



HIGHLIGHTS OF GOVERNOR'S PROPOSED 2023-2024 BUDGET

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OVERVIEW

Governor Newsom's 2023 budget proposal addresses a \$29.5 billion decline in revenues (for fiscal years 2021-22 through 2023-24 combined) by using many of the tools suggested in the December 2022 Budget Blueprint released by Assembly Budget Chair Phil Ting. The \$29.5 billion revenue decline results in a "budget gap" estimated by the administration at \$22.5 billion to be addressed in the 2023 budget process. The Governor's proposal maintains record reserves totaling \$35.6 billion in 2023-24, which prepares the state well for possible future revenue declines during the coming months.

Key Budget Numbers

- The administration anticipates \$29.5 billion less in General Fund revenues and transfers than projected at the time of the June 2022 state budget act: roughly \$12 billion less for 2022-23 and \$24 billion less for 2023-24, offset by around \$6 billion of higher revenues and transfers for 2021-22.
- The Governor's proposal reflects revised General Fund expenditures of \$240 billion in 2022-23 (up from an estimated \$234 billion as of the June 2022 state budget act).
- The Governor proposes General Fund expenditures of \$224 billion in 2023-24 (down from a projected \$239 billion as of the June 2022 budget)
- Total General Fund, special fund, and bond fund expenditures proposed for 2023-24 are \$297 billion. In addition, the Governor's budget plan anticipates that \$136 billion of federal funds will pass through the state treasury in 2023-24.
- The Governor's proposal includes a cost-of-living adjustment of 8.13 percent for the Local Control Funding formula, and other school programs including preschool and school meals.
- Proposition 98 is estimated to be \$110 billion in 2021-22, \$107 billion in 2022-23, and \$109 billion in 2023-24, representing, according to the Governor's budget summary, a three-year decrease in the Proposition 98 minimum guarantee of \$4.7 billion compared to the level reflected in the June 2022 state budget act. K-12 per-pupil funding totals \$17,519—its highest level ever—from Proposition 98 General Fund sources under the Governor's plan and \$23,723 when accounting for all funding sources.

Governor's Proposals to Close Estimated Budget Gap

The Governor, in his January 10 budget summary, characterizes his major proposals to close the estimated \$22.5 billion General Fund budget gap as follows:

- **Funding Delays (\$7.4 billion).** The Governor proposes delaying funding for multiple items from the 2021-22 through 2023-24 fiscal years, spreading this funding across future years without reducing the total amount of funding planned over the entire period.
- **Reductions and "Pullbacks" (\$5.7 billion).** The Governor proposes reducing spending for various items from the 2021-22 through 2023-24 fiscal years, including pulling back certain items included in the 2022 state budget plan that provided additional budget resilience. Significant items in this category are reported to be a \$3 billion "inflation reserve" previously included in multiyear state budget projections and a \$750 million optional payment to the unemployment insurance trust fund in 2023-24.
- **Fund Shifts (\$4.3 billion).** The Governor proposes shifting certain spending in the 2022-23 and 2023-24 fiscal years from the General Fund to other funds. These include shifting various California State University capital projects to university-issued debt (with the state providing support for the debt service), reverting certain projects funded by cash in 2022 back to bonds, and shifting some zero-emission vehicle funding to the Greenhouse Gas Reduction Fund.
- **"Trigger Reductions" (\$3.9 billion).** The Governor proposes reducing funding for certain items in the 2020-21 through 2023-24 budgets, placing them in a new "trigger," whereby these reductions would be restored in 2024 if sufficient funds are available. According to the Governor's budget summary, these items are primarily expenditures in climate and transportation (\$3.1 billion), housing (\$600 million), parks (\$106 million), and workforce training (\$55 million).
- **Managed Care Organization (MCO) Tax and Borrowing (\$1.2 billion).** The Governor proposes to augment General Fund resources in 2023-24 with targeted borrowing from state special funds and by renewing the MCO tax, which the state has routinely extended in recent years to boost funding for health care purposes.

In addition to the actions above to close the estimated 2023 budget gap, the Governor's budget summary discusses proposals to keep the budget balanced in future fiscal years. These include use of \$7 billion of inflation reserve funds across 2024-25 and 2025-26, withdrawal of plans to pay down \$3.8 billion of bonds through 2025-26, and withdrawal of plans to deposit \$8 billion on an optional basis to reserves in 2024-25 and 2025-26.

Protecting Our Progress of Recent Budgets

The Governor's budget summary notes his proposals to protect various important investments in recent state budgets, including, as he describes:

- Implementation of transitional kindergarten.
- Child care availability and affordability.
- Universal school meals.
- Funding increased access to the universities and increased affordability.
- Continued funding to expand Medi-Cal eligibility to all income-eligible Californians, regardless of immigration status.
- Continuing efforts to transform health care delivery through Cal AIM (California Advancing and Innovating Medi-Cal).
- Expanding behavioral health treatment and infrastructure capacity.
- Implementing service provider rate reform for services for the developmentally disabled.
- Reproductive health services funding.
- Funding to address homelessness.
- Funding to combat organized retail theft and other crimes.

Assembly Budget Process

Beginning within a few weeks, the Assembly Budget Committee and its six subcommittees, led by Budget Committee Chair Phil Ting and Vice Chair Vince Fong, and Budget Subcommittee Chairs Joaquin Arambula, Kevin McCarty, Steve Bennett, Wendy Carrillo, and Mia Bonta, will hear administration and public testimony on the Governor's budget proposals and alternative proposals. Members of the public are invited to watch the hearings online, offer comment, and submit their views to all members of the Legislature.

While the Governor's proposal includes some difficult actions that will be scrutinized by legislators and the public, his proposal also uses key tools discussed in the December 2022 Assembly Budget Committee Blueprint to protect most core programs, despite the projected decline in revenues. For example, the Governor's plan uses the state's balance sheet (such as special funds) to protect key investments and re-evaluates the timing of planned one-time expenditures. The Governor maintains large reserves at this time, which are able to be used if required, especially if further revenue declines are identified in the coming months.

The Governor's plan is a useful starting point to the Legislature's budget deliberations.

HEALTH

Health-Related “Budget Solutions:”

- Proposes to reinstate the “Managed Care Organization (MCO) Tax,” effective January 1, 2024 through December 31, 2026 and to use the revenue to support the Medi-Cal expansion to all income eligible individuals. Assumes \$1.3 billion (\$317 million in reduced General Fund spending) in 2023-24 and estimates \$6.5 billion in offset General Fund spending over three years.
- Delays \$250 million General Fund out of a total of \$1.5 billion General Fund to 2024-25 for the Behavioral Health Bridge Housing Program.
- Delays \$480.7 million General fund to \$240.4 million in 2024-25 and \$240.3 million in 2025-26 for the final round of behavioral health continuum infrastructure capacity grants.
- Delays the elimination of the two-week checkwrite hold buyback planned for 2022-23 to 2024-25, thereby reducing costs by \$1.1 billion (\$377.7 million General Fund).
- Reflects reduced expenditures in Medi-Cal in 2022-23 of \$4.2 billion General Fund due to shifting certain repayments to the federal government to 2023-24 and net savings from the extensions of the federal COVID-19 Public Health Emergency through mid-April 2023.
- Reduces \$25 million General Fund in 2022-23 for Climate and Health Resilience Planning Grants, funding that will be restored in January 2024 if the state has sufficient General Fund to do so.
- Reduces \$49.8 million General Fund (out of a total of \$97.5 million) over four years for public health workforce training and development programs.
- Defers \$68 million in 2022-23 and \$329.4 million in 2023-24 for specified health care workforce program, to \$198.7 million in both 2024-25 and 2025-26.
- Delays \$130 million General Fund for the California 25x25 Community Health Worker Initiative Grant program to \$65 million in 2024-25 and 2025-26.
- Transfers \$333.4 million from the Health Care Affordability Reserve Fund (HCHARF) to the General Fund and returns these funds to Covered California once the federal subsidies end in 2025-26.

California Health and Human Services Agency

- Proposes the creation of the Health and Human Services Innovation Accelerator Initiative to address the health of all Californians with focused research and development tools that address health disparities and ensure innovations are quickly accessible to all. Funding for this program will be included in the May Revise.

Department of Health Care Services (DHCS)

- Proposes the California Behavioral Health Community-Based Continuum Demonstration, including \$6.1 billion (\$314 million General Fund, \$175 million Mental Health Services Fund, \$2.1 billion Medi-Cal County Behavioral Health Fund, and \$3.5 billion federal funds) over 5 years to DHCS and the Department of Social Services, beginning January 1, 2024. Includes both statewide and county optional components to expand behavioral health services for targeted populations with serious mental illness.
- Reflects \$40.4 million General Fund savings in 2022-23 and \$161.6 million General Fund savings in 2023-24 through 2026-27 resulting from the federal reauthorization of Designated State Health Program funding to cover the costs of the Providing Access and Transforming Health (PATH) and CalAIM Justice Initiative. Federal funding is contingent on state compliance with minimum reimbursement levels for specified services and therefore proposes Medi-Cal rate increases for primary care and obstetric care at a cost of \$22.7 million (\$8.6 million General Fund) in 2023-24 and \$57.1 million (\$21.7 million General Fund) ongoing.
- Includes \$200 million (\$15 million General Fund) in 2024-25 for a grant program through an 1115 federal demonstration waiver focused on access to family planning and related services and sustainability of California's reproductive health safety net.
- Proposes \$17.9 million (\$6.3 million General Fund) in 2025-26 increasing to \$116.6 million (\$40.8 million General Fund) to support up to six months of rent or temporary housing to individuals experiencing homelessness or at risk of homelessness and transitioning out of institutional care, incarceration, or the foster care system and at risk of emergency care or inpatient hospitalization.
- Proposes increased funding for "CARE Court" (the Community Assistance, Recovery & Empowerment Act) of \$16.5 million General Fund in 2023-24, \$66.5 million General Fund in 2024-25, \$108.5 million in 2025-26 and annually thereafter to support estimated county costs.

- Includes \$79 million in Opioid Settlement Fund (existing settlements) over four years beginning in 2023-24 for the Naloxone Distribution Project for distribution to first responders, law enforcement, community-based organizations, and county agencies.
- Reflects a \$60 million reduction in expenditures that are part of the Home- and Community-Based Services (HCBS) Spending Plan based on revised federal claiming estimates.

California Department of Public Health (CDPH)

- Proposes \$176.6 million General Fund in 2023-24 for the state's emergency response and SMARTER Plan implementation to continue the state's response to COVID-19 and to support planning for future public health emergencies.
- Assumes reduced COVID-19 direct response expenditures of approximately \$614 million California Emergency Relief Fund in 2022-23 compared to the 2022 Budget Act driven by reduced response activities.
- Includes \$10 million (Opioid Settlement Fund) for fentanyl program grants to increase local efforts on education, testing, recovery, and support services associated with the implementation of AB 2365 (Patterson, Chapter 783, Statutes of 2022).
- Proposes \$4 million to support innovative approaches to make fentanyl test strips and naloxone more widely available.

Department of State Hospitals (DSH)

- Proposes \$21.5 million General Fund in 2023-24 and \$22.3 million General Fund ongoing to complete the planning phase and begin implementation of the Enterprise Continuum Electronic Health Records Project.
- Includes \$51.3 million General Fund in 2023-24 to protect patients and staff from COVID19 and other infectious diseases.
- Shifts \$29.4 million one-time from the General Fund to the Mental Health Facilities Fund for state operations.

HUMAN SERVICES

Department of Social Services

Food and Hunger

- Reflects changes in timing of the California Food Assistance Program (CFAP) expansion to all income-eligible noncitizens 55 years of age or older (this initiative is also called “Food For All”) from a planned implementation date for benefit distribution of January 1, 2025 to January 1, 2027. The Governor’s Budget states that this is consistent with the necessary completion of the California Statewide Automated Welfare System (CalSAWS) migration. Details on this change and an explanation of how much this delay relies on any connected changes or delays in CalSAWS migration are still pending from the Administration.
- Includes \$50 million (\$17.1 million General Fund) in 2023-24, \$23 million (\$7.9 million General Fund) in 2024-25, and \$3.5 million (\$1.2 million General Fund) in 2025-26 for fraud mitigation and upgrades to enhanced security features for Electronic Benefit Transfer (EBT) to safeguard CalWORKs and CalFresh clients’ access to benefits. California, and states across the nation, have seen substantial increases in EBT theft of CalWORKs and CalFresh benefits via electronic means. Cash benefit theft has increased from less than one percent of total cash benefits distributed in 2019-20 to a projected 1.7 percent in 2022-23. The Governor’s Budget additionally includes reimbursement of stolen benefits of \$84 million General Fund in 2022-23 and \$114 million in 2023-24. To protect clients and prevent theft of EBT benefits, DSS will pursue security upgrades and EBT card technology enhancements. California would be the first state in the nation to use these.

CalWORKs

- Includes a projected 2.9 percent increase to CalWORKs Maximum Aid Payment (MAP) levels, with an estimated cost of \$87 million in 2023-24. These increased costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund and will be updated at the May Revision. This increase is on top of an 11-percent statutory increase for 2022-23. MAP levels today remain for most families under 50 percent of the Federal Poverty Level, known as “deep poverty.”

Migration and Border Communities

- Indicates that in the coming months, the Administration will continue to work with the federal government, including Congress, to leverage additional federal

resources and assess operational needs to inform a 2023-24 investment in continuing humanitarian efforts, which will be included as part of the May Revision.

Supplemental Security Income/State Supplementary Payment (SSI/SSP)

- Includes \$146 million General Fund in 2023-24 and \$292 million ongoing for an additional, planned SSP increase of approximately 8.6 percent, effective January 1, 2024.

Foster Care and Child Welfare

- Includes a reference to related investments for caseworker visits and activity stipends for children served in the Child Welfare Services/Foster Care system through an evolving California's Behavioral Health Community-Based Continuum Demonstration waiver, principally led by the Department of Health Care Services. The Administration indicates that details on this are pending.

Department of Developmental Services

- Includes \$28.7 million (\$22.1 million General Fund) to expand safety net services to further support individuals with complex needs. The Administration states that the updated Safety Net Plan includes the development of a residential program in the community for adolescents and adults with high-intensity co-occurring developmental disabilities and mental health diagnoses, conversion of two Stabilization Training Assistance Reintegration homes to Intermediate-Care-Facility-licensed homes, adjustments to Crisis Assessment Stabilization Teams staffing, expansion of supports for foster youth who are eligible for regional center services, and establishment of an Autism Services Branch (at a separate cost of \$1.1 million General Fund) to support a statewide focus on addressing the needs of the growing population of individuals with autism spectrum disorder. These additional resources further support the continuum of safety net services.
- Includes \$1.5 million General Fund related to conservatorships, details of which are still pending.
- Includes delays for two years, from 2022-23 to 2024-25, the implementation of an annual \$10 million General Fund grant program to support preschool inclusion efforts such as facility modifications or staff training. The Budget maintains the grant program on an ongoing basis beginning in 2024-25.

Department of Community Services and Development

- Includes a \$400 million reversion of energy utility arrearage funding that was appropriated in the 2022 Budget and is currently unspent.

Department of Aging

- Delays implementation of the Mello-Granlund Older Californians Act Modernization Pilot Program, with corresponding savings scored in the multi-year. This results in \$37.2 million annually across five years starting in 2022-23 for pilot programs supporting community-based services programs, senior nutrition support, family and caregiver supports, senior volunteer development, and/or aging in place. This reflects \$186 million General Fund spent over five years instead of across three years as originally planned in the 2022 Budget Act.

California Health and Human Services Agency

- Includes a description of a Health and Human Services Innovation Accelerator Initiative, which the Governor's Budget references as an "important approach to addressing the health of all Californians is to focus research and development on tools that directly address health disparities and ensure innovations are quickly accessible to all. This Initiative will seed a new entity and provide an initial investment so that researchers and developers can create solutions to the greatest health challenges facing Californians, such as targeting diabetes-related morbidity and mortality, addressing disparities in maternal and infant mortality faced by women and their babies, and preventing and mitigating infectious disease. This program will also create a State Innovation Transition Team within government to enhance innovation within safety-net programs. Funding for this initiative will be refined over the next few months and included in the May Revision."

PK-12 PUBLIC EDUCATION AND EARLY EDUCATION

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

- Provides a total Proposition 98 General Fund funding level of \$110.4 billion in 2021-22, \$106.9 billion in 2022-23, and \$108.8 billion in 2023-24.
- Provides a total of \$108.8 billion for Proposition 98 funding for 2023-24, \$690 million above the Test One guarantee level, for state preschool, TK-12 public education, and community colleges.
- Projects TK-12 ongoing per-pupil spending to be \$128.5 Billion in 2023-24 from all funding sources, at a funding rate of \$23,723 per student. State TK-12 funding per student grows to \$17,534 in 2023-24.
- Reduces Proposition 98 funding by \$3.4 billion in the current year, and \$1.6 billion in the Budget Year, compared to the enacted 2022-23 Budget Act.
- Proposes a total of \$6.4 billion in new Proposition 98 spending.

Major PreK-12 Education Proposals

- Provides an increase of \$4.972 billion in Proposition 98 funding for the Local Control Funding Formula (LCFF), reflecting UTK and an 8.13% percent cost-of-living adjustment (COLA) in 2023-24. Total Budget Year LCFF is estimated at \$80.035 billion.
- Reduces the current year investment in the discretionary Arts, Music, and Instructional Materials Discretionary Block Grant to \$2.3 billion, a reduction of \$1.17 Billion from the enacted Budget.
- Implements the voter-approved Arts and Music in Schools Act funding, \$941 million General Fund in the 2023-24 Budget.
- Proposes a new, ongoing \$300 million LCFF equity multiplier and accountability system changes, to target low-performing student groups.
- Provides \$669 million for an 8.13% COLA to statutorily-required TK-12 programs, including nutrition and preschool.
- Reduces the projected Proposition 98 "Rainy Day" fund to \$8.5 billion through the Budget year. Increases the 2021-22 allocation to the Public School System Stabilization Account to \$3.7 billion, reduces the 2022-23 allocation to \$1.1 billion,

and assumes a \$365 million 2023-24 allocation. The current Rainy Day fund balance continues to trigger the statutory 10% cap on local school district reserves.

- Provides \$2.0 billion in additional General Fund support for school facilities after the exhaustion of bond funds for new construction and modernization, and provides an additional \$30 million, one-time, for charter school facilities.
- Provides \$1.2 billion to expand Universal Transitional Kindergarten (UTK) access including:
 - \$690 million General Fund to “rebench” the Proposition 98 guarantee for an estimated 46,000 new universal TK enrollments in 2023-24.
 - \$165 million Proposition 98 to maintain decreased UTK ratios at 1:12, adults to children.
 - Maintains the state’s 2025-26 goal for full UTK implementation.
 - Adjusts the 2022-23 guarantee rebench and funding to \$604 million, compared to \$614 million in the enacted Budget.
- Maintains \$4 billion in on-going Proposition 98 funding for the Expanded Learning Opportunity Program for after school and summer options for all students.
- Maintains the California universal meals commitment with \$1.4 billion ongoing annual funding, for two free meals for all students.
- Delays \$550 million in 2023-24 State Preschool, Transitional Kindergarten, Full Day Kindergarten facility funding to the 2024-25 Budget.
- Proposes a new \$100 million one-time initiative to provide approximately \$200 per high school senior for “cultural enrichment” opportunities.
- Supports California’s early literacy initiative including:
 - \$250 million one-time Proposition 98 funding for intensive interventions including literacy coaching, in addition to the enacted Budget’s \$250 million.
 - \$1 million one-time General Fund for a state Literacy Roadmap.
- Provides County Offices of Education an increase of \$51.7 million ongoing Proposition 98 General Fund to reflect an 8.13 percent cost-of-living adjustment.
- Proposes a \$15 million set-aside in the 2022-23 School Kitchen Infrastructure grant for dishwasher purchase and installation.
- Shifts \$14 million in Forestry workforce commitments to Proposition 98 funding.
- Proposes \$3.5 million to address opioid overdoses in middle and high schools.

- Increases the California College Guidance Initiative by \$3.9 million in ongoing Proposition 98 funding.
- Increases the K-12 High Speed Network funding by \$3.8 million in ongoing Proposition 98 funding.
- Increases the Department of Education's staff capacity by \$2.5 million General Fund for data systems and security.
- Increases the Fiscal Crisis and Management Assistance Team (FCMAT) funding by \$750,000 for a new Chief Business Officer mentorship and professional development initiative.
- Proposes statutory changes to Special Education funding, to limit non-direct student services, extend a moratorium on new single-district Special Education Local Plan Areas, and require the Department of Education to post local fiscal documents.

Major Early Education and Child Care Proposals

- Increases overall funding for child care to a total of \$6.6 billion annually, including \$2.7 General Fund for the 2023-24 Budget Year.
- Provides an increase of \$2 billion to annualize the 2022-23 Budget Act's 35,000 new child care slots and rate increases.
- Maintains the goal from the 2021-22 Budget Act to serve 200,000 new children by 2025-26, but delays planned 20,000 new child care slots to 2024-25.
- Increases the California State Preschool Program by \$116.3 million on-going (\$64 million Proposition 98, \$51.8 million General Fund) to annualize and fund the 2022-23 Budget Act changes to the program that require at least 7.5 percent of slots be provided to students with disabilities in the 23-24 fiscal year, and increase to 10% in the 24-25 school year.
- Provides the California State Preschool Program with \$152.7 million on-going General Fund to maintain existing reimbursement rates, previously supported with federal funds.
- Provides \$303 million for the child care nutrition programs' 8.13 percent COLA.
- Delays \$10 million in enacted preschool inclusion grants to the 2024-25 Budget.
- Provides \$763,000 Proposition 98 funding for a preschool Classroom Assessment Scoring System.

HIGHER EDUCATION

University of California

- Provides \$215.5 million ongoing General Fund to support a 5% base increase, which also includes 1% enrollment growth.
- Provides \$30 million ongoing General Fund to continue the 5-year program to replace nonresident students with California students at the Berkeley, Los Angeles and San Diego campuses.
- Provides \$4 million ongoing General Fund to backfill revenue for the Proposition 56 graduate medical education program.
- Provides \$6.5 million ongoing General Fund to support the Medical School Project at the Riverside campus.
- Assumes a \$14.5 million ongoing General Fund increase in 2024-25 to support the Medical School Project at the Merced campus.
- Delays support for three capital outlay projects agreed to in the 2022 Budget Act: delays \$200 million one-time General Fund for the Institute for Immunology and Immunotherapy at UCLA, \$83 one-time General Fund for the Berkeley Clean Energy Campus Project, and \$83 million for expansion projects at Riverside and Merced.
- Requires UCLA to participate in the Transfer Admissions Guarantee and Associate Degree for Transfer programs in order to receive state funding.

California State University

- Provides \$227.3 million ongoing General Fund to support a 5% base increase.
- Shifts \$404.8 million one-time General Fund for various capital projects from General Fund to CSU-issued bonds, and includes \$27 million ongoing General Fund to support the debt service on those bonds.

California Community Colleges

- Provides \$652.6 million ongoing Proposition 98 General Fund to support an 8.13% cost-of-living adjustment for apportionments.
- Provides \$92.5 million ongoing Proposition 98 General Fund to support an 8.13% cost-of-living adjustment for select categoricals.

- Provides \$200 million one-time Proposition 98 General Fund to support student retention and recruitment activities.
- Provides \$14 million one-time Proposition 98 General Fund to support workforce training grants in collaboration with the California Department of Forestry and Fire Protection.
- Provides \$275,000 Proposition 98 General Fund, with \$200,000 ongoing, to develop the Chief Business Officer Mentorship Program.
- Decreases support for deferred maintenance by \$213 million one-time Proposition 98 General Fund.
- Notes the Administration will continue to monitor community college enrollment levels this spring and may consider options to support districts that are not regaining enrollment.
- States that the Administration intends to introduce a mechanism as part of the May Revision that would provide districts making progress toward CCC Roadmap goals with categorical program spending flexibility.
- Requests that community colleges develop and offer one-unit service learning courses through dual enrollment programs.

Student Housing

- Delays \$250 million one-time General Fund for the Student Housing Grant Program until 2024-25.
- Delays \$900 million one-time General Fund for the Student Housing Revolving Loan Fund in 2023-24 and \$250 million one-time General Fund in 2024-25. The budget provides \$650 million in 2024-25 and \$1.15 billion in 2025-26 for this program.

California Student Aid Commission

- Provides \$227 million one-time General Fund for the Middle Class Scholarship program.
- Provides \$1.4 million General Fund, with \$469,000 ongoing, to support cybersecurity activities.
- Provides \$241,000 ongoing General Fund to support one position and support for high schools to help students complete financial aid applications.

Scholarshare Investment Board

- Uses program savings to increase newborn incentive payments in the CalKIDS college savings account program from \$25 to \$100.
- Provides \$1 million one-time General Fund to support marketing efforts for the CalKIDS college savings account program.

California State Library

- Delays \$100 million one-time General Fund to support library infrastructure projects in 2023-24, and instead provides \$33 million in 2024-25, 2025-26 and 2026-27.
- Provides \$462,000 ongoing General Fund to support and expand the Witkin State Law Library.
- Provides \$597,000 General Fund, \$357,000 of which is ongoing, to expand the California History Room Special Collections.
- Provides \$168,000 ongoing General Fund to support a State Library Audit Program.

College of the Law, San Francisco

- Provides \$2.2 million ongoing General Fund to support a 3% base increase.
- Provides \$3 million over three years to continue supporting a campus safety program.

CLIMATE CHANGE

Drought

Proposes new spending to respond to drought and prevent floods, including:

- Allocates \$135.5 million General Fund over two years to support local agencies working to reduce urban flood risk.
- Proposes \$40.6 million General Fund for ongoing Delta levee projects that reduce risk of levee failure and flooding, provide habitat benefits, and reduce the risk of saltwater intrusion contaminating water supplies.
- Provides \$25 million General Fund to support projects that will reduce the risk of flooding for Central Valley communities while contributing to ecosystem restoration and agricultural sustainability.
- Sets aside \$125 million General Fund one-time as a drought contingency set-aside to be allocated as part of the spring budget process, when additional water data will be available to inform future drought needs.
- Proposes \$4.7 million Waste Discharge Permit Fund in 2023-24, and \$5.7 million Waste Discharge Permit Fund and \$408,000 Safe Drinking Water Account ongoing to support planning and permitting for projects that produce new water supplies.
- Allocates \$31.5 million General Fund one-time in 2023-24 to continue development of the Updating Water Rights Data for California Project to enhance California's water management capabilities.
- Appropriates \$7 million General Fund over four years to implement Chapter 679, Statutes of 2022, (SB 1157), which established a new foundation for long-term improvements in water conservation and drought planning to adapt to climate change and the resulting longer and more intense droughts. This approach is based on water use efficiency standards for certain categories of water use, including indoor residential water use.
- Provides \$4.9 million General Fund over five years for San Joaquin River Basin Groundwater Recharge: Water Availability Analysis and Technical Assistance.
- Provides \$4.7 million General Fund over two years to begin reactivation of historical stream gages, consistent with the SB 19 Stream Gaging Prioritization Plan.

Proposes the following reductions and delays to previously adopted allocations:

- Reduces watershed resilience by \$24 million General Fund in 2023-24 and a delay of an additional \$270 million General Fund to 2024-25, a 5 percent reduction.
- Reduces PFAS cleanup funding by 35 percent with a \$70 million General Fund reduction in 2023-24 and a delay of an additional \$30 million General Fund to 2024-25.
- Cuts water recycling funding by \$40 million General Fund in 2023-24, or 5 percent.
- Decreases State Water Efficiency and Enhancement Program funding by \$40 million General Fund in 2022-23, or 25 percent.
- Cuts \$15 million General Fund in 2021-22 for aqueduct solar panels.
- Eliminates funding for water refiling stations at schools, which was previously agreed to at \$5 million General Fund in 2022-23.

Wildfire and Forest Resilience

- Reduces General Fund expenditures by \$91 million (less than 3 percent), partially offset by a \$14 million fund shift to Proposition 98 funds. If there is sufficient General Fund in January 2024, reductions not otherwise offset by other funds will be restored. Programmatic changes include:
 - Reduces Climate Catalyst Fund appropriations by \$10 million General Fund in 2020-21 and \$31 million in 2021-22, about 84 percent.
 - Cuts \$10 million General Fund in 2022-23 and \$15 million in 2023-24 for the Stewardship of State Owned Lands, about 8 percent.
 - Decreases \$5 million General Fund in 2023-24 for defensive space inspections, or 20 percent.
 - Cuts \$5 million General Fund in 2023-24 for monitoring and research, or 13 percent.
 - Reduces \$15 million General Fund in 2023-24 for workforce training, which is partially offset by a shift of \$14 million to Proposition 98 for similar purposes.

Zero Emission Vehicles (ZEVs)

- Reduces ZEV spending adopted in the 2021 and 2022 budgets by 11 percent from \$10 billion to \$8.9 billion. This includes \$2.5 billion in General Fund reductions, offset by a fund shift of \$1.4 billion to the Greenhouse Gas Reduction Fund (GGRF). It also includes a mechanism to allocate additional discretionary GGRF funds toward ZEV programs. Specific program changes include:
 - Reduces equitable zero-emission vehicle and infrastructure funds by \$745 million from the General Fund, offset by a \$535 million fund shift to GGRF. This equals a 9 percent reduction.
 - Reduces ZEV mobility programs by \$184 million in General Fund, with an offset of \$25 million from GGRF. This equals a 53 percent reduction.
 - Reduces heavy duty ZEV investments by \$1.5 billion from the General Fund, offset by an \$839 million offset from GGRF. This equals an 11 percent reduction.
 - Reduces emerging opportunities and federal programs by \$133 million in General Fund, with an offset of \$40 million in GGRF. This equals a 7 percent reduction.
- Expresses intention to work with the Legislature to extend the AB 8 (Chapter 401, Statutes of 2013) fees that fund ZEV infrastructure and vehicle incentives.

Energy

- Reduces the \$7.9 billion energy package by \$897 million, or 11 percent. These changes include:
 - Reverts \$400 million in California Emergency Funds in 2022-23 to the General Fund, for savings from the California Arrearage Payment Program, based on actual applications received and approved for funding.
 - Reduces \$270 million General Fund in 2023-24 from the Residential Solar and Storage program at the Public Utilities Commission. This maintains approximately \$630 million (70 percent) for solar and storage incentives for low-income utility customers.
 - Reduces the Long Duration Energy Storage Program at the California Energy Commission (CEC) by \$50 million General Fund, or 13 percent.

- Decreases the Carbon Removal Program at the CEC by \$25 million, a 25 percent reduction.
- Decreases the Transmission Financing Program at the California Infrastructure Bank by \$25 million in 2023-2024, or 10 percent.
- Cuts the Low Global Warming Pollutant Refrigerants program at the Air Resources Board by \$20 million, or 50 percent.
- Reduces the Food Production Investment Program at the CEC by \$10 million in 2022-2023, or 13 percent.
- Cuts the Industrial Grid Support and Decarbonization Program at the CEC by \$10 million in 2022-23, or 10 percent.
- Delays \$370 million of funds in the current year and the budget year to future years for the Equitable Building Decarbonization Program at the CEC. Eliminates \$87 million in 2025-26, or 9 percent of the multi-year total.
- Proposes \$100 million in 2023-24 from the funds set aside in SB 846 (Chapter 239, Statutes of 2022) to accelerate clean energy investments.
- Delays \$150 million in the current year and the budget year to 2026-27 for the Climate Innovation Program at the CEC.

Extreme Heat and Community Resilience

- Reduces Urban Greening funding by \$100 million General Fund in 2023-24, or 40 percent.
- Cuts the Extreme Heat and Community Resilience Program by \$25 million General Fund in 2022-23 and \$50 million in 2023-24 or 43 percent.
- Decreases Urban Forestry funding \$20 million General Fund in 2022-23 and \$10 million in 2023-24, or 27 percent.
- Delays \$85 million General Fund to 2024-25 for Community Resilience Centers.
- Reduces Regional Climate Resilience funding by 50 percent with \$25 million General Fund in 2022-23 and \$100 million in 2023-24.
- Cuts the Transformative Climate Communities Program by 25 percent with \$65 million General Fund in 2022-23 and \$40 million in 2023-24.

- Reduces the Community Air Protection Program, AB 617, by 8 percent with \$50 million General Fund in 2023-24 for this program, which includes a shift of \$250 million to the Greenhouse Gas Reduction Fund.

Nature Based Solutions and Coastal Resilience

- Reduces the Protecting Fish and Wildlife from Changing Climate allocation by \$35 million General Fund in 2023-24, or 10 percent.
- Reduces State Conservancy Nature-Based Solutions funding by 43 percent with \$100 million General Fund in 2023-24.
- Cuts the Natural Community Conservation Program Planning and Land Acquisition by \$6 million General Fund in 2022-23 or 17 percent.
- Decreases the Local and Tribal Nature-Based Solutions Corps program by 48 percent with \$12.5 million General Fund in 2022-23 and \$11 million in 2023-24.
- Eliminates funding for San Joaquin Valley Flood Plain Restoration, which was \$40 million General Fund in 2023-24.
- Eliminates funding for the San Francisco Bay Wetlands, which was \$10.4 million General Fund in 2022-23.
- Cuts ocean protection funding by 36 percent, with \$69 million in 2023-24 and \$10 million in 2024-25 across various ocean protection programs administered by the Ocean Protection Council.
- Reduces coastal protection and adaptation funding by 45 percent with \$175 million in 2022-23, \$297 million in 2023-24 and \$9 million in 2024-25 across various coastal protection and adaptation programs administered by the State Coastal Conservancy.

Climate Smart Agriculture

- Cuts funding for Healthy, Resilient, and Equitable Food Systems by 23 percent with \$20.6 million General Fund in 2021-22 and \$8.9 million in 2022-23 across the Urban Agriculture Program, Healthy Refrigeration Grant Program, and Farm to Community Food Hubs Program.
- Reduces \$8.5 million General Fund in 2021-22 and \$85.7 million in 2022-23 across various programs including Healthy Soils Program, Sustainable Cannabis Pilot Program, Pollinator Habitat Program, Conservation Agriculture Planning Grant Program, greenhouse gas reduction research, Invasive Species Council, and Climate Catalyst Fund.

- Decreases funding for the New and Beginning Farmer Training and Farm Manager Apprenticeships Program by 50 percent, or \$4.7 million General Fund in 2022-23.

Circular Economy

- Reduces Composting Opportunities by \$4.8 million General Fund in 2021-22, or 38 percent.
- Eliminates the recycling feasibility grant, \$2 million General Fund in 2021-22 and \$13 million in 2022-23.
- Reduces the Recycling Market Development Zone Loan Program by 9 percent with \$4.5 million General Fund in 2022-23.

Dam Removal

- Provides \$2 million (one-time General Fund) in 2022-23 and \$1.3 million ongoing and five permanent positions at the Department of Fish and Wildlife to establish two new programs to support the management of fish and wildlife, recreational opportunities, and Tribal partnerships before and after removal of the Klamath Dam.

Parks

- Cuts 40 percent from the Statewide Parks Program with \$150 million General Fund for the Statewide Parks Program across 2022-23, 2023-24, and 2024-25.
- Reverts \$110 million from the Natural Resources and Parks Perseveration Fund to the General Fund. This reversion includes \$95 million for future phases of the California Indian Heritage Center project and \$15 million for unspecified future capital outlay projects.
- Appropriates \$5.8 million one-time and \$3.3 million ongoing General Fund to establish and open Dos Rios Ranch as a new state park and create recreation opportunities and park access to historically underserved communities in the Central Valley. Funds initially appropriated for the acquisition of a new state park in the 2020 Budget Act will be used for planning and acquisition costs.

TRANSPORTATION

- Highlights that the Federal Infrastructure Investment and Jobs Act (IIJA) provides California with an average increase of \$2.2 billion annually in federal road and transit formula funding through 2025-26, for a total share of federal formula funding of \$38 billion for five years.
- Proposes reductions over three years to future transportation and transit infrastructure funding as follows:
 - Reduces planned funding in 2023 and 2024 from \$2 billion each year to \$1 billion in 2023 and \$500 million in 2024 and 2025. States that if there is sufficient revenues, these funds will be restored.
 - Reduces \$500 million from General Fund, with a \$300 million reduction restored from the State Highway Account, for a net reduction of \$200 million for Active Transportation.
 - Shifts \$200 million General Fund with \$200 million State Highway Account funding for the Climate Adaptation Program.
 - Delays \$350 million originally planned in 2023-24, which will be available in 2025-26 for grade separations.

GENERAL GOVERNMENT

Housing

- Includes \$350 million in reductions to housing programs that were included in the 2022 Budget Act as follows:
 - Reduces the California Dream for All by \$200 million of the \$500 million one-time in the 2023-24 Budget.
 - Removes \$100 million one-time General Fund in 2023-24 out of the \$350 million proposed in the 2022 Budget Act.
 - Reverts the entire \$50 million from the Accessory Dwelling Unit Program for 2022-23.

Homelessness

- Does not include any changes to funding for homelessness programs included in the 2022 Budget Act. Proposes to work with the Legislature on outcomes and accountability.

Governor's Office of Business and Economic Development

- Proposes a Film and television Tax Credit of \$330 million per year beginning in 2025-26.
- Includes \$1.5 million one-time General Fund to relaunch Made in California Program. The Made in California Program aims to support in-state manufacturing by increasing consumer awareness of in-state production.
- Reduces by \$92 million the California small Business COVID-19 Relief Grant Program. At this time all grants have been awarded to eligible businesses.
- Reverts \$50 million General Fund from I-Bank's Small Business Finance Center and the California Rebuilding Fund, leaving \$37.5 million for financial assistance to small businesses.
- Includes \$120 million for a third year of the California Competes grant program.
- Proposes changes to the New Employment Credit that would eliminate the geographic restrictions of the state's existing New Employment Credit.

Department of Industrial Relations (DIR)

- Provides \$11.7 million special funds and 42 positions in 2023-24 and \$6.5 million special funds ongoing to help address wage claim processing times and automate portions of the claims processing activities within the Wage Claim Adjudication unit.
- Includes \$21.1 million special funds in 2023-24 for the replacement of the Division of Workers' Compensation's electronic case management and document storage system.
- Reduces funding for the Apprenticeship Innovation Fund, which supports non-traditional apprenticeships, from \$175 million General Fund over three years to \$135 million General Fund over three years. Includes a trigger proposal that would restore funding in 2024 if sufficient General Fund is available.
- Pauses funding for the Women in Construction Unit for two years, which provided \$15 million General Fund to promote and support women and non-binary individuals in skilled trade careers. Proposes resuming funding in 2025-26. Includes a trigger proposal that would withdraw the pause if sufficient General Fund is available.
- Eliminates \$25 million General Fund in 2023-24 for the COVID Workplace Outreach Program, which allows DIR to partner with organizations to perform COVID outreach and education to workers and employers in high-risk industries.

California Workforce Development Board

- Reduces funding for the California Youth Leadership Program, which invests in career pathway programs at community colleges, from \$60 million General Fund over three years to \$40 million over three years. Includes a trigger proposal that would restore funding in 2024 if sufficient General Fund is available.

Employment Development Department

- Provides \$198 million one-time in 2023-24, \$99 million of which is General Fund, to continue the planning and development of EDDNext, for the second year of a five-year plan to modernize EDD.
- Includes \$85 million one-time in 2023-24, \$71 million of which is General Fund, to combat fraud, including front-end technology to block foreign and suspicious Internet Protocol addresses, improve applicant identity verification, and services to screen and validate claim integrity.

- Includes \$279 million on-time General Fund to pay the annual interest payment on the state's Unemployment Insurance loan balance.
- Withdraws \$750 million one-time General Fund payment in 2023-24 that was planned to pay down a portion of the state's Unemployment Insurance Trust Fund debt.
- Eliminates a \$500 million one-time General Fund allocation that was planned to offset the rising federal unemployment insurance tax rates resulting from the Unemployment Insurance Trust Fund insolvency.
- Reduces funding for the Emergency Medical Technician Training from \$60 million over three years to \$40 million over three years. Includes a trigger proposal that would restore funding in 2024 if sufficient General Fund is available.

Employee Compensation and Collective Bargaining

- Includes \$487.5 million, \$130.6 million of which is General Fund, for increased state employee compensation, healthcare costs for active employees, and retiree health care prefunding contributions for active employees.

CalPERS and CalSTRS

- Provides \$8.5 billion, \$4.7 billion of which is General Fund, for the statutorily required annual state contribution to CalPERS for state pension costs.
- Includes \$1.2 billion one-time Proposition 2 debt repayment funding.
- Provides \$390 million in one-time Proposition 2 debt repayment funding for the employer's share of contributions to pay for future retiree health benefits.
- Provides \$3.9 billion General Fund for the statutorily required annual state contribution to CalSTRS.

California Department of Technology (CDT)

- Reduces multi-year General Fund for CDT to modernize IT solutions from \$50 million to \$29 million.
- Reduces multi-year General Fund for CDT to conduct assessments of existing critical systems and identify technology solutions to mitigate risks of failure of critical services from \$30 million to 12.5 million

Department of Cannabis Control (DCC)

- Provides \$95.4 million General Fund in 2023-24 to backfill estimated decline in revenues and meet Allocation 3 baseline funding of \$670 million.
- Issues \$1.9 million Cannabis Control Fund to establish a permanent Department of Cannabis Control Enforcement District Office in Fresno.
- Includes \$3.8 million Cannabis Control Fund and \$4.2 million Fish and Game Preservation Fund to continue the Department of Fish and Wildlife's Cannabis Regulatory and Enforcement Program.
- Provides that a portion of \$10 million Cannabis Control Fund will be allocated to the California Department of Tax and Fee Administration to support its cannabis tax enforcement program
- Allocates \$83.9 million from the Cannabis Tax Fund to the Board of State and Community Corrections to award grants to local governments to assist with law enforcement, fire protection, or other local programs addressing public health and safety associated with the implementation of the Control, Regulate and Tax Adult Use of Marijuana Act.
- Includes \$6.4 million Cannabis Control Fund and \$5.7 million in other special funds, which will increase over time to \$13.1 million Cannabis Tax Fund and \$6.6 other special funds, to continue the State Water Resources Control Board's statutorily mandated efforts to address water quality and instream flow-related impacts from cannabis cultivation through enforcement against illegal cultivations and enrollment of eligible cultivators in the Water Board's regulatory program.

REVENUES AND TAXATION

Tax Proposals

- Proposes a Film and television Tax Credit of \$330 million per year beginning in 2025-26 for five years and proposes to make the credit refundable. A credit recipient with insufficient tax liability will be able to claim a tax refund at a discounted value over multiple years to lessen the revenue loss to the state. Credits applied against tax liability will retain their full value.
- Includes a proposal to require net income derived from incomplete non-grantor trusts be subject to California income tax if the grantor of the trust is a California resident. This proposal mitigates a tax strategy which allows California residents to transfer assets into out-of-state incomplete non-grantor trust and potentially avoid state taxation.
- Proposes to exempt student loan debt forgiveness under the 2022 federal student loan debt relief plan from state income taxation, assuming litigation is resolved.

Personal Income Tax

- Forecasts the PIT to be lower by \$25.4 billion over the budget window largely due to withholdings and capital gains.

Corporation Tax

- Forecasts the Corporation Tax to be lower by \$3.8 billion over the budget window.

Sales and Use Tax

- Forecasts the sales tax forecast to be lower by \$2.5 billion over the budget window, mainly because of a weaker projected economic growth and lower expected taxable private investment due to tighter monetary policy.

**2023-24 Governor's Budget
General Fund Revenue Forecast
Reconciliation with the 2022 Budget Act**

(Dollars in Millions)

Source	2022 Budget Act	Governor's Budget	Change From Budget Act Forecast	
Fiscal 2021-22 (Preliminary)				
Personal Income Tax	\$136,497	\$136,762	\$265	0.2%
Corporation Tax	46,395	45,298	-1,098	-2.4%
Sales & Use Tax	32,750	32,915	165	0.5%
Insurance Tax	3,468	3,495	27	0.8%
Alcoholic Beverage	430	431	1	0.3%
Pooled Money Interest	237	362	125	53.0%
Cigarette	54	54	0	-0.5%
Other Revenues	3,050	3,851	801	26.2%
Subtotal	\$222,882	\$223,168	\$286	0.1%
Transfer To/From BSA	-5,677	-5,224	453	-8.0%
Other Transfers	9,856	15,947	6,091	61.8%
Total	\$227,061	\$233,891	\$6,830	3.0%
Fiscal 2022-23				
Personal Income Tax	\$137,506	\$128,905	-\$8,601	-6.3%
Corporation Tax	38,464	38,482	18	0.0%
Sales & Use Tax	33,992	32,851	-1,142	-3.4%
Insurance Tax	3,667	3,641	-26	-0.7%
Alcoholic Beverage	435	436	1	0.3%
Pooled Money Interest	478	1,794	1,316	275.3%
Cigarette	49	49	0	-0.2%
Other Revenues	8,460	4,589	-3,871	-45.8%
Subtotal	\$223,050	\$210,746	-\$12,304	-5.5%
Transfer To/From BSA	-2,968	-1,620	1,348	-45.4%
Other Transfers	-375	-243	133	-35.4%
Total	\$219,707	\$208,883	-\$10,823	-4.9%
Fiscal 2023-24				
Personal Income Tax	\$143,755	\$126,695	-\$17,060	-11.9%
Corporation Tax	42,013	39,308	-2,705	-6.4%
Sales & Use Tax	35,145	33,599	-1,546	-4.4%
Insurance Tax	3,865	3,863	-2	-0.1%
Alcoholic Beverage	440	441	1	0.3%
Pooled Money Interest	911	1,686	775	85.1%
Cigarette	43	45	1	2.8%
Other Revenues	7,245	4,040	-3,204	-44.2%
Revenue Solutions	n/a	30	30	n/a
Subtotal	\$233,417	\$209,707	-\$23,710	-10.2%
Transfer To/From BSA	-1,159	-911	248	-21.4%
Other Transfers	166	195	28	17.2%
Transfer Solutions	n/a	1,183	1,183	n/a
Total	\$232,424	\$210,174	-\$22,250	-9.6%
Three-Year Total Excluding BSA and Solutions			-\$29,505	
Three-Year Total			-\$26,243	

PUBLIC SAFETY

Department of Corrections and Rehabilitation

- Provides \$14.5 billion (\$14.1 billion General Fund and \$374.9 million other funds) for CDCR in 2023-24.
- Projects the average daily incarcerated population for 2022-23 to be 96,157, a decrease of 6.6% since 2022 Spring projections. Fall projections indicate the population will decrease by another 2,761 individuals between 2022-23 and 2023-24 to 93,396. By the 2025-26, the population is projected to decline to 87,295.
- Projects the average parolee population to be 41,345 in 2023-24. The parole population is projected to decline to 36,473 by June 30, 2027.
- Projects \$142.8 million in annual ongoing savings after the closure of California Correctional Center in Susanville in June of 2023.
- Estimates total savings of \$150 million ongoing General Fund based on the closure of Chuckawalla State Prison, termination of the lease at California Correctional City Facility, and the deactivation of several yards at six prisons.
- Provides \$5.6 million in 2022-23 and \$30.7 million ongoing General Fund to implement Chapter 827, Statutes of 2022 (SB 1008) related to free voice calling.
- Provides \$87.7 million one-time General fund in 2023-24 and \$14.7 million ongoing to install fixed cameras at remaining prisons.
- Provides \$1.5 million General Fund in 2023-24 and \$62 million one-time General Fund in 2024-25 for the RJ Donovan prison roof replacement.
- Provides \$141.8 million one-time General Fund in 2023-24 for COVID-19 related measures, including testing, personnel services, and medical registry costs.
- Provides \$22.7 million General Fund in 2023-24 and \$22.4 million ongoing to continue the employee health program which was initiated during the COVID 19 pandemic.
- Reduces COVID-19 related worker's compensation funding by \$30.9 million each year for four years.
- Reduces deferred maintenance funding by \$30 million General Fund.

Division of Juvenile Justice

- Estimates 360 youth will remain at the time of DJJ's closure on June 30, 2023 and decreases the DJJ budget by \$95.8 million ongoing.

Judicial Branch

- Provides \$5.1 billion (\$3.2 billion General Fund and \$1.9 billion other funds) for Judicial Branch operations, of which \$2.9 billion will support trial court operations.
- Provides \$74.1 million ongoing General fund to support trial court operations which is in addition to augmentations provided in the 2021 and 2022 Budget Acts.
- Reduces implementation costs for the CARE Act by \$13.9 million in 2023-24, and increases funding by \$12.9 million in 2024-25, and \$30.9 million ongoing. This results in \$23.8 million General Fund in 2023-24, \$50.6 million in 2024-25, and \$68.5 million in 2025-26 and ongoing for the CARE Act. In addition, provides \$6.1 million General Fund in 2023-24 and increasing to \$31.5 million annually beginning in 2025-26 to support public defender and legal service organizers to provide legal support to CARE participants.
- Provides \$19 million General Fund in 2023-24, \$17.5 million in 2024-25, and \$4.2 million ongoing to implement Chapter 326, Statutes of 2021 related to juror compensation.
- Provides \$89.5 million General Fund in 2023-24, \$175.5 million in 2024-25, and \$174.5 million ongoing to backfill a projected shortfall in the State Court Facilities Construction Fund in order to maintain existing service levels.
- Includes \$109.3 million ongoing General Fund to backfill the Trial Court Trust Fund.
- Provides \$19.6 million ongoing General Fund for trial court employee health benefit and retirement costs.
- Reduces the \$188 million one-time General fund included in the 2021 Budget Act for deferred maintenance by \$49.5 million in 2022-23.
- Eliminates \$20 million General Fund for the Court Appointed Special Advocate Program in 2023-24 and 2024-25 for a total of \$40 million.

Department of Justice

- Provides \$1.2 billion, including \$486 million General Fund, to support the Department of Justice.
- Provides \$53.4 million ongoing General Fund to backfill the DNA Identification Fund.
- Provides \$2.8 million General Fund in 2023-24, \$2.5 million in 2024-25, and \$1.2 million ongoing to implement Chapter 76, Statutes of 2022 (AB 1621) related to unserialized firearms.
- Provides \$797,000 General Fund in 2023-24 and \$738,000 ongoing to implement Chapter 138, Statutes of 2022 (AB 228) related to firearm dealer inspections.
- Provides \$648,000 General Fund in 2023-24 and \$631,000 ongoing to implement Chapter 98, Statutes of 2022 (AB 1594) related to civil lawsuits pertaining to firearms.
- Provides \$177,000 Special Fund in 2023-24, and \$164,000 in 2024-25 to implement Chapter 995, Statutes of 2022 related to firearm dealer requirements.
- Provides \$408,000 (\$12,000 General Fund and \$396,000 Special Fund) in 2023-24, decreasing to \$191,000 ongoing to implement Chapter 696, Statutes of 2022 (AB 2552) related to gun shows and events.
- Provides \$911,000 one-time General Fund to implement Chapter 142, Statutes of 2022 (AB 2156) related to firearms manufacturers.
- Provides \$1.8 million ongoing General Fund to establish a Police Practices Division related to Chapter 326, Statutes of 2020 (AB 1506).
- Provides \$1.5 million General Fund in 2023-24, and \$1.1 million ongoing to implement Chapter 986, Statutes of 2022 related to death review teams.
- Provides \$817,000 General Fund in 2023-24, and \$2.4 million ongoing to implement Chapter 806, Statutes of 2022, related to race-blind charging.
- Provides \$2.2 million General Fund in 2023-24, \$2.1 million in 2024-25, and \$848,000 in 2025-26 and 2026-27 to implement Chapter 739, Statutes of 2022 (AB 256) related to criminal procedures.
- Provides \$1.5 million Special Fund in 2023-24 and \$1.4 million ongoing to support the Missing Persons DNA Identification program. Proposes to increase the fee for death certificates from \$2 to \$3.63.

Local Public Safety

- Estimates Proposition 47 savings to be \$101 million in 2023-24.
- Estimates \$8.2 million General Fund for Post Release Community Supervision.
- Provides \$123.8 million General Fund in 2023-24 for the Community Corrections Performance Incentive Grant.
- Eliminates \$50 million General Fund for the Public Defender Pilot Program in 2023-24.
- Proposes \$9.8 million Motor Vehicle Account for the California Highway patrol to implement a statewide body-worn camera program.

Office of Emergency Services

- Proposes \$3.3 billion (\$771.7 million General Fund) and 1,877 positions for OES.
- Includes \$28.7 million and 40 positions across various departments including OES and the Military Department, to maintain and enhance the California Cybersecurity Integration Center.
- Excludes \$250 million General Fund for the Seismic Retrofitting Program for Soft Story Multifamily housing from the 2023-24 budget but may be restored in January 2024 if sufficient General Fund is available.

SUMMARY OF CHARTS

**2023-24 Governor's Budget
General Fund Budget Summary**
(in millions)

	2022-23	2023-24
Prior Year Balance	\$52,713	\$21,521
Revenues and Transfers	\$208,884	\$210,174
Total Resources Available	\$261,597	\$231,695
Non-Proposition 98 Expenditures	\$160,973	\$143,060
Proposition 98 Expenditures	\$79,103	\$80,554
Total Expenditures	\$240,076	\$223,614
Fund Balance	\$21,521	\$8,081
Reserve for Liquidation of Encumbrances	\$4,276	\$4,276
Special Fund for Economic Uncertainties	\$17,245	\$3,805
Public School System Stabilization Account	\$8,108	\$8,473
Safety Net Reserve	\$900	\$900
Budget Stabilization Account / Rainy Day Fund	\$21,487	\$22,398

General Fund Expenditures by Agency

(in millions)

	2022-23	2023-24	<u>Change from 2022-23</u>	
			Dollar Change	Percent Change
Legislative, Judicial, Executive	\$19,636	\$11,852	-\$7,784	-39.6%
Business, Consumer Services & Housing	4,062	1,472	-2,590	-63.8%
Transportation	1,725	2,191	466	27.0%
Natural Resources	15,437	9,723	-5,714	-37.0%
Environmental Protection	2,133	1,989	-144	-6.8%
Health and Human Services	64,790	71,447	6,657	10.3%
Corrections and Rehabilitation	15,822	14,775	-1,047	-6.6%
K-12 Education	78,505	81,176	2,671	3.4%
Higher Education	23,043	22,518	-525	-2.3%
Labor and Workforce Development	1,234	1,638	404	32.7%
Governmental Operations	6,795	3,847	-2,948	-43.4%
General Government:				
Non-Agency Departments	2,791	3,562	771	27.6%
Tax Relief/Local Government	678	558	-120	-17.7%
Statewide Expenditures	3,425	-3,134	-6,559	-191.5%
Total	\$240,076	\$223,614	-\$16,462	-6.9%

General Fund Revenue Sources

(in millions)

	2022-23	2023-24	<u>Change from 2022-23</u>	
			Dollar Change	Percent Change
Personal Income Tax	\$128,905	\$126,725	-\$2,180	-1.7%
Sales and Use Tax	32,851	33,599	748	2.3%
Corporation Tax	38,482	39,308	826	2.1%
Insurance Tax	3,641	3,863	222	6.1%
Alcoholic Beverage Taxes and Fees	436	441	5	1.1%
Cigarette Tax	49	45	-4	-8.2%
Motor Vehicle Fees	37	37	0	0.0%
Other	6,102	7,067	965	15.8%
Subtotal	\$210,503	\$211,085	\$582	0.3%
Transfer to the Budget Stabilization Account/Rainy Day Fund	-1,620	-911	709	-43.8%
Total	<u>\$208,883</u>	<u>\$210,174</u>	<u>\$1,291</u>	<u>0.6%</u>