicle Account (MVA) in 2026-27 and ongoing to consolidate administrative activities to support an efficient and effective government and comply with Public Resources Code (PRC) Sections 71121 through 71126. CalEPA's BDOs request an increase to their expenditure authority in the amount of \$2,595,000 proportionally split across various funds.

Staff Recommendation: Hold Open.

Issue 12: California Environmental Reporting System Project

The Governor's budget requests \$6,815,000 in spending authority from the Unified Program Account in 2026-27 to implement a technology refresh project on the California Environmental Reporting System (CERS) known as CERS NextGen. CERS Nextgen is an ongoing information technology project. This request includes continued funding for the 5.0 permanent positions approved in the 2022 Budget Act. The project will update the technical platform, improve data quality and the processes supporting data quality, and modernize a critical public-facing system that enables more than 160,000 businesses and 104 local regulators to meet their legal reporting obligations.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 13: Agency Information Technology Operations

The Governor's budget requests \$2,827,000 and 4.0 permanent positions to enhance Information Technology (IT) service delivery and strengthen CalEPA's operational capabilities. This request includes \$2,502,000 in reimbursement authority for 3.0 positions supporting audio-visual communication services and IT project oversight services, and \$325,000 from distributed administration of various funds for an additional 1.0 position needed for managing operations.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 14: Rural Certified Unified Program Agency (AB 993)

The Governor's budget requests \$720,000 ongoing resources from the Rural CUPA Reimbursement Account established in the General Fund to implement Assembly Bill 993 (Chapter 176, Statutes of 2025).

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3940 State Water Resources Control Board**Issue 15: Site Cleanup Subaccount**

The Governor's budget requests \$6 million ongoing from the Site Cleanup Subaccount to reimburse costs associated with the investigation, mitigation, and remediation of surface or groundwater contamination at sites where there are no financially viable responsible parties. The requested increase is an augmentation to the existing program funding of \$34 million annually, providing for a total of \$40 million, and implements the Water Board's increased allocation of petroleum storage fees for Site Cleanup Subaccount projects.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 16: School Lead Reporting (AB 1096)

The Governor's budget requests \$500,000 in fiscal year 2026-27 from the Safe Drinking Water Account for one-time contract funding to upgrade existing information systems to streamline the collection, compilation, and posting of data on lead sampling in elementary schools and childcare facilities to the State Water Board's website as required by Chapter 290, Statutes of 2025 (AB 1096).

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 17: California Environmental Regulatory Data Security Initiative

The Governor's budget requests \$1 million one-time in contract funding from the Environmental Laboratory Improvement Fund in fiscal year 2026-27 to assist in completing the project approval process for a secure, modern database to safeguard existing data, maintain uninterrupted accreditation services, and protect the integrity of California's Environmental Laboratory Accreditation Program regulatory infrastructure. The \$1 million in contract resources will address the Environmental Laboratory Accreditation Program's outdated database, which has experienced multiple system outages and data loss incidents. The proposal aligns with and advances stages 3 and 4 of the California Department of Technology's Project Approval Lifecycle.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 18: San Diego County Water Recycling Oversight

The Governor's budget requests \$785,000 Safe Drinking Water Account ongoing and 3.0 permanent positions to oversee and regulate water recycling projects in San Diego County following the county's termination of its oversight delegation agreement.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 19: Recycled Water Program Needs (SB 31)

The Governor's budget requests \$1.0 million in fiscal year 2026-27 and ongoing, and 4.0 permanent positions from the Waste Discharge Permit Fund and the Safe Drinking Water Account to permit and oversee the new types of water recycling uses authorized by Chapter 736, Statutes of 2025 (SB 31). The State Water Board also requests \$500,000 annually between 2026-27 and 2028-29 from the Waste Discharge Permit Fund to fund 2.0 limited-term positions for developing necessary updates to water recycling regulations.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 20: Border Water Quality Protection Unit

The Governor's budget requests \$1 million Waste Discharge Permit Fund ongoing and 4.0 permanent positions to establish a Border Water Quality Protection Unit at the San Diego Regional Water Quality Control Board to address cross-border pollution from Mexico and support the protection of human health, water quality, and beneficial uses associated with the Tijuana River and Estuary, and near-shore Pacific Ocean.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3960 Department of Toxic Substances Control**Issue 21: Hazardous Waste Management Program Statewide Planning Division**

The Governor's budget requests 8.0 permanent positions and \$1.9 million Hazardous Waste Control Account (HWCA) in 2026-27 and 13.0 permanent positions and \$2.8 million HWCA in 2027-28 and ongoing to restructure the Office of Policy as the Statewide Planning Division within the Hazardous Waste Management Program. These resources will be responsible for evaluating and pursuing improvements to generator reporting and hazardous waste management requirements.

Staff Recommendation: Hold Open.

Issue 22: Implementation and Enforcement of Product Bans (AB 347, AB 2515, SB 1266)

The Governor's budget requests \$3.1 million (\$582,000 from the Toxic Substances Control Account (TSCA), \$1.8 million from the PFAS Enforcement Fund (PEF), and \$728,000 from the T.A.M.P.O.N Act Fund (TAF)) and 9.0 permanent positions in 2026-27 and \$2.5 million (\$458,000 TSCA, \$1.4 million PEF, and \$573,000 TAF) in 2027-28 and ongoing in order for the Safer Consumer Products (SCP) Program to comply with mandates established by Chapter 932, Statutes of 2024 (AB 347), Chapter 1008, Statutes of 2024 (AB 2515), and Chapter 790, Statutes of 2024 (SB 1266). The enforcement will include the development of new regulations, product testing, and compliance and enforcement activities. DTSC is also requesting loans in the amount of \$1.8 million from TSCA to PEF and \$728,000 from TSCA to TAF in 2026-27, \$1.4 million from TSCA to PEF and \$573,000 from TSCA to TAF in 2027-28 for the initial implementation of the new PEF and TAF funds identified in AB 347 and AB 2515 until the registration fees and penalties generate sufficient revenues to sustain the funds and repay the loans.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 23: Cost Recovery Enforcement Staff

The Governor's budget requests 6.0 permanent positions and \$1.1 million (\$990,000 Toxic Substances Control Account (TSCA) and \$110,000 from the Lead Acid Battery Cleanup Fund (LABCF)) in 2026-27 and 2027-28, and \$959,000 (\$863,000 TSCA and \$96,000 LABCF) in 2028-29 and ongoing to perform cost recovery enforcement work and to do Potentially Responsible Party (PRP) and real property title searches to locate entities responsible for historical hazardous substance releases throughout California.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 24: Lab Equipment for Analytical Testing

The Governor's budget requests \$2.0 million (\$1.0 million Hazardous Waste Control Account (HWCA) and \$1.0 million Toxic Substances Control Account (TSCA)) in 2026-27 and ongoing to replace obsolete or broken instruments and related equipment used for sample preparation and chemical analysis. DTSC's Environmental Chemistry Laboratory (ECL) uses analytical instruments and related equipment for testing regulated chemicals in soil, water, e-waste, metal shredder waste, consumer products, blood, serum, and other materials to support compliance and criminal enforcement of California hazardous waste laws and Green Chemistry Law. The request is necessary to provide consistent funding to maintain DTSC's equipment to produce legally defensible data and support DTSC's enforcement power.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 25: Lead-Acid Battery Recycling Facility Investigation and Cleanup (LABRIC) – Berg Metals

The Governor's budget requests \$3.5 million Lead-Acid Battery Cleanup Fund (LABCF) in 2026-27 and \$2.5 million LABCF in 2027-28 to conduct investigations of approximately 330 residential properties and other sensitive properties (residential properties, schools, daycare centers, and recreational properties) within the Berg Metals Reasonable Certainty Designation (RCD) Area in Los Angeles. This request also includes the purchase of the necessary equipment to build capability and capacity within DTSC's laboratories to investigate and confirm the sources of metals contamination for lead-acid battery recycling facilities to support potential enforcement actions against responsible parties.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3970 Department of Resources and Recycling (CalRecycle)

Issue 26: Minimum Standards for Compostable Materials (SB 279)

The Governor's budget requests 2.0 permanent positions and \$327,000 Integrated Waste Management Account (IWMA) in 2026-27 and ongoing to perform lead duties associated with the implementation of Chapter 651, Statutes of 2025 (AB 279) and regulatory development of the Compostable Material Handling Facilities & Operations and technical assistance for Local Enforcement Agencies (LEAs).

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 27: New Dealer Registration and Dealer Cooperative Staffing Needs

The Governor's budget requests 7.0 permanent positions and \$1,002,000 from the California Beverage Container Recycling Fund in Fiscal Year 2026-27 and ongoing, to perform compliance and enforcement tasks associated with the Beverage Container Recycling and Litter Reduction Program new dealer requirements and dealer cooperatives authorized under Chapter 610, Statutes of 2022 (SB 1013).

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 28: Short-Lived Climate Pollutants (AB 1046)

The Governor's budget requests 1.0 permanent position and \$188,000 in 2026-07 and ongoing from the Integrated Waste Management Fund (IWMA) to implement Chapter 719, Statutes of 2025 (AB 1046), requiring CalRecycle to complete the full Administrative Procedure Act (APA) process for regulations on statewide mandatory organic waste collection, pursuant to Chapter 395, Statutes 2016 (SB 1383). AB 1046 provides agricultural crop preparation services with a waiver option for SB 1383 regulatory requirements for edible food recovery.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 29: Large Volume Transfer Processor Facility Based Material Characterization Study

The Governor's budget requests one-time resources of \$500,000 (\$200,000 Integrated Waste Management Account and a \$300,000 loan from the California Beverage Container Recycling Fund to the California Circular Economy Fund) to fund a statewide large volume transfer processor facility-based material characterization study (Study) as well as a contracted Reclaimer study to characterize the reclaimers' entities that receive material from California large volume transfer processors. The Study is necessary to fill the requirements of Chapter 507, Statutes of 2021 (SB 343). Additionally, some or all the costs associated with the contracted Reclaimer study may be eligible for reimbursement by the SB 54 (Allen, Chapter 75, Statutes 2022) Producer Responsibility Organization.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 30: Statewide Disposal Facility-Based Material Characterization Study

The Governor's budget requests one-time funding of \$1,000,000 (\$700,000 loan from the California Beverage Container Recycling Fund to the California Circular Economy Fund and \$300,000 from the Integrated Waste Management Account) in 2026-27 for a statewide disposal facility-based materials and waste characterization study. This study will satisfy the statutory requirement to: (1) perform a materials and waste characterization study of covered material under Chapter 75, Statutes 2022 (SB 54), (2) provide estimates of statewide waste amounts to track progress towards Chapter 395, Statutes of 2016 (SB 1383) targets, and (3) measure and track materials disposed of in California landfills.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 31: Large Volume Transfer Processor Facility Based Material Characterization Study

The Governor's budget requests one-time resources of \$500,000 (\$200,000 Integrated Waste Management Account and a \$300,000 loan from the California Beverage Container Recycling Fund (CBCRF) to the California Circular Economy Fund (CCEF)) to fund a statewide large volume transfer processor facility-based material characterization study as well as a contracted Reclaimer study to characterize the reclaimers' entities that receive material from California large volume transfer processors. The study is necessary to fill the requirements of Chapter 507, Statutes of 2021 (SB 343). Additionally, some or all the costs associated with the contracted Reclaimer study may be eligible for reimbursement by the SB 54 (Allen, Chapter 75, Statutes 2022) Producer Responsibility Organization.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3930 Department of Pesticide Regulation**Issue 32: SprayDays California – Maintenance, Operations, and Outreach**

The Governor's budget requests two (2) permanent positions and \$809,000 DPR Fund ongoing for the operations, maintenance, and continued outreach for SprayDays California, a first-of-its-kind, public-facing pesticide application notification system. SprayDays provides timely public access to information on scheduled California restricted material pesticide applications statewide.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 33: Fumigant Exposure Mitigation

The Governor's budget requests \$394,000 (DPR Fund) ongoing and 1.0 Research Scientist III (RS III) position and 1.0 Environmental Scientist position to lead and expand department work for modeling, data tracking, analysis, mitigation, and regulatory development related to fumigants, including 1,3-dichloropropene (1,3-D), and support continuous evaluation for other high-use fumigants.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Various

Issue 34: California Environmental Protection Agency (CalEPA) Bond and Technical Adjustments

The Governor's budget includes various bond appropriations, reappropriations, and reversions; technical adjustments; reappropriations; and baseline adjustments to continue implementation of previously authorized programs.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

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