



HIGHLIGHTS OF GOVERNOR'S PROPOSED 2018 - 19 MAY REVISION

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OVERVIEW

Today the Governor released the May Revision of the 2018 budget. The May Revision projects \$8 billion in additional revenues and proposes \$4 billion in increased 2018-19 General Fund spending above the January budget proposal.

The Governor's May Revision includes three major new investments:

1. **Infrastructure.** The May Revision includes \$2 billion for infrastructure funding including \$1 billion for deferred maintenance and \$1 billion for improvements to flood control, courts, higher education, and other state facilities.
2. **Homelessness.** The May Revision includes \$359 million of new spending on homelessness programs including \$250 million for immediate emergency funding for cities and counties, funding for mental health services to the homeless, and funding for Department of Social Services programs that target homelessness.
3. **Mental Health.** A \$312 million proposal to assist counties with mental health services including repaying mandate claims related to mental health.

Overall, the May Revision projects \$142 billion in revenue and \$137.6 billion in General Fund spending, leaving, after adjusting for encumbrances, a reserve of \$3.2 billion.

Overall, state reserves have grown to a record \$17 billion. The Rainy Day Fund, the Budget Stabilization Account, is projected to increase to \$13.8 billion.

This document is an initial review of the May Revision proposal, further analysis will be available as the budget process moves forward. With the release of the May Revision, the Assembly will quickly turn towards finalizing a version of the budget over the next two weeks.

SUMMARY OF CHARTS

**2018-19 Governor's Budget
General Fund Budget Summary**
(in millions)

	2017-18	2018-19
Prior Year Balance	\$5,673	\$8,452
Revenues and Transfers	\$129,825	\$133,513
Total Resources Available	\$135,498	\$141,965
Non-Proposition 98 Expenditures	\$73,665	\$82,537
Proposition 98 Expenditures	\$53,381	\$55,025
Total Expenditures	\$127,046	\$137,562
Fund Balance	\$8,452	\$4,403
Reserve for Liquidation of Encumbrances	\$1,165	\$1,165
Special Fund for Economic Uncertainties	\$7,287	\$3,238
Budget Stabilization Account/Rainy Day Fund	\$9,410	\$13,767

**2018-19 Revenue Sources
(\$ millions)**

	General Fund	Special Fund	Total	Change from 2017-18
Personal Income Tax	\$95,009	\$2,225	\$97,234	\$3,211
Sales and Use Tax	26,674	12,041	38,715	2,073
Corporate Tax	12,248	-	12,248	1,002
Highway Use Taxes	-	7,691	7,691	788
Insurance Tax	2,576	-	2,576	62
Alcoholic Beverage Taxes and Fees	377	-	377	7
Cigarette Tax	65	1,992	2,057	-53
Motor Vehicle Fees	27	9,330	9,357	1,013
Other Regulatory Fees	2	8,575	8,577	-1,134
Other	892	15,571	16,463	295
Subtotal	\$137,870	\$57,425	\$195,295	\$7,264
Transfer to the Budget Stabilization Account	-4,357	4,357	0	0
Total	\$133,513	\$61,782	195,295	\$7,264

**2018-19 Total State Spending by Agency
(\$ millions)**

	General Fund	Special Fund	Bond Funds	Total
Legislative, Judicial, and Executive	\$4,037	\$3,820	\$264	\$8,121
Business, Consumer Services, and Housing	430	1,194	352	1,976
Transportation	239	13,497	636	14,372
Natural Resources	3,452	1,718	1,242	6,412
Environmental Protection	110	3,708	172	3,990
Health and Human Services	38,865	24,409	-	63,274
Corrections and Rehabilitation	11,976	2,909	-	14,885
K-12 Education	55,833	106	656	56,595
Higher Education	15,693	173	336	16,202
Labor and Workforce Development	123	739	-	862
Government Operations	1,813	-309	7	1,511
General Government	4,991	6,029	35	11,055
Total	\$137,562	\$57,993	\$3,700	\$199,255

HEALTH

Department of Health Care Services

- Proposes several new significant investments in mental health, including placing the No Place Like Home Program on the ballot and \$55 million one-time General Fund for mental health graduate medical education programs within the University of California, and the following within DHCS:
 - Includes \$254 million plus interest to repay counties for services provided between 2004 and 2011 for seriously emotionally disturbed children (related to the repeal of the AB 3632 mandate).
 - Makes a one-time augmentation of \$50 million to provide counties with targeted funding for multi-disciplinary teams to support intensive outreach, treatment, and related services for homeless persons with mental illness.
 - Includes \$6.7 million for 48 staff at DHCS to provide oversight of county mental health programs and review of Mental Health Services Act expenditures, and planning efforts for system and data improvements to support the evaluation of county mental health programs.
- Reflects a \$286.9 million General Fund increase to the Medi-Cal estimate shortfall, over Governor's January Budget. This shortfall relates to: drug rebates, the Managed Care Organization Tax, managed care financing, the Hospital Quality Assurance Fee, federal CHIP reauthorization, and deferred claims.
- Recognizes \$180.7 million in federal Medi-Cal claims for county specialty mental health services, proposing that these funds initially be repaid by the state in 2018-19, followed by repayments from counties over the next four years.
- Increases the Proposition 56 revenue estimate by \$32 million over Governor's Budget, and includes \$629.9 million (a decrease of \$51.6 million from Governor's budget) in 2018-19 for supplemental payments and rate increases. Includes an increase of \$55.3 million to support new growth in Medi-Cal in 2018-19. Maintains the \$163 million increase over the 2017-18 budget for physician payments and \$70 million for dental payments.
- Reflects \$16.6 million General Fund savings expected to result from the Governor's proposal to prohibit the use of the federal 340B Drug Pricing Program within Medi-Cal beginning July 1, 2019.

- Includes \$70.4 million (\$21.8 million General Fund) to authorize treatment for all patients ages 13 and older with Hepatitis C, regardless of liver fibrosis state or co-morbidity, except for patients with a life expectancy of less than 12 months.
- Provides \$41.7 million (\$9.7 million General Fund) for the implementation of a modular modernization strategy for the CA-MMIS project.

HUMAN SERVICES

CalWORKs:

- Increases the CalWORKs Single Allocation by \$55.8 million TANF in 2018-19 to reflect the adoption of a revised budgeting methodology for county administration of the CalWORKs eligibility determination process. The methodology included in the May Revision establishes a fixed-base funding level that does not adjust when caseload changes and includes a variable component that adjusts when caseloads changes by 5 percent or more, compared to the 2018-19 caseload.
- Provides an increase of \$24.2 million for the CalWORKs Housing Support Program (HSP). With an additional augmentation in 2019-20, the total program funding will increase from \$47 million to \$95 million annually. This program provides counties with flexibility to address housing instability and homelessness needs for CalWORKs families, including move-in assistance, temporary rental subsidies, and intensive case management.
- Provides an increase of \$8.1 million in 2018-19, increasing to \$15.3 million in 2019-20, for the CalWORKs Homeless Assistance Program (HAP), which will increase the daily payment rate for temporary assistance for families who are homeless or face imminent eviction. This program provides up to 16 days of temporary housing each year by issuing eligible families a voucher for either a temporary shelter or hotel/motel. For a family of four, the rate will increase from \$65 to \$85 beginning January 1, 2019.
- Makes no changes to the CalWORKs grant amounts. Continues to not provide an annual cost of living adjustments for these grants.

Continuum of Care Reform:

- Includes \$113 million in additional resources for the Continuum of Care Reform (CCR).
- Provides one-time funding of \$3.2 million General Fund to support county efforts in eliminating the backlog of foster care resources family applications that are pending review and approval.
- Provides an increase of \$2.5 million General Fund to address county workload associated with implementation of an assessment tool to determine a child's level of care needs.
- Includes an increase of \$13.4 million TANF in 2018-19 to provide caregivers with up to six months of emergency assistance payments pending approval as a

resource family. Beginning in 2019-20, and annually thereafter, emergency assistance payments will be available for up to three months, as local child welfare agencies and probation departments are expected to eliminate their backlogs and complete the approval process timely. The May Revision sets aside \$27 million TANF to fund these emergency assistance costs through 202-21.

In-Home Supportive Services:

- Provides \$304 million in additional resources for the In-Home Supportive Services (IHSS) program.
- Includes an increase of \$24 million General Fund in 2018-19 to reflect higher estimates of county workload related to the IHSS program.

Adult Protective Services :

- Includes \$15 million General Fund (one-time) to fund the Home Safe pilot program within Adult Protective Services. The pilot will provide housing-related supports to seniors experiencing homelessness or at risk of losing their homes by providing temporary rental or utility assistance, housing repairs, landlord mediation, and case management. The funding will be available to participating counties over a three-year period with a local match.

Supplemental Security Income/State Supplementary Payment

- Makes no changes to the Supplemental Security Income/State Supplementary Payment (SSI/SSP) grant amounts. Continues to not provide an annual cost of living adjustments for these grants.

K-12 EDUCATION

Overall Proposition 98:

- Provides a total Proposition 98 funding level of \$78.4 billion in 2018-19, an increase of \$68 million from the Governor's January Budget.
- Makes changes to the Proposition 98 funding level in the prior years, including an increase of \$252 million in 2016-17 and \$407 million in 2017-18.
- Eliminates the Proposition 98 maintenance factor, which accumulates when state revenues do not keep pace with the state's economy and is required to be repaid in future years.
- Proposes to revise the process for certifying the final calculation of the Proposition 98 Guarantee for prior years.

K-12 Education:

- Provides a total of \$3.2 billion for the Local Control Funding Formula (LCFF) for school districts and charter schools, an increase of \$320 million from January. This increase funds the increased cost-of-living adjustment of 2.71 percent and provides an additional \$166 million above full implementation of LCFF.
- Provides a total of \$2.1 billion in one-time Proposition 98 discretionary funding for schools, an increase of \$286 million from January.
- Includes \$13.3 million in one-time Proposition 98 funding to create a Community Engagement Initiative to build capacity of school districts in engaging their local communities in the Local Control Accountability Plan process.
- Provides \$15 million in one-time Proposition 98 funding to expand the Multi-Tiered Systems of Support (MTSS) framework to provide additional academic and behavioral support.
- Proposes expanding the Governor's January proposal around fiscal transparency to specify that it be parent-friendly and include specific information on how high-need students are being served.
- Makes minor changes to the Governor's January Career Technical Education proposal. Maintains the program within the Strong Workforce Program at the Community College Chancellor's Office.

- Provides \$27.3 million in one-time Proposition 98 funding to make the English Language Proficiency Assessment for California computer-based and create an alternative assessment for children with exceptional needs.
- Provides Proposition 98 funding in 2017-18 and 2018-19 to backfill lost property tax revenue for schools impacted by the wildfires.
- Includes \$10.6 million in Proposition 98 funding for select categorical programs to reflect the change in the cost-of-living adjustment from 2.51 percent in January to 2.71 percent at the May Revision.

Early Childhood Education:

- Makes caseload adjustments due to an increase in the CalWORKs Stage 2 and Stage 3 caseload.
- Provides an increase of \$2.2 million in Proposition 98 funding and \$1.8 million in non-Proposition 98 General Fund to reflect the change in the cost-of-living adjustment from 2.51 percent in January to 2.71 percent at the May Revision.
- Includes a decrease of \$42.2 million in federal TANF funds and a corresponding increase in one-time Proposition 98 funding for the Inclusive Early Education Expansion Program, due to federal funding no longer available for this program.

HIGHER EDUCATION

California Community Colleges

- Makes changes to the online college proposal, including:
 - Requires the Board of Governors and Chancellor to select a president of the online college, who would manage and control operations. The president would establish an advisory council of representatives from other colleges.
 - Creates a partnership with an existing college to establish a collective bargaining agreement to ensure faculty and classified staff have a right to collective bargaining.
 - Requires the new college to provide a status report after three years and share promising practices and processes with existing colleges.
 - Allows the Workforce Development Board to certify programs while the new college seeks accreditation.
 - Requires that curriculum developed by the new college go through the same process as other curricula, and states that new courses would not duplicate content offered by local colleges.

- Makes changes to the funding formula proposal, including:
 - Provides 60% of funding to colleges based on enrollment, 20% based on serving low-income students, and 20% based on performance.
 - Revises the definition of low-income students to include students receiving a California Promise Grant fee waiver and undocumented students paying resident tuition.
 - Expands performance funding to include additional transfer metrics, completion of transfer-level math or English within one year, completing 9 units of career technical education courses, and successful outcomes for economically-disadvantaged students.
 - Extends the hold harmless provision from one year to two years, and states that no district would receive less than 2017-18.

- Combines the Student Success and Support Program, Student Equity Program, and Student Success for Basic Skills Program into one block grant program.
- Provides \$73.7 million Proposition 98 General Fund in increased apportionment funding.
- Provides \$104 million one-time Proposition 98 General Fund to specified districts whose year-over-year increase would be less than the cost of living adjustment.
- Provides \$7.8 million Proposition 98 General Fund to support increased student participation in financial aid programs.
- Provides \$13.5 million one-time Proposition 98 General Fund and \$5 million ongoing to support technological improvements to financial aid systems.
- Provides \$4.8 million Proposition 98 General Fund and \$5.9 million one-time Proposition 98 General Fund to increase support for apprenticeship programs.
- Provides \$6 million one-time Proposition 98 General Fund to expand open education resources.
- Provides \$5 million Proposition 98 General Fund to support expansion of support programs for foster youth.
- Provides \$581,000 Proposition 98 General Fund to support an increased cost of living adjustment for four categorical programs.
- Decrease support for deferred maintenance by \$131.7 million one-time Proposition 98 General Fund.

University of California

- States that the Director of Finance will determine after the May Board of Regents meeting whether the University will receive \$50 million General Fund per the 2017 Budget Act.
- Provides \$100 million one-time General Fund to support deferred maintenance projects.
- Includes budget bill language authorizing the Director of Finance to reduce UC appropriations if a tuition increase is approved by the Board of Regents. The reduction would reflect the state's increased Cal Grant and Middle Class Scholarship costs based on the tuition hike.

- Provides \$55 million one-time General Fund to support psychiatric graduate medical education programs.
- Provides \$1.2 million one-time General Fund to administer a two-year pilot program to provide anti-bias training on UC and CSU campuses.
- Provides \$1 million one-time General Fund to support the operations of the Institute for Global Conflict and Cooperation.

California State University

- Provides \$100 million one-time General Fund to support deferred maintenance projects.
- Includes budget bill language authorizing the Director of Finance to reduce CSU appropriations if a tuition increase is approved by the Board of Trustees. The reduction would reflect the state's increased Cal Grant and Middle Class Scholarship costs based on the tuition hike.

California Student Aid Commission

- Provides \$58.4 million General Fund to support increased Cal Grant participation and a reduction in federal TANF reimbursements.
- Amends the January proposal regarding Cal Grant awards for private non-profit institutions by lowering the number of transfer student admissions to 2,000 in 2018-19, 3,000 in 2019-20, and 3,500 in 2020-21 and thereafter.

Hastings College of Law

- Provides \$1.5 million one-time General Fund to support UC Path costs.
- Provides \$1 million one-time General Fund for deferred maintenance projects.

California State Library

- Provides \$663,000 General Fund to support collection protection activities.
- Provides \$430,000 General Fund to support the California Newspaper Project.
- Provides \$195,000 General Fund to support digital preservation activities.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

Forest Carbon Plan:

- Provides an increase of \$26.8 million in Greenhouse Gas Reduction Fund and 79 positions for CalFire to complete additional fuel reduction projects through the operation of six year-round prescribed fire crews and implementation of a forest health research and monitoring program.
- Provides an increase of \$30 million in Proposition 68 (pending approval from voters in June 2018), for the Sierra Nevada Conservancy to expand the Watershed Improvement Program and to support regional, landscape-level forest restoration projects.
- Provides an increase of \$20 million Greenhouse Gas Reduction Fund for the Natural Resources Agency to provide block grants to support regional implementation of landscape-level forest restoration projects that leverage non-state funding.
- Provides an increase of \$15 million Propositions 68 for the Department of Parks and Recreation to protect forests in state parks and to support restoration efforts.
- Provides an increase of \$1.9 million Environmental License Plate Fund for the Department of Conservation to provide grants to local entities to develop and implement watershed improvement plans.
- Provides an increase of \$2.3 million Timber Regulation and Forest Restoration Fund for multiple programs that will encourage market for wood projects, including: 1) establishment of a Joint Institute for Wood Products Innovation, 2) financial support for mass timber and wood product manufacturing, and 3) grants for local jurisdictions to showcase the architectural design of mass timber buildings.

Biodiversity Preservation:

- Proposes to implement a California Biodiversity Initiative to improve understanding of the state's biological richness and to preserve, manage and restore the ecosystems to protect the state's biodiversity from climate change.

Flood Control Infrastructure:

- Provides an increase of \$170 million one-time in General Fund to support the state cost-share of U.S. Army Corps of Engineers' urban flood control projects

that will contribute to a 200-year lever of flood protection in urban areas of the Central Valley.

- Provides an increase of \$100 million one-time in General Fund to address deferred maintenance projects on levees.
- Provides an increase of \$25 million in General Fund to support ongoing levee maintenance.

Protecting and Preserving Native American Heritage:

- Provides an increase of \$100 million in General Fund for the Department of Parks and Recreation to construct a new museum to protect, preserve and celebrate the history of California's tribal peoples.
- Provides an increase of \$852,000 in Proposition 12 bond funds to design a new trail focusing on increasing the interpretive program at Fort Ross State Historic Park. The trail would complete a segment of the California Coastal Trail.
- Provides \$643,000 in General Fund and ten positions to expand the Native American Heritage Commission to better fulfill its mission of protecting Native American graves, sacred sites and tribal cultural resources.

Museum of Tolerance:

- Provides an increase of \$10 million one-time in General Fund for the Department of Parks and Recreation to provide a grant for the Museum's renovation project.

Debris Removal Assistance:

- Provides \$1.3 million in Integrated Waste Management Fund for CalRecycle to lead a disaster response and recovery team that would become the subject matter experts for disaster recovery and debris removal.

Climate Smart Agriculture:

- Provides an increase of \$30 million one-time in General Fund to the Air Resources Board to replace existing diesel agriculture vehicles and equipment with the cleanest available diesel or advanced technologies.
- Provides an increase of \$30 million one-time in General Fund for the Energy Commission to fund innovative projects that reduce energy costs, increase efficiency, and reduce greenhouse gas emissions in the food processing sector.

TRANSPORTATION

California Department of Transportation

- Provides \$203 million for Capital Outlay Support. This includes a net increase of 393 state staff, the equivalent of 44 positions in overtime worked, and 435 consultants. Over 2018-19, Caltrans plans to hire 1,200 new state employees to deliver transportation-related capital outlay projects.
- Includes an additional \$57 million General Fund repayment of weight fees previously borrowed, bringing the total repayment proposed in 2018-19 to \$382 million General Fund. Weight fees go into the State Highway Account and are used from transportation projects.

Department of Motor Vehicles

- Proposes \$2 million from the Motor Vehicle Account (MVA) to address critical deferred maintenance needs.

California Highway Patrol

- Proposes \$5 million from the MVA to address critical deferred maintenance needs.
- Includes \$3 million for the CHP to establish and adopt protocols to determine whether a driver is operating a vehicle while impaired, include best practices to assist law enforcement agencies. This is part of the Administration's package of cannabis-related activities.

ENERGY

Energy Commission

- Proposes an increase of \$30 million General Fund on a one-time basis to fund innovative projects that reduce energy costs, increase efficiency, and reduce greenhouse gas emissions in the food processing sector. Funded technologies will accelerate the adoption of advanced energy efficiency and renewable energy technologies, and help to contribute to meeting the state's energy efficiency and greenhouse gas reduction goals.

CAP AND TRADE

Various Departments

- Increases the total Cap and Trade investment proposed in January of \$1.25 billion by \$50 million to a revised total of \$1.3 billion. The two bullets below explain how this increase is proposed to be spent.
- Proposes an increase of \$26.8 million Greenhouse Gas Reduction Fund and 79 positions for CalFire to complete additional fuel reduction projects through the operation of six year-round prescribed fire crews and implementation of a forest health research and monitoring program. This funding is intended to allow CalFire to conduct prescribed fire and fuel reduction activities on 60,000 acres a year.
- Proposes an increase of \$20 million Greenhouse Gas Reduction Fund for the Natural Resources Agency to provide block grants to support northern, coastal, and southern California regional implementation of landscape-level forest restoration projects that leverage non-state funding.

GENERAL GOVERNMENT

Housing and Homelessness

- Proposes \$359 million in one-time and \$64 million General Fund to focus state homelessness funding on planning, prevention, and emergency aid.

Planning

- Includes \$500,000 and three positions to expand the Homeless Coordinating and Financing Council and move it to the Business, Consumer Services, and Housing Agency. The council will provide statewide guidance on homelessness issues and develop a statewide plan, in collaboration with state and local entities, to support the coordination of the various housing and homelessness investments throughout the state.

Prevention

- Proposes \$47.3 million in 2018-19 and \$63.6 million ongoing to support safety net programs operated by the Department of Social Services.
 - Establish a senior homelessness prevention pilot program with \$15 million in one-time funding over three years, and require participating counties to match funds.
 - Expand the existing \$47 million CalWORKS housing support program with an increase of \$24.2 million in 2018-19.
 - Increase funding for CalWORKS Homelessness Assistance program by \$8.1 million in 2018-19 and \$15.3 million ongoing to raise the payment from \$65 to \$85 per day to families.

Emergency Aid

- Provides emergency assistance funds as follows:
 - Create a one-time Homelessness Emergency Aid block grant of \$250 million administered through the Continuum of Care for cities, counties or joint powers authorities that declare a local shelter crisis and identify city-county coordination.
 - Provide one-time funding of \$1 million through the California Office of Emergency Services to augment the Homeless Youth and Exploitation Program for homeless and exploited youth shelters that serve unaccompanied minors.

- Increase funding by \$10 million through the CA Office of Emergency Services for additional domestic violence service providers for projects that include emergency safe homes or shelters for victims and their families.
- Provide one-time augmentation of \$50 million for the Department of Health Care Services to provide counties with funding for outreach, treatment and related services for homeless persons in need of mental health services.

No Place Like Home

- Proposes placing the No Place Like Home program on the November 2018 ballot.

Local Property Tax Backfill and Debris Removal Cost Share Waiver

- Includes \$32.8 million General Fund to backfill the property tax revenue losses that cities, counties, and special districts will incur in 2017-18 and 2018-19 due to the 2017 wildfires and resulting mudslides in Southern California. Of this amount, \$21.8 million is for Northern California and \$11 million is for Southern California jurisdictions.
- Proposes an additional \$29.1 million General Fund to waive the local match for Northern California counties' costs of debris removal.

Medicinal and Adult-Use Cannabis

- Reports that \$33.6 million in excise tax was collected from the first quarter of Prop. 64 expenditures. Discusses that preliminary data indicates revenue receipts are slower than anticipated and that cannabis revenue are subject to great uncertainty.
- Includes Proposition 64 expenditures, (not subject to appropriation by the Legislature) as follows:
 - Regulatory and administrative costs necessary to implement, administer, and enforce Prop. 64. The administration will use initial revenues to repay the General Fund loans totaling \$120 million.
 - Research and activities related to the legalization of cannabis and the past effects of its criminalization.
 - Programs to support substance use disorder treatment, environmental impacts of cannabis cultivation, and public safety.

- Includes an additional \$133.3 million for cannabis related activities on a two-year limited-term basis.

Licensing and Enforcement

- Continues implementation of licensing and enforcement programs for cultivation, manufacturing, testing, distribution, and retail sale including the following:
 - California Department of Food and Agriculture (\$28.3 million); California Department of Public Health (\$10.6 million); Department of Consumer Affairs (\$33.9 million); Department of Finance (\$440,000).
- Includes a General Fund loan of up to \$59 million to the Cannabis Control Fund to provide sufficient cash for 2018-19.

Tax Collection and Business Filings

- Supports ongoing tax collection activities including the following resources:
 - Employment Development Department (\$3.7 million), California Department of Tax and Fee Administration (\$2.4 million), Franchise Tax Board (\$193,000) and Secretary of State (\$440,000 Business Fees Fund).

Hearings and Appeals

- Provides funding for the Cannabis Control Appeals Panel (\$1.4 million) and the Department of General Services (\$13 million) to conduct administrative hearings and appeals.

Illegal Cannabis Market Enforcement

- Provides funding for the Department of Justice (\$14 million) to establish four investigative teams and one interdiction team to investigate illegal cannabis activities.

Community Engagement

- Includes \$10 million for the Governor's Office of Business and Economic Development to support Community Reinvestment Grants Program.

Research

- Provides \$2 million for the University of California San Diego's Center for Medicinal Cannabis Research to further the objectives of the Center.

Drug Recognition

- Proposes \$3 million for the California Highway Patrol to establish and adopt protocols to determine whether a driver is operating a vehicle while impaired

State Mandates

- Includes a one-time payment of \$282.2 million General Fund plus interest to repay local agencies for costs incurred for 14 state mandates that have expired or been repealed.

Department of Human Resources

- Includes \$1.4 million for the Department of Human Resources to establish a tracking system to collect data regarding complaints, judgments, and settlements related to workplace discrimination and harassment across state entities.

Infrastructure Investments

- Provides \$630 million General Fund to the State Project Infrastructure Fund. The funding will provide for the demolition of the State Printing Plant, and renovation of the Unruh, Bateson, and Resources building.
- Includes one-time resources of \$1.21 billion to address critical deferred maintenance needs.

REVENUE AND TAXATION

Revenues

- Provides that from 2016-17 through 2018-19 revenues has increased by \$8 billion. The following three factors contribute to the increase:
 - Personal income tax revenues are revised upwards almost \$4.4 billion due to the strong market at the end of 2017, higher wages, and stronger concentration of wage income among higher-income taxpayers.
 - Sales tax receipts are up by \$744 million due to an acceleration in investment by businesses as well as consumption.
 - Corporation tax revenues are up by over \$2.5 billion based on corporate tax receipts received through April.

- Provides that after accounting for transfers such as the Rainy Day Fund, General Fund revenues under the May Revision forecast are higher than the Governor's Budget by \$2.6 billion in 2017-18 and over \$3.7 billion in 2018-19.

Earned Income Tax Credit (EITC)

- Proposes to expand the EITC to working individuals who are aged 18-24 or over age 65.

- Proposes to expand the income range so that more employees working up to full-time at the 2019 minimum wage of \$12 per hour would qualify for the credit.

- Estimates the cost to be about \$60 million and would benefit over 700,000 households.

PUBLIC SAFETY

Department of Corrections and Rehabilitation

- Includes total funding of \$12.1 billion (\$11.8 billion General Fund and \$313 million other funds) for the operation of the Department of Corrections and Rehabilitation in 2018-19.
- Projects the average daily adult population to be 130,197 in the current year and 126,890 in the budget year, a decrease of 120 in 2017-18 and a decrease of 522 inmates in 2018-19.
- Projects the average daily parolee population to be 46,273 in the current year and 48,535 in the budget year, a decrease of 698 in 2017-18 and 1,259 parolees in 2018-19.
- Decreases the population cost estimate by \$12.6 million General Fund in 2017-18 and 2018-19 combined.
- Projects reduction of the average daily adult inmate population by approximately 5,800 in 2018-19 and approximately 11,200 in 2020-21 as a result of Proposition 57. As of May 3, 2018, the prison population was at 134.6 percent capacity, which is below the federal court-ordered population cap of 137.5 percent of design capacity.
- Updates removal of all inmates from the remaining out of state prison facilities in Mississippi by the end of May 2018 and Arizona by the end of January 2019.
- Proposes \$12.9 million General Fund for additional training for correctional peace officers and specialized training for Special Agents and Investigative Unit staff.
- Proposes \$444,000 General Fund to create a unit responsible for developing and implementing a statewide training plan for sentencing calculations and computations.
- Proposes \$13.5 million General Fund to reduce the current inmate to Correctional Counselor 1 ratio of 150:1 to 135:1.
- Proposes \$5.9 million General Fund to provide an equivalent of one additional correctional officer at each prison to address medical transports, primarily during third watch.
- Provides \$10.8 million General Fund to provide health care to all inmates housed at reentry facilities.

- Provides \$2 million General Fund to develop a process to expand utilization of Penal Code section 1170(d), allowing the Secretary of the Department of Corrections and Rehabilitation to petition courts to resentencing inmates.
- Proposes \$16.5 million General Fund for salary increases on activities budgeted as overtime.
- Includes \$9.1 million General Fund to pilot a comprehensive Drug Interdiction program and a Medication Assisted Treatment (MAT) program at the Substance Abuse Treatment Facility. The proposal includes parcel and full body scanners at both entrances and a MAT program to treat substance use disorders. The pilot will operate 24 hours a day, 7 days per week and all staff, volunteers, and visitors will be searched.
- Increases inmate health care services by \$100 million for a total of \$3.2 billion General Fund.
- Proposes \$105.8 million General Fund annually for three years, beginning in 2018-19, to expand Hepatitis C treatment to all infected inmates in state prison. The Federal Receiver estimates that 22,000 inmates are currently infected with Hepatitis C.
- Includes \$18.1 million General Fund for contract psychiatry services to meet a federal court order to fill at least 90 percent of the state prison's psychiatry positions.
- Increases the total funding for roof replacements and mold remediation by \$14 million General Fund over the next two fiscal years. Specifically, it reduces the proposal for mold remediation by \$11 million General Fund in 2018-19, adds \$2.5 million General Fund for the design process of four of the roof replacement projects, and adds \$22.6 million for the replacement of the roof at the California Correctional Women's Facility in 2019-20.

Department of Justice

- Requests \$10 million General Fund to implement Chapter 541, Statutes of 2017 (SB 384) to replace the existing lifetime sex offender registration systems with a tiered registration system.
- Requests \$6 million General Fund on a one-time basis to backfill the decline in fine and fee revenues in the DNA Identification Fund.
- Requests \$5.4 million General Fund on a one-time basis to replace forensic equipment within the Bureau of Forensic Services.

- Requests \$5.4 million General Fund to establish two investigation teams to combat cybercrimes, white collar crimes, and human trafficking crimes.
- Requests \$2.3 million General Fund to protect and secure information on the Department of Justice's data and law enforcement networks throughout the state.
- Requests \$14 million Cannabis Tax Fund to create four investigation teams and one interdiction team to combat illegal cannabis activities.

State Penalty Fund

- Shifts the Standards and Training for Local Corrections program of \$17.3 million, administered by the Board of State and Community Corrections, to the General Fund.

Office of Emergency Services

- Includes \$15 million State Emergency Telephone Number Account to begin a five-year plan to upgrade the California Public Safety Microwave Network from an analog system to a digital system.
- Requests \$14.4 million Federal Trust Fund to provide assistance or services to local educational agencies that serve an area affected by a covered disaster or emergency.
- Proposes \$2.8 million General Fund and \$8.4 million Federal Trust Fund to address increased workload related to disaster recovery activities.
- Proposes \$675,000 General Fund to provide workers' compensation benefits to injured volunteers and eligible survivors, and to issue medical provider payments.
- Proposes \$1.6 million General Fund to increase staffing in the Homeland Security Branch and Regional Response and Readiness Branch.
- Includes \$353,000 General Fund and \$325,000 reimbursements for the Office of Emergency services to manage and train local agencies on the effective use of the Situational Awareness and Collaboration Tool.
- Includes \$3.2 million Federal Trust Fund to handle the increased workload in hazard mitigation activities due to the increase in available federal fund resources.
- Includes \$3.4 million General Fund for the Regional Hazardous Materials Response Program.