



HIGHLIGHTS OF GOVERNOR'S PROPOSED 2020-2021 BUDGET

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OVERVIEW

Ten years ago, California's budget was a mess. The 2010-11 budget was enacted on October 7, 2010, the latest in state history, with a \$25 billion deficit projected for the next year. In the succeeding months, Californians demanded change.

They elected a new governor who pledged to address our budget problems head on, working with the Legislature. Voters gave the Democratic legislative majority the ability to pass on-time budgets with approval of Proposition 25. In 2012, voters approved Proposition 30 to increase taxes on millionaires and billionaires to help stabilize the state budget and fund public schools and Proposition 39 to more fairly tax big corporations. As the national economy improved, these actions helped bring the long-suffering state budget into balance. In 2014, voters approved a proposal of Assembly Democrats— Proposition 2—to mandate that the state set aside reserves as the economy expanded.

Since then, the Legislature and California's governors have worked together to build reserves, pay down state and local liabilities, and carefully restore state-funded programs. The budget now has been balanced for several years, which allowed Governor Newsom and the Legislature to advance major new investments for working families, health care affordability, the environment, and housing in 2019.

Governor Newsom's 2020-21 balanced budget proposal benefits from the strong fiscal foundation built over the last decade:

- A roughly \$6 billion annual budget surplus available for allocation to new investments and reserves.
- \$21 billion in required and proposed reserves.
- More payments to speed up retirement of the state's share of teachers' pension liabilities.

The Governor's 2020-21 budget proposal reflects his discussions with Members of the Assembly in recent months. As such, Assembly Democrats agree with nearly all of his major priorities. Through the annual budget process, the Governor's proposals will be refined and modified between now and June to build consensus between him, the Assembly, and the Senate.

Major features of the Governor's proposal include:

- \$18 billion in Rainy Day Funds, which combined result in a historic \$21 billion overall reserve level.
- \$84 billion in Proposition 98 funding for K-12 schools and community colleges, an all-time high. Per pupil spending is projected to increase by almost \$500 per child.

- Initiatives aimed at reducing achievement gaps, such as those in high-poverty schools and those affecting African American students and students enrolled in special education programs.
- Funding for 10,000 additional full-day/full-year preschool slots and making some new resources available for preschool facilities.
- 5% increases in base resources for the state's public university systems.
- \$750 million in additional grants to help address the homelessness crisis.
- A transformed Medi-Cal program with a new, proposed federal waiver to change behavioral health delivery and expand statewide wraparound and preventive services.
- Initiatives to help reduce prescription drug and health care costs.
- Expansion of full-scope Medi-Cal coverage to low-income Californians aged 65 and above, regardless of immigration status.
- A proposed bond to fund climate resilience investments and establishment of a new Climate Catalyst Fund to finance investments in low-carbon transportation, sustainable agriculture, and waste diversion, among others.
- A process to close a state-operated prison within five years and expansion of rehabilitation and treatment opportunities in the prison system, focused on young offenders under age 26.
- Investments in strengthening nutrition programs at food banks, schools and higher education campuses to prevent hunger.
- Reform of the probation system, including increased supervision for certain misdemeanors.
- New funding for fire and emergency response and cybersecurity.

HEALTH

General Issues

- Delays potential suspensions of various health and human services expenditures, adopted in the 2019 Budget Act, from December 31, 2021 to July 1, 2023.
- Establishes the Center for Data Insights and Innovation, by integrating the existing Office of Innovation, Office of the Patient Advocate, and the Office of the Health Information Integrity to: 1) improve operational use and quality of data; 2) create evidence-based programs; 3) maximize federal reimbursements; 4) improve the use of linked data; 5) increase collaboration between university and state research; and, 6) improve research in order to improve services and outcomes for all.

Pharmaceutical Pricing

- Proposes to establish the state's own generic drug label. Proposes that the state would contract with one or more generic drug manufacturers to manufacture select generic drugs on behalf of the state and participating entities, in order to increase competition in the generic market, and result in lower generic drug prices for all purchasers.
- Proposes to establish a single market for drug pricing within the state, the "Golden State Drug Pricing Schedule," in order to enable all purchasers—Medi-Cal, California Public Employees' Retirement System, Covered California, private insurers, self-insured employers, and others—to combine their purchasing power. Proposes that drug manufacturers would have to bid to sell their drugs—at a uniform price—in the California market, and California would invoke a most-favored-nation clause in the manufacturer price bid, which would require manufacturers to offer prices at or below the price offered to any other state, nation, or global purchaser if they wish to sell their products in California.
- Proposes to expand the authority of the Department of Health Care Services to consider the best prices offered by manufacturers internationally when conducting negotiations for state supplemental rebates.
- Assumes \$178.3 million (\$69.5 million General Fund) savings in 2020-21 and hundreds of millions of dollars in annual General Fund savings by fiscal year 2022-23 as a result of implementation of Executive Order N-01-19 to carve out pharmacy services from Medi-Cal managed care.

- Establishes a process for the state to seek rebates for non-Medi-Cal drug purchases.
- Proposes a new supplemental payment pool for non-hospital clinics for 340B pharmacy services, including \$52.5 million (\$26.3 million General Fund), to begin January 1, 2021.

Health Care Affordability

- Establishes the Office Health Care Affordability in spring 2020, to be charged with increasing price and quality transparency, developing specific strategies and cost targets for the different sectors of the health care industry, and financial consequences for entities that fail to meet these targets.
- Requires the Health and Human Services Agency to develop options to strengthen enrollment, affordability, and choice through Covered California, including opportunities to leverage the statewide network of existing public Medi-Cal managed care plans.
- Creates a new state program to assist families with the cost of hearing aids and related services for children without health insurance coverage of hearing aids in households with incomes up to 600 percent of the federal poverty level.

Behavioral Health

- Establishes the Behavioral Health Task Force at the Health and Human Services Agency to include state departments, counties, consumers, health plans, providers and other stakeholders, to review policies and programs to improve quality of care and coordinate system transformation.
- Includes \$695 million growing to \$1.4 billion to transform Medi-Cal by enhancing preventative healthcare, better integrating the broad ranging health care needs of Medi-Cal beneficiaries and addressing social needs that drive and worsen health conditions.
- Provides support, to be detailed later in the year, for the state to increase enforcement efforts of behavioral health parity laws and other behavioral health requirements on health plans.
- Proposes, to be detailed later in the year, to reform the Mental Health Services Act (Proposition 63) in order to integrate mental health and substance abuse treatment, and to focus on the criminal-justice-involved homeless population and youth.

- Includes \$89.2 million in 2019-20 for the Medication Assisted Treatment Expansion Project.
- Includes \$426 million (\$62.6 million General Fund) to support the Drug Medi-Cal Organized Delivery System.
- Includes \$45.1 million General Fund in 2020-21 and \$42 million General Fund in 2021-22 for a Behavioral Health Quality Improvement Program at the Department of Health Care Services, to help county-operated behavioral health programs, including enhanced data-sharing for care coordination, value-based payments, performance measurement and reporting.
- Proposes a new nicotine content-based E-cigarette tax beginning January 1, 2021, at \$2 per 40 milligrams of nicotine. Assumes revenue of \$32 million in 2020-21 and establishes a new fund with this revenue to be used for administration, enforcement, youth prevention and health care workforce programs.

Department of State Hospitals

- Proposes \$364.2 million General Fund (\$24.6 million General Fund in 2020-21) over six years to implement a Community Care Collaborative Pilot program in three counties to treat and serve individuals deemed incompetent to stand trial (IST) in the community.
- Expands Jail-Based Competency Treatment programs to eight additional counties with 63 new beds, including \$8.9 million General Fund in 2020-21 and \$11.2 million General Fund annually thereafter.
- Includes \$32 million General Fund and 80.9 positions in year one of five for treatment planning and delivery, to standardize clinician-to-patient ratios, and increase the number of treatment teams and primary care physicians in state hospitals.
- Includes \$7.9 million General Fund and 46.3 positions for protective services, to enhance protective services functions at Napa State Hospital, and outside custody and executive leadership system-wide.
- Proposes \$10.5 million General Fund annually from 2020-21 through 2026-27 for infrastructure upgrades at the four hospitals accredited by The Joint Commission.

- Includes \$49.3 million for roof replacements at Metropolitan, Napa, and Patton State Hospitals.

Medi-Cal

- Assumes federal approval of the Managed Care Organization tax adopted as part of the 2019 budget, reflecting revenue beginning in the 2021-22 fiscal year.
- Expands full-scope Medi-Cal to all income-eligible persons 65 years and older, regardless of immigration status, no sooner than January 1, 2021, including \$80.5 million (\$64.2 million General Fund) to cover costs, including for In-Home Supportive Services, for an estimated enrollment in the first year of 27,000 individuals. Assumes full implementation (out-year) costs of \$350 million (\$320 million General Fund).
- Renames the “CalAIM” initiative to the “Medi-Cal Healthier California for All” (MCHCA) initiative, an initiative designed to transform the Medi-Cal program in order to: address social determinants of health; make Medi-Cal consistent and seamless, by reducing complexity and increasing flexibility; and improve quality outcomes of beneficiaries.
- Includes, within MCHCA, \$695 million (\$348 million General Fund) in 2020-21, and \$1.4 billion (\$695 million General Fund) in 2021-22 and 2022-23, and \$790 million (\$395 million General Fund) thereafter for enhanced care management and in lieu of services, infrastructure to expand Whole Person Care statewide, and expand existing dental initiatives (as described above, under “Behavioral Health”).
- Includes \$40 million (\$20 million General Fund), to be detailed later in the year, for state administration of MCHCA.
- Reforms nursing facility financing by moving away from a cost-based methodology to a payment system that incentivizes value and quality.

Department of Public Health

- Includes \$3.6 million one-time General Fund to establish a coordination and training initiative through the Alzheimer’s Disease Centers to develop a “train the trainer” program to help family caregivers.
- Includes \$32.9 million and 92 positions in 2020-21, \$57.4 million in 2021-22, and \$62.8 million, and an additional 76.6 positions, in 2022-23, in increased resources for the Licensing and Certification Program to address workload.

- Includes \$3 million from the Internal Departmental Quality Improvement Account for quality improvement projects and enhanced provider and program support in the Licensing and Certification Program.

Office of the Surgeon General

- Proposes \$10 million one-time General Fund for the development of an adverse childhood experiences (ACEs) cross-sector training program to be accredited by the Office of the Surgeon General, and a statewide ACEs public awareness campaign.

HUMAN SERVICES

California Health and Human Services Agency

- Charges the California Health and Human Services Agency (CHHSA), alongside academic researchers at UCSF and CA Policy Lab, to conduct a comprehensive, data-driven study to better understand the root causes of homelessness and more fully understand the situation in California. This will be a first-in-the-state interview survey that will look to better understand the needs of individuals who are experiencing homelessness across the state.
- Establishes the Department of Early Childhood Development within the CHHSA to promote a high-quality, affordable, and unified early childhood system that improves program integration and coordination. Provides \$8.5 million General Fund for the development of the new department and proposes to have it implement effective July 1, 2021.
- Includes \$10 million one-time General Fund for the development of an adverse childhood experiences cross-sector training program that will be accredited by the Office of the Surgeon General, in addition to a statewide adverse childhood experiences public awareness campaign.
- Creates a Center for Data Insights and Innovation within the CHHSA to focus on leveraging data to develop knowledge and insights to improve program delivery and drive system transformation across health and human services. The Center will integrate the Office of Innovation, the Office of the Patient Advocate, and the Office of Health Information Integrity.
- Establishes the Behavioral Health Task Force to bring together relevant state departments, counties, consumers, health plans, providers and other stakeholders to review existing policies and programs to improve the quality of care and coordinate system transformation efforts to better prevent and respond to the impacts of mental illness and substance use disorders in California's communities.

Department of Social Services

Housing and Homelessness

- Creates the California Access to Housing and Services Fund in the Department of Social Services (DSS) to (a) pay rent for individuals facing homelessness, (b)

support regions to bring on more dwelling units, and (c) to help stabilize board and care facilities/homes. Unlike other state efforts, this money will go directly to service providers. The Governor proposes to seed this new fund with \$750 million in new one-time General fund, and calls on philanthropy and the private sector to step up as well.

Food and Hunger

- Includes \$5 million General Fund annually to maintain the GetCalFresh.org website, a statewide online application assistance tool that provides a streamlined application experience and allows clients to apply on multiple platforms. The website will be maintained until a CalSAWS statewide portal becomes operational and offers the same level of client service and language access.
- Holds CalFresh county administration funding in 2020-21 to the 2019-20 level, resulting in increased costs of \$26.9 million General Fund. The Administration will continue to work with representatives of counties and the County Welfare Directors Association of California to develop recommendations for a new budgeting methodology to determine the annual funding level necessary to support CalFresh administration, with the goal of proposing the new methodology in the May Revision.
- Includes \$20 million one-time General Fund for existing Emergency Food Assistance Program providers and food banks to support increased food purchases to partially mitigate the loss of CalFresh benefits due to federal rule changes.
- Includes \$3 million (\$1.3 million General Fund) to support increased staffing resources at DSS for the CalWORKs and CalFresh programs to improve program outcomes, services, administration, and oversight.

CalWORKs

- Includes total expenditures for Temporary Assistance for Needy Families (TANF) at \$8.3 billion (state, local, and federal funds) in 2020-21. Includes \$5.7 billion for CalWORKs program expenditures and \$2.6 billion in other programs. Average monthly CalWORKs caseload is estimated to be approximately 358,000 families in 2020-21, a 1.4-percent decrease from the revised 2019-20 projection. Due largely to an improving economy, caseload has decreased every year from a recent peak of 587,000 in 2010-11.

- Reflects a 3.1-percent increase to CalWORKs Maximum Aid Payment levels, effective October 1, 2020, which is estimated to cost \$73.6 million in 2020-21 and \$98.1 million in 2021-22. These increased grant costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccounts of the Local Revenue Fund.
- Reflects \$589.8 million in projected county indigent health savings in 2020-21 to offset General Fund costs in the CalWORKs program, a decrease of \$13.1 million from 2019-20. This decrease is more than offset by additional indigent health net savings of \$301.3 million available from 2017-18.

In-Home Supportive Services (IHSS)

- Includes \$14.9 billion (\$5.2 billion General Fund) for the IHSS program in 2020-21, a 16-percent increase in General Fund costs over the revised 2019-20 level. Average monthly caseload in this program is estimated to be 586,000 recipients in 2020-21, a 4.5-percent increase from the revised 2019-20 projection.
- Changes the suspension policy that was applied to the restoration of the IHSS 7 percent hours reduction as it was approved in the 2019 Budget Act by extending the effective date for this possible suspension, contingent upon a calculation to be made the year prior by the Governor and the Legislature, from December 31, 2021 to July 1, 2023. This suspension delay is being proposed for all appropriations in the 2019 Budget to which the suspension was originally applied.
- Reflects \$1.1 billion (\$523.8 million General Fund) to support planned minimum wage increases of \$13 per hour on January 1, 2020 and \$14 per hour on January 1, 2021.
- Includes \$5.9 million General Fund in 2020-21, growing to \$119.5 million General Fund in 2021-22, to support increased IHSS costs associated with the proposed expansion of full-scope Medi-Cal coverage for undocumented persons 65 years of age or older, beginning January 1, 2021.
- Includes \$3.7 million (\$1.9 million General Fund) in 2020-21 and \$240,000 (\$120,000 General Fund) ongoing to support additional training for county social workers and managers in conducting needs assessments for IHSS recipients to promote consistency across all counties with respect to program requirements.

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

- Includes \$2.66 billion General Fund in 2020-21 for the SSI/SSP program. This represents a 1.6-percent decrease from the revised 2019-20 budget. The average monthly caseload in this program is estimated to be 1.18 million recipients in 2020-21, a 1.8-percent decrease from the 2019-20 projection. The SSI/SSP caseload consists of 69.4 percent disabled persons, 29.3 percent aged, and 1.4 percent blind. Effective January 2020, the maximum SSI/SSP grant levels are \$943 per month for individuals and \$1,583 per month for couples. As a result, the maximum SSI/SSP monthly grant levels will increase by approximately \$13 and \$20 for individuals and couples, respectively, effective January 2021. CAPI benefits are equivalent to SSI/SSP benefits.
- Reflects the pass-through of the federal Cost of Living Adjustment for the SSI portion of the SSI/SSP grant effective January 1, 2021, based on the Consumer Price Index, estimated to be 1.7 percent for 2021.

Foster Care and Child Welfare

- Includes \$598.9 million General Fund in 2020-21 for services to children and families in these programs, an increase of \$38.9 million General Fund, or 6.9 percent, over the 2019 Budget Act. When federal and 1991 and 2011 Realignment funds are included, total funding for children's programs is over \$6.4 billion in 2020-21.
- Includes \$548.6 million (\$373 million General Fund) to continue implementation of the Continuum of Care Reform (CCR). In 2017, California began implementation of the CCR, as enacted in Chapter 772, Statutes of 2015 (AB 403). The reforms emphasize home-based family care, improved service delivery, and increased the role of children and families in assessment and case planning, and provide for greater coordination of child welfare and mental health services.
- Includes \$11 million (\$5.6 million General Fund) to establish an additional child welfare social workers regional training academy in northern California (bringing the statewide total to five academies), increase ongoing training for social workers and supervisors, assess training effectiveness, and modernize how social worker training is monitored and used to inform workforce development planning.
- Includes \$54.4 million (\$27.2 million General Fund) to reflect updated project cost estimates, an increase of \$14.2 million General Fund compared to the 2019 Budget Act.

Immigration Services

- Continues to include \$65 million General Fund in 2020-21 and ongoing for immigration services. DSS funds qualified nonprofit organizations to provide immigration services to immigrants who reside in California via the unaccompanied undocumented minors and Immigration Services Funding programs.
- Includes \$15 million one-time Proposition 98 General Fund for the California Newcomer Education and Well-Being Project (CalNEW). CalNEW was established in 2017-18 to assist school districts in improving refugee and unaccompanied undocumented minors students' well-being, English-language proficiency, and academic performance. The funding, which is available over three years, will also provide school-based supports to immigrant families to address harms caused by the federal "public charge" rule.
- Includes \$10 million ongoing Proposition 98 General Fund for California Community College campuses to support the provision of immigration legal services.
- Includes \$10 million one-time General Fund for the California Workforce Development Board to launch the Social Entrepreneurs for Economic Development Initiative to provide micro-grants and entrepreneurial training to immigrants.
- Includes an increase of \$5.8 million ongoing Proposition 98 General Fund to fund Dreamer Resource Liaisons and student support services, including those related to career pathways and economic mobility, for immigrant students on community colleges, pursuant to Chapter 788, Statutes of 2019 (AB 1645).

Department of Developmental Services

- Includes \$9.2 billion (\$5.7 billion General Fund) and estimates that approximately 369,000 individuals will receive developmental services by the end of 2020-21.
- Includes \$78 million (\$60 million General Fund) to establish a Performance Incentive Program for Developmental Services administered through the Regional Center system. The program will provide incentive payments to Regional Centers to increase the quality of services and addressing disparities while improving data collection to demonstrate value. The Performance Incentive Program is intended to align with each Regional Center's performance contract, but will require

Regional Centers to meet an advanced tier of performance measures to receive additional payments. The goals of the program are: (1) focusing on a quality system that values personal outcome goals for people, such as an improved life or meaningful activities; (2) developing service options to better meet the needs of individuals and families in a person-centered way; (3) promoting the most integrated community settings; and (4) increasing the number of individuals who are competitively employed.

- Includes \$8.9 million General Fund for the temporary activation of one 20-bed unit in the Porterville secure treatment program To reduce the number of individuals with developmental disabilities found incompetent to stand trial (IST) and awaiting placement, the Budget. The additional unit will sunset June 30, 2024, as more integrated community resources are developed.
- Includes \$7.5 million General Fund to develop five enhanced behavioral support homes with secure perimeters aimed at providing long-term IST placement, which would become operational in 2021-22, and \$1.1 million General Fund for post-placement follow-up activities with residents transitioning from the remaining developmental centers into the community.
- Includes \$18 million (\$10.8 million General Fund) in 2020-21 and \$35.9 million (\$21.6 million General Fund) in 2021-22 to provide supplemental rate increases for Early Start Specialized Therapeutic Services, Infant Development and Independent Living services, consistent with the supplemental rate increases included in the 2019 Budget Act. Applies the suspension approach to these increases, as they were included for those approved in the 2019 Budget Act, however extends the effective date for those suspensions, contingent upon a calculation to be made the year prior by the Governor and the Legislature, from December 31, 2021 to July 1, 2023.
- Includes \$16.5 million (\$11.2 million General Fund) to establish a reduced regional center service coordinator caseload ratio for consumers who are under the age of five years.
- Includes \$4.5 million (\$2.6 million General Fund) to provide training on person-centered, trauma-informed, and evidence-based support services for individuals with co-occurring developmental disabilities and mental health needs.
- Includes \$11.9 million General Fund to extend the warm shutdown period at Fairview Developmental Center through 2020-21 until a site assessment is completed to inform the disposition of the property.

Department of Child Support Services

- Proposes to increase the amount of child support payments passed through to CalWORKs families, effective January 1, 2022, from the current \$50 to \$100 for a family with one child and \$200 for a family with two or more children. The Budget also proposes statutory changes to forgive child support payment arrearages or past due amounts that are determined to be uncollectible, beginning January 1, 2022.
- Includes an increase of \$56 million (\$19.1 million General Fund) for Local Child Support Agency administrative costs.

K-12 AND EARLY EDUCATION

K-12 Education

- Provides a total Proposition 98 General Fund funding level of \$84 billion in 2020-21, an increase of \$3.8 billion for schools and community colleges.
- Projects Proposition 98 ongoing per-pupil spending to be \$12,600 in 2020-21, an increase of \$496 per student compared to 2019-20.

Major K-12 Education Adjustments:

- Provides an increase of \$1.22 billion in Proposition 98 funding for the Local Control Funding Formula (LCFF), reflecting a 2.29 percent cost-of-living adjustment.
- Provides \$645 million Proposition 98 funding (\$186 million one-time) for special education services and school readiness supports.
- Proposes \$600,000 one-time Proposition 98 to improve the Local Control and Accountability Plans (LCAP) process to improve the template to make the information more relevant to parents, teachers, and other stakeholders.
- Invests \$350 million one-time Proposition 98 funds for Educator Workforce Investment Grants to support professional learning opportunities for teachers and paraprofessionals, especially in low-performing schools.
- Provides \$18 million one-time Proposition 98 funds for the California Collaborative for Education Excellence to boost awareness of existing service and supports to all local education agencies.
- Contains \$532 million one-time Proposition 98 in investments from several programs to address the current teacher shortages including:
 - \$193 million for Workforce Development Grants for shortages in high-need subjects and areas;
 - \$175 million to expand the Teacher Residency Program, a one-year intensive program to prepare and retain teachers in high need subjects and areas; and
 - \$100 million to create a stipend for fully credentialed teachers that serve for four years in high-need subjects in high-need schools.

- \$64.1 Million to expend the Classified School Employee Credentialing Program.
- Provides \$300 million of one-time Proposition 98 to establish the Community Schools grants program.
- Proposes \$300 million to establish Opportunity Grants for the state's lowest performing school and school districts.
- Includes \$15 million for grants to local education agencies to support approximately 10,000 K-12 teachers earn a supplemental authorization on their credential.
- Proposes a \$60 million Proposition 98 funding for additional school nutrition funding.
- Defers action on school facilities until after the March Primary results on the Public Preschool, K-12 and College Health and Safety Bond of 2020.
- Provides the Fiscal Crisis Management and Assistance Team with \$695,000 in additional resources to address increase workload from distressed districts.

Early Education and Child Care

- Creates a new Department of Early Childhood Development at the Health and Human Services Agency, effective in 2021, which would oversee child care programs currently overseen by the Department of Social Services and the Department of Education. State preschool would remain as part of the Department of Education.
- Provides \$127 million in non-Proposition 98 General Fund in 2020-21 to expand by 10,000 full-day State Preschool for non-profit providers.
- Includes provisional language to allow unspent kindergarten facility funding from 2019-20 to be used by local districts to expand preschool in 2020-21. It is expected that about \$300 million of last year's \$400 million appropriation is still available for this purpose.
- Provides \$10.3 million in Cannabis Fund in 2020-21 in additional General Child Care capacity, providing an additional 621 slots.
- Provides \$75 million to continue funding for inclusive early care and education program expansion.

- Requests an additional \$5 million for the Governor's Master Plan for Early Learning and Care.
- Provides \$10 million one-time General Fund for the development of an adverse childhood experiences cross-sector training program.

HIGHER EDUCATION

University of California

- Provides an increase of \$169.2 million ongoing General Fund, which represents an increase in base resources of 5%. The Administration states this funding is to be used to support operating enrollment growth, operational costs and student support services, but there are no specific requirements.
- Provides \$25 million ongoing General Fund to support expanded enrollment and operational costs at the UC Riverside School of Medicine.
- Provides \$15 million ongoing General Fund to expand the UC San Francisco School of Medicine Fresno Branch Campus in partnership with UC Merced.
- Provides \$3.6 million ongoing General Fund to support increased operational costs for the Division of Agriculture and Natural Resources.
- Provides \$3 million ongoing General Fund to support the UC San Diego Center for Public Preparedness Multi-Campus Research Initiative.
- Provides \$2.3 million General Fund, of which \$1.6 million is ongoing, to offset declining revenue in Proposition 56 support for graduate medical education.
- Provides \$50 million one-time General Fund to the UC Davis Koret Shelter Medicine Program to develop a grant program for animal shelters.
- Provides \$4 million one-time General Fund to increase support for degree and certificate completion programs through UC extension centers.
- Provides \$1.3 million General Fund to develop a UC Subject Matter Project in computer science.
- Shifts the suspension date of funding for financial aid for summer school from Dec. 31, 2021 to June 30, 2023.
- States that should a \$15 billion general obligation bond on the March ballot be approved, the Administration will submit a proposal to use some funds to support UC capital outlay projects.

California State University

- Provides an increase of \$199 million ongoing General Fund, which represents an increase in base resources of 5%. The Administration states this funding is to be used to support operating enrollment growth, operational costs and the Graduation Initiative, but there are no specific requirements.
- Provides \$6 million one-time General Fund to support development and expansion of degree and certificate completion programs, with an emphasis on online programs.
- Shifts the suspension date of funding for financial aid for summer school from Dec. 31, 2021 to June 30, 2023.
- States that should a \$15 billion general obligation bond on the March ballot be approved, the Administration will submit a proposal to use some funds to support CSU capital outlay projects.

California Community Colleges

- Provides \$167.2 million ongoing Proposition 98 to support a 2.29% cost of living adjustment.
- Provides \$31.9 million Proposition 98 to support enrollment growth.
- Provides \$83.2 million Proposition 98 to support apprenticeship programs in the following ways:
 - \$48.2 million, of which \$20.4 million is one-time, to support increases in instructional hours.
 - \$15 million ongoing to augment the California Apprenticeship Initiative to support the creation of new apprenticeship opportunities in priority and emerging industry sectors.
 - \$20 million one-time to expand access to work-based learning models and programs.
- Provides \$15 million one-time Proposition 98 to support a pilot fellowship program for improving faculty diversity.
- Increases support for faculty office hours by \$10 million one-time.
- Provides \$11.4 million to establish or support food pantries.

- Increases support for the zero-textbook-cost degree program by \$10 million one-time.
- Increases support for legal services for immigrant students, faculty and staff by \$10 million ongoing Proposition 98.
- Provides \$5.8 million Proposition 98 to support Dreamer Resource Liaisons and student support services.
- Provides \$5 million Proposition 98 to provide instructional materials for dual enrollment students.
- Provides \$27.6 million in Proposition 51 general obligation bond funding to support 24 new capital outlay projects.
- States that should a \$15 billion general obligation bond on the March ballot be approved, the Administration will submit a proposal to use some funds to support community college capital outlay projects.
- Provides \$700,000 one-time General Fund to support a working group on community college athlete compensation pursuant to Chapter 383, Statutes of 2019.
- Provides \$166,000 ongoing General Fund to support one new position in the Chancellor's Office accounting operations.

California Student Aid Commission

- Supports caseload adjustments for the Cal Grant program, including a decrease of \$160.8 million in 2019-20 and \$63 million in 2020-21 to reflect a decrease in awardees, and an increase of \$21.6 million General Fund to support an increase in the number of Cal Grant recipients with children. Also offsets a decrease in federal TANF spending on this program of \$60.1 million with General Fund.
- Provides \$5.3 million General Fund to support the third year of project costs for the Grant Delivery System Modernization Project.
- Provides \$5 million one-time General Fund to create a student loan debt service workgroup and conduct outreach activities.
- Assumes private, nonprofit colleges will meet community college student transfer requirements, setting the Cal Grant award for students attending these institutions at \$9,084.

Hastings College of Law

- Provides \$1.4 million ongoing General Fund for operational costs.

California State Library

- Provides \$1 million one-time General Fund to support online systems at public libraries.
- Provides \$1 million one-time General Fund to support the Lunch at the Library program, which provides summer meals for low-income students.
- Provides \$500,000 ongoing General Fund to support services provided by the Braille Institute of America in Los Angeles.
- Provides \$170,000 ongoing General Fund to support increased participation costs for the Corporation for Education Network Initiatives in California.

Fresno DRIVE

- Provides \$50 million one-time General Fund to support the Fresno Developing the Region's Inclusive and Vibrant Economy (DRIVE) initiative, including \$17 million for the Fresno Integrated K-16 Education Collaborative and \$33 million for the Fresno-Merced Food Innovation Corridor.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

California Natural Resources Agency

- Provides \$80 million General Fund to collect and make publicly available “Light Detection and Ranging (LiDAR)” data for the state, to better inform resource management decisions in forest management, vegetation treatment, infrastructure project planning, and hazard assessments for floods, fires, tsunamis, and landslides.
- Establishes the Truth and Healing Council in order to increase the Agency’s capacity to work with tribal nations and community-based organizations to further strengthen the Agency’s environmental justice program.
- Provides \$450,000 Environmental License Plate Fund through 2023-24 and \$225,000 in 2024-25 to the Native American Heritage Commission to support the establishment of the Truth and Healing Council.
- Provides \$360,000 Environmental License Plate Fund ongoing to establish the positions of Assistant Secretary for Environmental Justice and Assistance Secretary for Tribal Affairs to support and expand the Agency’s effort to institutionalize environmental justice and tribal consultation practices into program planning, development and implementation.
- Provides \$103 million General Fund one-time for efforts to support the draft Water Resilience Portfolio.
- Provides \$66 million General Fund one-time for Urban Flood Risk Reduction projects and for investments to help modernize operations for fish, wildlife, and habitat protection.
- Provides \$35 million General Fund one-time to support various resources investments that align with the draft Water Resilience Portfolio.
- Provides \$257 million existing bond funds to continue support strategic natural resources programs.

California Energy Commission

- Provides \$51 million Alternative and Renewable Fuel and Vehicle Technology Fund one-time to accelerate deployment of electric vehicle charging infrastructure.

Public Utilities Commission

- Includes \$30 million to implement measures to address problems arising from utility-caused wildfires in California and to fund regulatory efforts to prevent and mitigate utility-caused wildfires. These activities will shift from the CPUC to the new created Office of Energy Infrastructure Safety within the Natural Resources Agency effective July 1, 2021.

Department of Forestry and Fire Protection

- Provides \$120 million General Fund one-time (\$150 million ongoing) and 677 positions, phased in over five years, for additional resources that will provide operational flexibility throughout peak fire season and beyond based on fire conditions.
- Provides permanent funding to pre-position additional firefighting personnel on a portion of engines or staff engines earlier in the spring or later in the fall in winter.
- Includes \$9 million (\$8.8 million General Fund) and 22 positions across CalFire, CalOES, the Military Department, and PUC to begin implementation of the Wildfire Forecast Center.
- Includes \$110.1 million (\$26.8 million General Fund) for CalFire and CalOES to develop a Joint Powers Agreement to administer a \$100 million home hardening pilot program (AB 38)
- Includes \$8.3 million Greenhouse Gas Reduction Fund and 26 positions to support additional defensible space inspections and facilitate completion of a regional fire prevention capacity review pursuant to AB 38.

Department of Fish and Wildlife

- Provides \$12.7 million General Fund ongoing and 34 positions to increase capacity to better protect species under threat of extinction.

- Provides \$2.2 million General Fund ongoing and eight new positions to better care for one million acres of wildlife areas and ecological reserves.
- Provides a permanent extension of the \$30 million that is currently set to expire in 2020-21.
- Provides a shift of \$18.9 million General Fund ongoing from the Habitat Conservation Fund to supplement the biodiversity conservation program.
- Provides \$6 million General Fund to purchase a fixed wing aircraft to monitor species populations, identify declines that could lead to drastic effects on commercial and recreational fisheries, and patrol impacts to species.
- Provides \$7.5 million General Fund to modernize water conveyance systems to better manage wetlands, buffer against future climate scenarios, maximize benefits to wildlife, and reduce staff maintenance costs.
- Provides \$6.5 million General Fund to modernize hatchery facilities to build resilience against environmental stressors, provide greater operational reliability, and improve fish survival.
- Provides \$4 million General Fund ongoing and 16 positions to increase pace and scale of restoration work, and incorporate efficiencies into grant programs.

Department of Conservation

- Provides \$24.3 million in special funds and 128 positions, phased in over three years, to strengthen field enforcement of existing laws and regulations, validate adequate bonding levels for operations to limit state financial liability, and improve public transparency of regulatory activities.

Department of Parks and Recreation

- Provides \$20 million General Fund one-time to create a new state park.
- Provides \$4.6 million in bond funds to acquire inholding properties that expand existing state parks and provide other co-benefits such as protecting biodiversity.
- Provides \$8.7 million in Proposition 68 funds to expand access to state parks in urban areas and make other improvements to parks that serve disadvantaged communities. Significant improvements include:
 - Candlestick Point - \$2.6 million for design of the park build out.

- Old Sacramento - \$583,000 to start the design of new riverfront improvements.
- Improvements to Non-Profit Operated Parks - \$4.9 million for special repair and deferred maintenance projects.
- Future Capital Outlay Project Scoping - \$650,000 to study the cost, schedule, and scope of future capital outlay projects.
- Provides \$20 million General Fund to establish the Outdoor Equity Grants Program (AB 209) to enable underserved and at-risk populations to participate in outdoor environmental educational experiences at state parks.
- Provides \$3.2 million in Proposition 68 funds for the Natural Project Program to conserve and restore native plants and animals.
- Provides \$2.6 million in Proposition 68 funds for the Interpretive Project Program to develop new exhibits intended to bring parks to life and improve the visitor experience.
- Provides \$2.5 million in Proposition 68 funds for the Cultural Project Program to preserve history.
- Provides \$572,000 in Proposition 68 funds to begin design a new visitor center, exhibits, and site improvements at the Colonel Allensworth State Historic Park.
- Provides \$2.9 million Environmental License Plate Fund to expand access programs for K-12 students and teachers in low income and underserved communities.
- Proposes to increase participation in the low-income pass program, which provides free day-use entry, by partnering with state and county social and public health programs.
- Proposes potential revenue increases and program expenditure reductions in order to address the structurally imbalanced Harbors and Watercraft Revolving Fund.

Department of Toxic Substances Control

- Provides \$12 million General Fund one-time for the Toxic Substances Control Account to backfill the account given its structural deficit.
- Proposes statutory changes and funding to reform the Department. Specifically:

- \$3 million General Fund in 2020-21 to create a five-member board that will set fees through regulation, hear permit appeals, and provide strategic guidance to the Department.
- Statutory changes to authorize the board to go through a public fee-setting process, with spending levels subject to the budget process.
- Statutory changes to authorize the board to adjust the environmental fee through a public process.

California Air Resources Board

- Provides \$2.7 million in special funds to develop new statewide regulations to reduce or eliminate exposure to air toxins from industrial and commercial facilities.

Office of Environmental Health Hazard Assessment

- Provides \$6 million General Fund (\$5 million one-time) to develop and implement new risk assessment methods to evaluate the toxicology of unassessed chemicals, in partnership with the University of California.

Department of Pesticide Regulation / California Department of Food and Agriculture

- Provides \$350,000 General Fund one-time to fund and accelerate the transition of the California agricultural industry to safer, more sustainable pest management solutions.

Various Departments

- Proposes a \$4.75 billion climate resilience bond for the November 2020 ballot to support investments over the next five years to reduce specific climate risks through long-term investment in natural and built infrastructure. Specific investments include:
 - Regional and Inter-regional Water Resilience - \$1 billion to support various water management programs and projects.
 - Sustainable Groundwater Management - \$395 million to support local groundwater sustainability agencies implementing projects and programs related to groundwater sustainability plans.

- Safe Drinking Water - \$360 million to provide grants and loans to disadvantaged communities to improve access to safe drinking water.
- Flood Control: Urban/U.S. Army Corps of Engineers Projects - \$340 million for Urban Flood Risk Reduction projects that provide the projected state cost share needs for various priority projects through 2024-25.
- Flood Control: System wide Multi-benefit - \$270 million to support multi-benefit flood risk reduction and ecosystem restoration efforts.
- Salton Sea - \$220 million to support Salton Sea habitat and air quality mitigation projects necessary for the 2018 Salton Sea Management Plan.
- Environmental Farming Incentive Program - \$200 million for grants, incentives, and demonstration projects to enhance agricultural lands for soil health, water quality and efficiency, biodiversity, resiliency, and habitat benefits.
- Enhanced Stream Flows and Fish Passage - \$140 million to remove barriers to passage of native fish species and provide enhanced water flows, and reconnect aquatic habitat to help fish and wildlife endure climate change.
- Hardening of Critical Community Infrastructure - \$500 million to facilitate hardening of critical infrastructures.
- Forest Health - \$250 million to support various long-term forest health projects.
- Coastal Wetland Restoration - \$320 million to support the restoration of coastal wetlands.
- Nature-Based Solutions to Build Resiliency - \$130 million to support projects that build resilience of ocean ecosystems.
- Demonstration Projects to Protect Critical Infrastructure - \$50 million to support demonstration projects to protect infrastructure that is vulnerable to sea level rise and flooding.
- Urban Greening and Forestry - \$200 million to mitigate urban heat island impacts in regions most affected by extreme heat.
- Cool Surface Materials - \$125 million for a new program to incentivize the use of “cool materials” in projects within vulnerable communities.

- Community Resilience Planning - \$25 million for planning activities to address community-specific climate risks and develop climate resilience plans.
- Community Resiliency Centers - \$225 million for the construction of new and retrofitting of existing facilities.

CAP AND TRADE

Cap and Trade Expenditure Plan

- Proposes \$1 billion in Greenhouse Gas Reduction Fund (GGRF) expenditures to continue investments in core programs as shown below. In general, the overall funding levels for individual programs are somewhat less than last year and notably funding is not proposed for Transformative Climate Communities and Urban Greening.

2020-21 Cap and Trade Expenditure Plan
(Dollars in Millions)

Investment Category	Department	Program	Amount
Air Toxic and Criteria Air Pollutants	Air Resources Board	AB 617 - Community Air Protection and Local Programs to Reduce Air Pollution	\$200
		AB 617 - Local Air District Implementation	\$25
		AB 617 - Technical Assistance to Community Groups	\$10
Low Carbon Transportation	Air Resources Board	Clean Vehicle Rebate Program	\$125
		Clean Trucks, Buses and Off-Road Freight Equipment	\$150
		Enhanced Fleet Modernization Program, School Buses and Transportation Equity Projects	\$75
		Agricultural Diesel Engine Replacement and Upgrades	\$50
Healthy Forests	CAL FIRE	Healthy and Resilient Forests	\$165
		Forest Carbon Plan: Prescribed Fire and Fuel Reduction	\$35
		2019 Fire Safety and Prevention Legislation	\$8
Climate Smart Agriculture	Department of Food and Agriculture	Healthy Soils	\$18
Short-Lived Climate Pollutants	CalRecycle	Waste Diversion	\$15
	Department of Food and Agriculture	Methane Reduction	\$20
Integrated Climate Action: Mitigation and Resilience	Coastal Commission and SF Bay Conservation and Development Commission	Coastal Resilience	\$4
	California Conservation Corps	Energy Corps	\$7
Research and Technical Assistance	Natural Resources Agency, California Energy Commission, Office of Planning and Research, and Strategic Growth Council	Climate Change Research, Technical Assistance, and Capacity Building	\$25
Workforce Training	Workforce Development Board	Apprenticeships and Job Creation/Just Transition Strategies for a Carbon Neutral Economy	\$33
Total			\$965

TRANSPORTATION

California Department of Transportation (Caltrans)

- Continues to implement SB 1 (Beall, Chapter 5, Statutes of 2017) also known as the Road Repair and Accountability Act of 2017 and related funding for state and local road repairs. The 2020-21 budget anticipates total SB 1 revenues of \$5.1 billion. Of that amount \$1.4 billion would be for highway repairs and maintenance projects.

Department of Motor Vehicles

- Continues to prioritize REAL-ID implementation by the October 2020 deadline and the improvement of business processes and overall program management in order to improve operations at the DMV.
- Includes \$200 million from the Motor Vehicle Account to address immediate needs and long-term improvements and that support REAL-ID implementation and DMV's operations.

GENERAL GOVERNMENT

Homelessness

- Proposes a new state fund for developing additional affordable housing units, supplementing and augmenting rental operations subsidies, and stabilizing board and care homes. Specifically:
 - \$750 million one-time General Fund to establish the California Access to Housing and Services Fund that will be administered by the state's Department of Social Services.
 - Proposes funds through performance-based contracts between the state and regional administrators and will be subject to a 10-percent administrative cap. Regional administrators will provide short- and long-term rental subsidies, make small and medium-sized contributions to encourage development of new units in exchange for a rental credit, and stabilize board and care facilities by funding capital projects and/or operating subsidies.
 - Proposes to engage with landlords to secure units and negotiate individual client leases, provide tenancy support services, and coordinate case management with counties for those receiving rental subsidies to ensure they are enrolled in eligible public assistance programs. To the extent feasible, state funding will be coupled with the use of state properties to expedite the development of more affordable and supportive housing.
 - Enables regional partners to pool federal, state, local, and private funds to stabilize the housing circumstances of the state's most vulnerable populations.

- Requests early action by the Legislature to establish this fund to expedite the contracts and be ready to deploy investments by summer.

- Proposes the Medi-Cal Healthier California for All initiative that will transform the state's Medi-Cal program to better serve people experiencing or at risk of homelessness who have serious health issues through enhanced case management and expanded investments in social determinants of health, like housing and social services.

- Includes making changes to the Mental Health Services Act (Proposition 63) to better serve persons experiencing mental illness and homelessness.

Housing

- Includes \$6.8 billion across multiple departments and programs to address housing throughout the state.

2020-21 Affordable Housing Funding
(Dollars in Millions)

<i>Department</i>	<i>Program</i>	<i>Amount</i>
Department of Housing and Community Development	Veterans and Affordable Housing Bond Act Programs (SB 3)	\$563.0
	No Place Like Home Program	\$400.0
	Building Homes and Jobs Fund Programs (SB 2)	\$277.0
	Federal Funds	\$68.0
	Veterans Housing and Homelessness Prevention	\$75.0
	Various	\$45.0
California Housing Finance Agency ^{1/}	Single Family First Mortgage Lending	\$2,500.0
	Multifamily Conduit Lending	\$600.0
	Multifamily Permanent Lending	\$140.0
	Mixed-Income Loan Program	\$180.0
	Innovative Fund Programs	\$60.0
	Single Family Down Payment Assistance (SB 3)	\$85.0
	Special Needs Housing Program	\$25.0 ^{2/}
Tax Credit Allocation Committee	Low Income Housing Tax Credits (Federal)	\$295.0 ^{3/}
	Low Income Housing Tax Credits (State)	\$601.0
	Farmworker Housing Assistance Tax Credits	\$1.0
Strategic Growth Council ^{4/}	Affordable Housing and Sustainable Communities	\$468.0
Department of Veterans Affairs	CalVet Farm and Home Loan Program (SB 3)	\$220.0
Office of Emergency Services	Domestic Violence Housing First Program	\$34.0
	Transitional Housing Program	\$40.0
	Specialized Emergency Housing	\$10.0
	Domestic Violence Assistance, Equality in Prevention and Services, Human Trafficking Victim Assistance, North American Domestic Violence and Sexual Assault	- ^{5/}
	Integrated Services for Mentally-Ill Parolees	\$4.0
California Department of Corrections and Rehabilitation	Specialized Treatment of Optimized Programming, Parolee Service Center, Day Reporting Center, Female Offender Treatment and Employment Program, Proposition 47 Grant Program	- ^{5/}
Department of Social Services	CalWORKS Family Stabilization, Housing Component	\$46.9
	CalWORKS Housing Support Program	\$95.0
Department of Public Health	HIV Care Program	- ^{5/}
	Housing Opportunities for Persons with AIDS (HOPWA)	\$4.0
	Housing Plus Program	\$1.0
Total		\$6,837.9

1/ Amount is based on lending activities from 2018/19.

2/ Amount represents voluntary allocations of local Proposition 63 funds from 16 participating counties.

3/ This represents the estimated 9 percent tax credits to be allocated in 2020 plus the estimated amount of 4 percent credits to be awarded in 2020.

4/ The Affordable Housing and Sustainable Communities program amount reflects 20 percent of the projected Cap and Trade revenues. The Transformative Climate Communities (TCC) program (\$47.5 million in carryover available for 2020-21) funds various activities, including affordable housing.

5/ The State provides a number of wrap-around supportive services through these programs including housing, which cannot be separated from the program's overall budget.

State Employees' Retirement Contributions

- Includes \$7 billion one-time (\$4 billion General Fund) for the statutorily required annual state contribution to CalPERS for state pension costs. Included in these costs are \$739 million General Fund for California State University retirement costs.
- Proposes to accelerate the supplemental pension payment of the remaining \$500 million currently scheduled over fiscal years 2020-21 through 2022-23 into a single payment in 2019-20.

Teachers' Retirement Contributions

- Includes \$3.6 billion one-time General Fund for the statutorily required annual state contribution to CalSTRS.
- Includes \$802 million toward the state's share of the unfunded liability for the CalSTRS Defined Benefit Program.

Employee Compensation and Collective Bargaining

- Includes \$1.5 billion ongoing (\$654 million General Fund) for increased employee compensation, health care costs for active state employees, and retiree health care prefunding for active employees.
- States that collective bargaining negotiations will commence with seven bargaining units representing Attorneys and Administrative Law Judges, Correctional Officers, Engineers, Scientists, Craft and Maintenance, Physicians/Dentists/Podiatrists, and Health and Social Services, whose contracts expire in late June or early July 2020.

Cannabis

- Consolidates the three licensing entities into a single Department of Cannabis Control by July 2021. Establishing a stand-alone department with dedicated enforcement will centralize and align critical regulatory functions to build a successful legal cannabis market, and create a single point of contact for cannabis licensees and local governments.
- Details to be released in spring 2020.

- Proposes to simplify tax administration for cannabis by changing the point of collection of cannabis taxes. The changes move the responsibility for the cultivation excise tax from the final distributor to the first and for the retail excise tax from the distributor to the retailer. The changes will reduce the tax collection burden on the cannabis industry and simplify the tax collection process.
- Provides that the administration will consider other changes to the existing cannabis tax structure.
- Provides that \$332.8 million will be available for the following priorities for the Allocation of the Cannabis Tax Fund:
 - Education, prevention, and treatment of youth substance use disorders and school retention—60 percent (\$199.7 million).
 - Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation—20 percent (\$66.6 million).
 - Public safety-related activities—20 percent (\$66.6 million).

California Consumer Financial Protection

- Expands the Department of Business Oversight's (DBO) authority and capacity to protect consumers and foster the responsible development of new financial products.
- Renames DBO to the Department of Financial Protection and Innovation.
- Includes \$10.2 million Financial Protection Fund and 44 positions in 2020-21, growing to \$19.3 million and 90 positions ongoing in 2022-23, to establish and administer the California Consumer Financial Protection Law, which will provide consumers with more protection against unfair and deceptive practices when accessing financial services and products.
- Expands the Department's authority to pursue unlicensed financial services providers not currently subject to regulatory oversight such as debt collectors, credit reporting agencies, and financial technology (fintech) companies, among others. Specifically:
 - Offering services to empower and educate consumers, especially older Americans, students, military service members, and recent immigrants;
 - Licensing and examining new industries that are currently under-regulated;

- Analyzing patterns and developments in the market to inform evidence-based policies and enforcement;
- Protecting consumers through enforcement against unfair, deceptive, and abusive practices;
- Establishing a new Financial Technology Innovation Office that will proactively cultivate the responsible development of new consumer financial products;
- Offering legal support for the administration of the new law; and
- Expanding existing administrative and information technology staff to support the Department's increased regulatory responsibilities.

California Volunteers

- Includes \$1.7 million ongoing General Fund for administrative and strategic planning staff to support future service initiatives, including continuing to grow the AmeriCorps program.
- Provides that the Administration will continue to work on expanding the state's AmeriCorps program to support needed increases in civic engagement and volunteering, with an update expected in spring 2020.

Enforcement of Labor Laws

- Provides resources to enforce compliance with AB 5 (Chapter 296, Statutes of 2019) as follows:
 - \$17.5 million for the Department of Industrial Relations to address workload associated with increased utilization of the workers' compensation program, investigations of labor law violations related to worker status, wage claim filings, and workplace health and safety inspections.
 - \$3.4 million for the Employment Development Department to train staff and administer the ABC Employment Test, and to conduct hearings and investigations of worker status.
 - \$780,000 for the Department of Justice to address increased enforcement actions and to prosecute cases involving misclassification of employees as independent contractors.

Department of Better Jobs and Higher Wages

- Proposes a new Department of Better Jobs and Higher Wages to consolidate the workforce functions dispersed across the Labor and Workforce Development Agency. The Department will be comprised of the California Workforce Development Board, the Employment Training Panel, Workforce Services Branch and Labor Market Information Division, which are currently in the Employment Development Department, and the Division of Apprenticeship Standards currently in the Department of Industrial Relations.
- Provides \$2.4 million one-time General Fund to establish executive staff for the new Department.

Regions Rise Together

- Includes \$758,000 ongoing General Fund for four positions for the Governor's Office of Business and Economic Development to be located in the Central Valley, Inland Empire, Central Coast, and North Coast to provide a focus on bringing business and economic development to these regions.

Paid Family Leave

- Takes additional steps to increase the use of Paid Family Leave benefits including statutory changes to align PFL benefits with job protection and resources to support small businesses that extend PFL benefits to their employees.

Department of Technology

- Includes \$11.3 million (\$8.3 million General Fund) and 85 positions (\$38.8 million ongoing (\$29.4 million General Fund) to enhance the states information technology security operations.

California Arts Council

- Proposes \$10 million General Fund of additional funding for the council, including \$9 million for existing cultural districts and \$1 million to help develop best practices to preserve and protect artifacts during a disaster.

California Volunteers

- Proposes \$1.7 million General Fund to expand planning and administration capacity of California Volunteers program.

State Office Buildings

- Provides \$721.7 million lease-revenue bond funding for the Jesse Unruh, Gregory Bateson, and Resources building renovations programs.

Statewide Deferred Maintenance

- Provides \$61.6 billion in infrastructure funding to address statewide maintenance needs for a variety of departments, as noted in the chart below:

Identified Statewide Deferred Maintenance^{1/}
(Dollars in Millions)

Department of Transportation	\$36,200
Department of Water Resources	12,000
University of California	6,210
Judicial Branch	2,472
Department of Corrections and Rehabilitation	1,172
Department of Parks and Recreation	1,157
Department of General Services	544
California State University	510
Department of State Hospitals	398
California Community Colleges	248
Department of Forestry and Fire Protection	148
Network of California Fairs	137
California Military Department	119
Department of Fish and Wildlife	71
Department of Veterans Affairs	66
California Highway Patrol	44
State Special Schools	44
Department of Developmental Services	25
Department of Motor Vehicles	22
Employment Development Department	18
California Exposition Park	15
Department of Food and Agriculture	10
Housing and Community Development	8
California Conservation Corps	4
Hastings College of the Law	3
Tahoe Conservancy	3
Office of Emergency Services	1
Total	\$61,649

^{1/}Represents total deferred maintenance need. Costs may be distributed between local, state, and federal entities.

Infrastructure Economic Development Bank

- Includes \$250 million General Fund (ultimately would provide a total of \$1 billion General Fund based on receiving additional funding in future years) for a Climate Catalyst revolving fund that would be administered by the I-Bank in consultation with the Strategic Growth Council and the Labor and Workforce Development

Agency that provides low-interest loans for climate-related projects such as zero-emission vehicles, charging infrastructure, and electric buses, climate smart agriculture and forestry, and circular economies for waste and recycling.

Department of Veterans Affairs (CalVet)

- Provides \$17.4 million (\$7.8 million General Fund and \$9.6 million Federal Funds) for the construction phase of the Steam Distribution System Renovation project at the Yountville Veterans Home. The project is expected to be completed by January 2023.
- Includes \$7.3 million General Fund ongoing to address funding shortfalls at the state's three oldest veterans homes for increased maintenance and other costs.
- Proposes to realign levels of care at three veterans homes (Barstow, Chula Vista, and Yountville) to better meet current and future need consistent with findings in the recently released Master Plan for the state veterans homes. These changes would result in \$2.5 million decrease in General Fund revenues.
- Includes \$2.3 million General Fund ongoing to improve behavioral health services at the veterans homes.
- Includes \$1.5 million General Fund to address increased workload related to the implementation of FI\$Cal.
- Provides \$1.2 million General Fund for the first-year of implementation of a long-term care electronic health care record system.

REVENUES

Earned Income Tax Credit

- Continues the expanded Earned Income Tax Credit (EITC), as well as outreach to encourage higher levels of household participation. Continues development of a program that would allow workers to receive a portion of the EITC in monthly payments.

Vaping Tax

- Proposes a new vaping tax based on nicotine content to begin on January 1, 2021, and will be \$2 for each 40 milligrams of nicotine in the product, equivalent to the tax on a pack of cigarettes.
- Includes \$9.9 million and 10.5 positions for the Department of Tax and Fee Administration to administer the proposed tax and \$7 million for the California Highway Patrol to establish a task force in collaboration with the Department of Justice dedicated to combatting the underground market for vaping products.

Small Business Creation

- Proposes a first-year exemption from the \$800 minimum tax paid by limited liability companies, limited partnerships, and limited liability partnerships.

PUBLIC SAFETY

Department of Corrections and Rehabilitation

- Includes total funding of \$13.4 billion (\$13.1 billion General Fund and \$306.5 million other funds) for the Department of Corrections and Rehabilitation (CDCR).
- Proposes to close a state-operated prison within the next five years if population projections that indicate a decline of 4,300 prisoners between June 2021 and June 2024 holds.

Rehabilitation and Reentry

- Provides \$552.7 million General Fund to the Division of Rehabilitative Programs in order to fund various programs and services including options to increase the number of prisoners receiving a high school diploma in lieu of a GED.
- Includes \$6.2 million General Fund in 2020-21 and \$10.1 million ongoing to establish the Youth Offender Rehabilitative Communities that house individuals under the age of 26 together at select adult institutions in campus-style environments conducive to positive behavioral programming. A model program will be established at Valley State Prison in Chowchilla.
- Includes \$26.9 million General Fund to provide increased access to modern technology for prisoners participating in academic and vocational training.
- Includes \$1.8 million General Fund in 2020-21 and \$3.5 million ongoing for CDCR to partner with the California State University system to establish bachelor's degree programs at several prisons.
- Provides \$4.6 million ongoing General Fund to add an additional visitation day at nine institutions.

Staff Development and Support

- Provides \$21.4 million General Fund in 2020-21, and \$19.8 million ongoing in 2023-24 to enhance staff development through new training for correctional officers and counselors, including the repurposing the former Northern California Women's Facility into a new training facility.
- Provides \$1.8 million ongoing General Fund to centralize CDCR's discrimination complaint process.

Inmate Medical Care and Mental Health Services

- Provides \$3.6 billion General Fund to the health care services program.
- Includes \$9.9 million General Fund in 2020-21 and \$11.8 million ongoing thereafter to enhance quality management and patient safety by providing staff to evaluate risks and implement best practices to improve health care delivery.
- Includes \$1.5 million General Fund in 2020-21 and increasing to \$2.3 million in 2024-25 and thereafter to establish dedicated funding for replacing and maintaining imaging equipment.
- Includes \$722,000 ongoing General Fund to support an electronic health care data exchange process to transfer health records to counties for prisoners who are transitioning to county custody or the community.
- Includes \$5.9 million General Fund in 2020-21 and increasing to \$8.4 million by 2024-25 and ongoing thereafter to support the expansion of telepsychiatry.
- Includes \$1.4 million ongoing General Fund for contract psychiatry services.

Infrastructure Support

- Provides \$182 million (\$91.7 million General Fund and \$91 million lease revenue bond financing) for various infrastructure projects.
- Provides \$78.2 million General Fund over two years for roof replacement projects at Pelican Bay State Prison and California State Prison, Sacramento.
- Includes \$3.8 million one-time General fund to retrofit 64 intake cells in an effort to reduce suicide risk.
- Provides \$21.6 million General Fund in 2020-21 and \$2.1 million ongoing to expand video surveillance at Richard J. Donovan Correctional Facility, Salinas Valley State Prison, and California Institute for Women.
- Includes \$5.9 million one-time General Fund to replace damaged flooring, walls, wall-mounted air conditioning units, counters, storage spaces in existing health

care treatment areas, and replace medication distribution windows at California Rehabilitation Center.

Juvenile Justice

- Transfers \$264.3 million (including \$258.9 million General Fund) and 1,202.9 positions from CDCR to the Department of Youth and Community Restoration

Office of Emergency Services

- Includes an additional \$9.4 million (\$9.2 million General Fund) and 50 positions to enhance the Office of Emergency Services' (OES) ability to anticipate, prepare for, respond to, and recover from disasters.
- Includes \$16.7 million one-time General Fund to increase the amount of funding available through the California Disaster Assistance Act, increasing the total to \$79.3 million.
- Provides \$50 million one-time General Fund to support additional preparedness measures related to community power resiliency.
- Provides \$17.3 million one-time California Earthquake Safety Fund for operational and maintenance of the California Earthquake Early Warning System.
- Proposes to transfer the Alfred E. Alquist Seismic Safety Commission, including its funding and six positions, to OES beginning in 2020-21 and provides \$3 million (\$949,000 General Fund) in 2020-21 and \$2.7 million (\$713,000 General Fund) ongoing to support the transfer.
- Provides \$9 million (\$8.8 million General Fund) and 22 positions across OES, CAL FIRE, the Military Department and the Public Utilities Commission to implement Chapter 405, Statutes of 2019 (SB 209) which establishes a Wildfire Forecast and Threat Intelligence Integration Center.
- Provides \$110.1 million (\$26.8 million General Fund) to implement Chapter 391, Statutes of 2019 (AB 38), which authorizes the Wildfire Mitigation Financial Assistance Program to encourage the hardening of homes, businesses, and public buildings and facilitation vegetation management and defensible space activities. Requires OES and CAL FIRE to develop a Joint Powers Agreement to administer this program.

Department of Justice

- Includes total funding of \$1.1 billion (\$370.2 million General Fund) to support the Department of Justice (DOJ).
- Provides \$2.4 million one-time Dealer's Record of Sale (DROS) Special Account to begin the planning and analysis phase of combining and modernizing the 11 existing firearms tracking systems.
- Provides \$5 million General Fund in 2020-21 and 2021-22 to implement Chapter 730, statutes of 2019 (AB 879) to regulate and track the sale of firearm precursor parts.
- Provides \$2.4 million DROS in 2020-21, \$1.4 million in 2021-22, and \$379,000 annually thereafter to implement and enforce the provisions of Chapter 737, Statutes of 2019 (SB 61) that prohibit the sale of semiautomatic centerfire rifles to any person under 21 years of age with certain exceptions.
- Provides \$981,000 DROS in 2020-21, \$306,000 in 2021-22, and \$232,000 annually thereafter to implement Chapter 738, Statutes of 2019 (SB 376) to track and report annual firearm sales, loans and transfers.
- Provides \$9 million ongoing (\$2.2 million General Fund, \$3.7 million Attorney General Antitrust Account, and \$3.2 million Unfair Competition Law Fund) to establish a Healthcare Rights and Access section to consolidate and centralize healthcare litigation within the DOJ.
- Provides \$32 million one-time (\$22 million General Fund and \$10 million Fingerprint Fees Account) to backfill the continued decline in fine and fee revenues in the DNA Identification Fund.
- Includes \$7.3 million ongoing General Fund to establish a replacement schedule for forensic laboratory equipment and perform maintenance of state owned laboratories.
- Provides \$5.7 million ongoing General Fund to bolster the Tax Recovery in the Underground Economy (TRUE) Enforcement teams.
- Provides \$2.8 million General Fund in 2020-21, \$3.3 million in 2021-22, and \$2.9 million annually thereafter to conduct investigations and audits to monitor and compliance with the usage of the California Law Enforcement Telecommunications System (CLETS).

- Provides \$5.4 million ongoing Gambling Control Fund to conduct filed inspections, criminal investigations, and reviews of cardrooms and third party providers of proposition player services.
- Provides \$3.6 million Fingerprint Fees Account in 2020-21 and declining to \$1.9 million annually in 2023-24 to review records in statewide criminal justice databases to identify person eligible to have their arrests or convictions withheld from disclosure and modify existing systems to grant relief automatically.

Judicial Branch

- Provides total funding of \$4.3 billion (\$2.2 billion General Fund and \$2.1 billion other funds) for the Judicial Branch, which includes \$2.4 billion to support trial court operations.
- Includes a total of \$177.9 million ongoing General Fund to support existing service levels in the courts (\$61.7 million), to promote fiscal equity among trial courts (\$45.9 million), for trial court employee health benefit and retirement costs (\$35.1 million), backfill the Trial Court Trust Fund (\$35.2 million), and to support the maintenance and utilities of trial court facilities constructed since 2007 (\$20.2 million).
- Provides \$8.1 million General Fund in 2020-21 and \$15.5 million annually thereafter to add court navigators at trial courts to assist unrepresented individuals.
- Provides \$10.3 million General Fund in 2020-21 and decreasing to \$2.8 million ongoing in 2022-23 to advance projects in three areas: 1) investing in data driven forms platform to convert static forms to an electronic format, 2) building a virtual case management system that allows the roll out of online services statewide by interfacing with individual court case management systems, and 3) assisting trial courts in creating next generation data centers and cloud based solutions.
- Provides \$6.9 million General Fund in 202-21 and \$11.3 million General Fund in 2021-22 to implement the second and third phases of an initiative to digitize court records in 15 courts.
- Provides \$3.4 million General Fund to the Judicial Council to implement an eight court pilot program to allow indigent and low income individuals to apply online to have their fines and fees from traffic infractions reduced in accordance with their ability to pay. Includes \$11.5 million General Fund in 2020-21, increasing to \$56 million ongoing General Fund by 2023-24 to expand this pilot program statewide to incorporate both traffic and non-traffic infractions (\$54 million of this is to backfill the estimated loss in revenue as a result of penalty reductions).

- Continues \$156.7 million investments in dependency counsel funding with an anticipated \$57 million in federal reimbursement, bringing the total for dependency counsel to \$213.7 million in 2020-21.
- Provides \$11.2 million ongoing Trial Court Trust Fund for Sargent Shriver Civil Counsel Act programs.
- Provides \$8.9 million General Fund in 2020-21 and \$8.5 million annually thereafter for the increased costs of court reporters and to purchase equipment for the newly established Video Remote Interpreting Program.
- Includes \$1.2 million ongoing General Fund to support increased costs for contractual services provided by the Supreme Court and the Courts of Appeal Court Appointed Counsel projects.
- Provides \$1 million ongoing General Fund for the State Controller's Office to complete audits of revenues, expenditures, and fund balances under each trial court's control.
- Proposes to work with the Judicial Council in the spring to formulate a plan regarding trial court facility maintenance.
- Includes \$2 billion for court projects based on the Reassessment of Trial Court capital outlay projects (as part of the Governor's 2020 Five-Year Infrastructure Plan), assuming five projects initiated each year. Proposes the first of the projects will be identified in the spring.

Local Public Safety

- Includes \$11 million ongoing General Fund, in addition to baseline funding of \$113.8 million General Fund, to stabilize the Community Corrections Performance Incentive Grant which was created by Chapter 608, Statutes of 2009.
- Provides \$60 million General Fund annually for three years and \$30 million General Fund in 2023-24, to supervise and provide probation services for individuals convicted of misdemeanors in order to reduce recidivism.
- Proposes reforms to reduce felony and misdemeanor probation terms to two years and allow for earned discharge for probationers.
- Includes \$13.8 million General Fund for county probation departments to supervise the temporary increase in the average daily population of individuals on Post-Release Community Supervision as a result of Proposition 57.

- Estimates \$122.5 million net General Fund savings as a result of Proposition 47.
- Proposes to strengthen the state's oversight of county jails through the Board of State and Community Corrections.
- Proposes to reassess the timeline to consolidate the California Victim Compensation Board (CalVCB) and the Governor's Office of Emergency Services.

Victim Services

- Provides \$23.5 million one-time General Fund to backfill declining fine and fee revenues in the Restitution Fund, allowing CalVCB to operate at its current resource level.
- Provides \$476,000 General Fund in 2020-21 and \$448,000 ongoing to the Department of Justice to provide legal services to victims.
- Provides \$354,000 ongoing (\$223,000 General Fund and \$131,000 other funds) to locate and notify affected victims of their rights during parole hearings.

Indigent Defense

- Provides \$4 million General Fund in 2020-21 and \$3.5 million ongoing thereafter to the Office of the State Public Defender to provide training and technical assistance for attorneys providing indigent defense.
- Provides \$10 million one-time General Fund for the Board of State and Community Corrections to administer a pilot program, in consultation with the Board of State and Community Corrections, to supplement local funding for indigent criminal defense and to support the completion of an evaluation to determine the effectiveness of the grants in improving indigent defense services.

SUMMARY OF CHARTS

**2020-21 Governor's Budget
General Fund Budget Summary**

(in millions)

	2019-20	2020-21
Prior Year Balance	\$8,497	\$5,234
Revenues and Transfers	\$146,486	\$151,635
Total Resources Available	\$154,983	\$156,869
Non-Proposition 98 Expenditures	\$93,344	\$95,510
Proposition 98 Expenditures	\$56,405	\$57,573
Total Expenditures	\$149,749	\$153,083
Fund Balance	\$5,234	\$3,786
Reserve for Liquidation of Encumbrances	\$2,145	\$2,145
Special Fund for Economic Uncertainties	\$3,089	\$1,641
Public School System Stabilization Account	\$524	\$487
Safety Net Reserve	\$900	\$900
Budget Stabilization Account / Rainy Day Fund	\$16,018	\$17,977

General Fund Expenditures by Agency

(in millions)

	2019-20	2020-21	<u>Change from 2019-20</u>	
			Dollar Change	Percent Change
Legislative, Judicial, Executive	\$5,909	\$4,520	-\$1,389	-23.5%
Business, Consumer Services & Housing	1,465	348	-1,117	-76.2%
Transportation	287	240	-47	-16.4%
Natural Resources	3,812	3,812	-	-
Environmental Protection	672	140	-532	-79.2%
Health and Human Services	41,893	47,454	5,561	13.3%
Corrections and Rehabilitation	13,432	13,387	-45	-0.3%
K-12 Education	58,675	59,639	964	1.6%
Higher Education	17,490	17,509	19	0.1%
Labor and Workforce Development	186	159	-27	-14.5%
Governmental Operations	1,839	1,413	-426	-23.2%
General Government:				
Non-Agency Departments	1,025	987	-38	-3.7%
Tax Relief/Local Government	505	432	-73	-14.5%
Statewide Expenditures	2,558	3,043	485	19.0%
Total	\$149,749	\$153,083	\$3,335	2.2%

General Fund Revenue Sources

(in millions)

	2019-20	2020-21	<u>Change from 2019-20</u>	
			Dollar Change	Percent Change
Personal Income Tax	\$101,682	\$102,878	\$1,196	1.2%
Sales and Use Tax	27,185	28,243	1,058	3.9%
Corporation Tax	15,305	16,007	702	4.6%
Insurance Tax	3,023	3,117	94	3.1%
Alcoholic Beverage Taxes and Fees	383	389	6	1.6%
Cigarette Tax	60	58	-2	-3.3%
Motor Vehicle Fees	35	38	3	8.6%
Other	863	2,864	2,001	231.9%
Subtotal	\$148,536	\$153,594	\$5,058	3.4%
Transfer to the Budget Stabilization Account/Rainy Day Fund	-2,050	-1,959	91	-4.4%
Total	<u>\$146,486</u>	<u>\$151,635</u>	<u>\$5,149</u>	<u>3.5%</u>