

MARCH 1, 2023

# Overview of Climate, Resources, and Environmental Budget Proposals

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PRESENTED TO:

Assembly Budget Subcommittee No. 3 on Climate  
Crisis, Resources, Energy, and Transportation  
Hon. Steve Bennett, Chair



LEGISLATIVE ANALYST'S OFFICE

# Recent Budgets Included Significant General Fund Augmentations

- **Over \$40 Billion in One-Time Spending Across Five Years for Climate, Natural Resources, and Environmental Programs**
  - Primarily from the General Fund (\$34 billion), along with some special funds (\$6.4 billion).
  - Includes \$27 billion already provided and \$8.7 billion intended for 2023-24.

## Recent and Planned Augmentations to Climate, Resources, and Environmental Programs

(In Millions)

| Thematic Area   | 2021-22         | 2022-23         | 2023-24        | 2024-25        | 2025-26        | Totals                      |
|---|-----------------|-----------------|----------------|----------------|----------------|-----------------------------|
| Zero-Emission Vehicles  | \$3,351         | \$3,168         | \$2,107        | \$858          | \$460          | \$9,944                     |
| Energy  | 2,425           | 3,002           | 2,626          | 654            | 918            | 9,625                       |
| Water and Drought   | 5,508           | 1,435           | 1,119          | 133            | 558            | 8,752                       |
| Wildfire and Forest Resilience                                | 526             | 968             | 630            | 690            | —              | 2,814                       |
| Nature-Based Activities and Extreme Heat                      | 186             | 1,384           | 743            | —              | —              | 2,314                       |
| Community Resilience  | 522             | 935             | 715            | —              | —              | 2,172                       |
| Sustainable Agriculture, Circular Economy, and Other Programs | 944             | 795             | 33             | —              | —              | 1,771                       |
| Parks, Museums, and Access                                    | 915             | 420             | 88             | 96             | 27             | 1,548                       |
| Coastal Resilience  | 19              | 606             | 652            | 19             | —              | 1,295                       |
| <b>Totals</b>   | <b>\$14,395</b> | <b>\$12,714</b> | <b>\$8,713</b> | <b>\$2,450</b> | <b>\$1,963</b> | <b>\$40,236<sup>a</sup></b> |

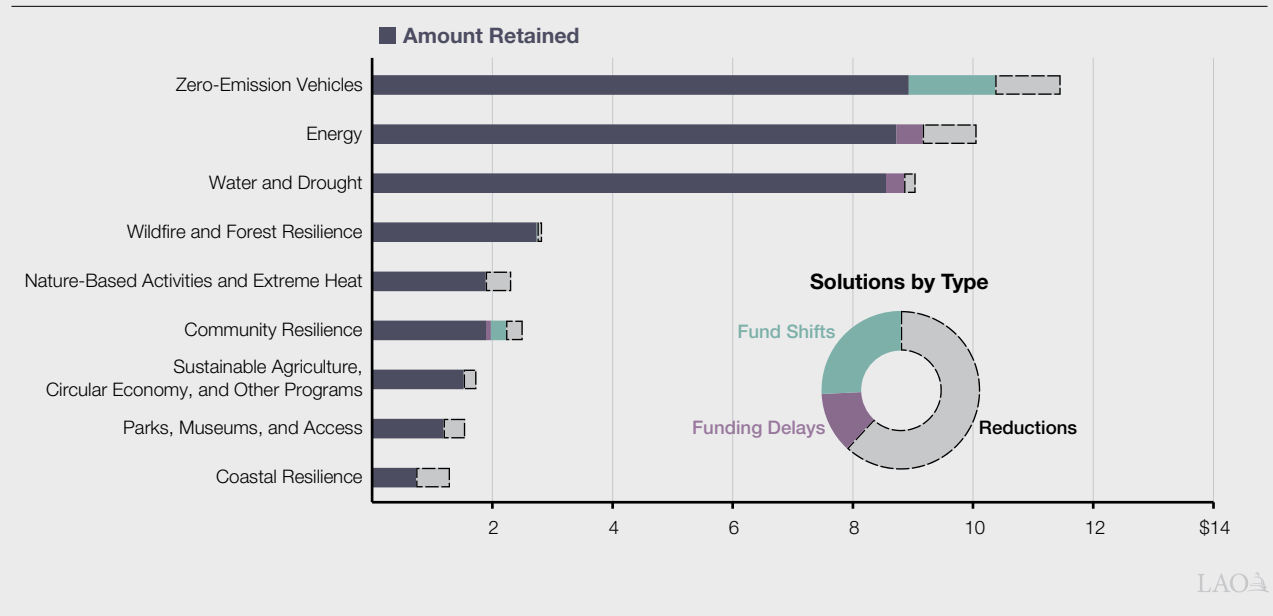
<sup>a</sup> Includes \$33.7 billion from the General Fund and \$6.4 billion from other fund sources, including the Greenhouse Gas Reduction Fund and Proposition 98.



# Governor's Proposals

- **State Faces a Multibillion Dollar Budget Problem**
- **Governor Proposes \$5.8 Billion in General Fund Solutions From Climate, Natural Resources, and Environmental Programs**
  - Solutions include \$5.5 billion in General Fund savings in 2023-24—\$3.8 billion from spending reductions, \$875 million from reducing General Fund and backfilling with a different fund source, and roughly \$800 million from delaying spending to a future year.
  - Takes a different approach across various categories, but overall maintains majority of intended spending (90 percent).

**Governor's Proposed Changes to Climate, Resources, and Environmental Programs**  
2021-22 Through 2025-26 (In Billions)



## Governor's Proposals

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*(Continued)*

- **Suggests Some Proposed Reductions Could Be Restored if General Fund “Trigger” Conditions Are Met**
  - Also proposes trigger restoration approach for spending from the Greenhouse Gas Reduction Fund.
- **Proposes Some New Discretionary Climate and Natural Resources Spending**



# LAO Overarching Assessment

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- **While Need for Programs Remains, Identifying Budget Solutions Is Appropriate Given Magnitude of Recent One-Time Augmentations**
- **Overall Approach Is Reasonable, but Specific Choices Reflect the Governor’s Priorities**
- **Legislature Could Apply Its Own Criteria, Select Different Set of Solutions**
- **As Legislature Modifies Funding Levels, It Could Also Consider Refocusing Programs**
- **Proposed Fund Shifts Would Have Programmatic Impacts**
- **Potential for Federal Funds Could Help Ease—but Not Fully Backfill—Proposed General Fund Reductions**
- **Triggers Would Minimize Legislative Authority**
- **Portion of Governor’s Solutions Used to “Make Room” for New Spending**
- **Additional Solutions May Be Needed if Budget Problem Worsens**



# Overarching Recommendations

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- **Adopt Package of Solutions Based on Legislative Prioritization Criteria**
  - Preserve activities that reflect legislative priorities and goals.
  - Preserve funding that is needed to urgently address pressing needs.
  - Avoid solutions that would cause major disruptions.
  - Consider other available resources.
- **Be Selective When Opting to Delay Funding**
- **Reject Both General Fund and Greenhouse Gas Reduction Fund Trigger Proposals**
- **Use Spring Budget Process to Identify Additional Potential Budget Solutions**
- **Weigh Relative Priority of New Spending Against Existing Commitments**
- **Request Additional Information on Federal Funding**
- **Conduct Oversight of Spending and Outcomes**

