



Governor Newsom's CA FY 21/22 Proposed Budget

January 2021

We are pleased to share our analysis of the Governor's Proposed Budget for FY 21/22. Please feel free to contact us if you have any questions.

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Governor Gavin Newsom introduced his \$227 billion [2021-22 Budget Proposal](#) on Friday with fairly positive news. Although California's revenues have experienced a moderate slowdown, thus far it has impacted the State's revenues far less than anticipated by the 2020-21 Budget Act. The difference in projections is the result of a less severe economic downturn than expected wage losses in large part impacting low-wage earners, and a stronger stock market than projected.

California's tax structure leans heavily on high income earners for revenues, and as a result is quite volatile, however, so far, the structure has helped to maintain state revenues during the pandemic. The Department of Finance estimates that revenues from the three largest sources, personal income tax, sales tax, and corporation tax, will grow from 2019-20 through 2024-25 by about 1.9% annually, much lower than the 6.4% growth over the last ten years. In addition, the amount of risk in projections is much higher than normal, with the trajectory of the pandemic, falls in the stock market, more widespread job losses, additional businesses closing, failure to address structural inequality, extreme weather events, wildfires, rising sea levels, and droughts among the uncertainties listed in the budget summary. The Administration is estimating a structural deficit of \$7.6 billion in 2022-23, which is expected to grow to over \$11 billion by 2024-25 due to program costs far outpacing revenues. That said, the better than anticipated revenue picture prompted the governor to delay \$2 billion in scheduled program suspensions primarily in health and human services programs.

The Budget Proposal contains \$34 billion in Reserves and Surplus

- \$15.6 billion in the Proposition 2 Budget Stabilization Account (Rainy Day Fund)
- \$450 million in the Safety Net Reserve
- \$3 billion in the Public School System Stabilization Account
- \$2.9 billion in the State's operating reserve

Gann Limit: For the second time since its passage in 1979, the Gann Limit is projected to be exceeded, which requires funds above the limit to be allocated evenly between schools and a tax refund. Currently the estimate is that the Gann Limit has been exceeded by \$102 million, however estimates will be updated as part of the May Revision.

Highlights: Notably absent from the Budget Proposal is funding for broadband expansion and direct public health funding. In addition, although funding is not included in the Budget Proposal to directly assist local governments in backfilling lost revenue resulting from COVID-19, there are several proposals that are likely to be of interest: \$750 million to expand Homekey, \$500 million for grants to local governments and developers to spur housing construction through the Infill Infrastructure Grant Program, \$500 million in low-income tax

credits to fund affordable housing projects, \$1 billion to reduce wildfire risk and improve forest health, and \$82 million to support the Parks for All initiative.

City Reaction: In a statement released by the League of California Cities, Executive Director and CEO Carolyn Coleman praised the governor for his new investments to address homelessness and strengthen the State’s wildfire resiliency and emergency response efforts, but criticized the proposal for its lack of funding to address, “the billions of dollars in budget shortfalls that cities have experienced due to COVID-19, while working on the front lines for months, protecting our communities and delivering services throughout the pandemic.” The full statement can be found [here](#).

Below is an outline of items included in the governor’s January Budget Proposal (Budget Proposal) broken down by category. These proposals will be discussed and vetted by the Legislature through budget subcommittees, balanced with the Legislature’s proposals and priorities, and incorporated into a final budget in June after the May Revision of revenues and spending is also considered. The governor’s Budget Proposal includes a number of items he is requesting that the Legislature adopt prior to passage of the budget in June to address the economic struggles of residents and businesses resulting from the pandemic.

Immediate and Early Action

Below are the Administration’s charts showing both immediate action and early action requests of the Legislature. The goal is for the Legislature to act on immediate action items this month and follow up in early spring with approval of the early action items.

Immediate Action Package Safely Reopen Schools and Accelerate Economic Recovery (Dollars in Millions)

Proposal	Description	Funding
Reopen Schools		\$2,000
Safe Reopening of K-12 Schools	Provide Proposition 98 General Fund for health and safety supplies and services to support in-person instruction for grades K-6.	2,000
Direct Support for Workers and Small Business		\$3,046
Low-Income Tax Refund	Provide tax refund payments of \$600 to nearly 4 million low-income Californians.	2,400
Small Business Aid	Provide additional funds for small business grants, including small non-profit cultural institutions.	575
Fee Waivers for Heavily Impacted Service Industries	Provide license and fee waivers for businesses and individuals heavily impacted by COVID-19, including those licensed by the Board of Barbering and Cosmetology and Department of Alcoholic Beverage Control.	71
Total Immediate Action Package		\$5,046

Early Action Package
Address Pandemic Impacts on Students and Accelerate Economic Recovery

(Dollars in Millions)

Proposal	Description	Funding
Student Supports		\$4,677
K-12		
Extended Learning Time	Provide Proposition 98 General Fund to expand learning time with an emphasis on increasing in-person instructional minutes and evidenced-based interventions and supports to students that are either one grade-level or more behind or credit deficient in core subject matters.	4,557
Higher Education		
Emergency Financial Assistance	Provide Proposition 98 General Fund for emergency financial assistance for community college students.	100
Community College Retention Rates and Enrollment	Provide Proposition 98 General Fund to support efforts to bolster community college student retention rates and enrollment.	20
Jobs and Workforce Training		\$973
Jobs and Regional Development—CalCompetes	Expand CalCompetes Tax credit, which includes making tax credits refundable.	340
Wildfire and Forest Resilience	Accelerate fire prevention projects before the 2021 fire season by increasing the pace and scale of existing fire prevention efforts to reduce wildfire risk and jumpstart economic recovery in the forest sector.	323
Jobs through Jump Starting Housing Development Locally	Provide Infill Infrastructure Grants to bolster housing production and support job creation.	250
Small Businesses—California Dream Start-up Grants	Provide micro-grants of up to \$10,000 to seed entrepreneurship and small business creation in underserved groups.	35
Workforce Development—High Roads Apprenticeship Program	Expand existing High Roads Training Program that will result in thousands of new apprenticeships and pre-apprenticeships, leading to thousands of new jobs and training for new careers.	25
Environmental Sustainability		\$561
Cap & Trade Expenditure Plan	Protect public health in disadvantaged communities and support implementation of Executive Order N-79-20 to accelerate zero-emission vehicles.	394
Sustainable Agriculture	Provide technical assistance for underserved farmers, support for regulatory relief efforts, farming water efficiencies, sustainable ground water management, and climate smart agriculture programs.	162
Bottle Bill	Expand pilot programs to increase consumer redemption of beverage containers in communities underserved by recycling centers.	5
Housing and Homeless		\$262
Homekey Housing	Expand Homekey competitive grants to local governments to purchase and rehabilitate housing and convert them into interim or permanent long-term housing.	250
Trial Court Workload for Eviction Protections	Provide trial courts with resources to process the anticipated increase in unlawful detainer and small claims filings resulting from AB 3088.	12
Other		\$56
County Probation Departments	Enhance services for juvenile and adult populations under the jurisdiction of county probation departments.	50
California Creative Corps	Provide resources for the Arts Council to partner with various organizations to develop a media, outreach, and engagement campaign to inspire safe and healthy behavior and increase the trust factor across California's diverse populations to increase vaccine adoption.	5
GO-Biz Staffing Resources	Administer various grant programs within the California Jobs Initiative and create an Energy Unit to facilitate the implementation of projects that will help to achieve climate goals and increase energy reliability.	1
Total Early Action Package		\$6,529



Equitable Recovery for California's Businesses and Jobs

As part of his 2021 budget, the governor proposed a \$4.5 billion initiative to address the small business impacts of the pandemic, some of which he is requesting the Legislature act on immediately.

- \$575 million for California Small Business COVID-19 Relief Grants;
- \$777.5 million for the California Jobs Initiative:
 - \$430 million for the California Competes Tax Credit (CalCompetes)
 - \$100 million for the expanded Main Street Small Business Tax Credit
 - \$100 million for sales tax exclusions to reduce the cost of manufacturing equipment
 - \$50 million for the California Infrastructure and Economic Development Bank's (IBank) Small Business Finance Center to provide small business loans and disaster loan guarantees
 - \$50 million for the California Rebuilding Fund to support \$125 million low-interest loans to underserved businesses - the \$777.5 million includes \$12.5 million allocated in late 2020
 - \$35 million for the California Dream Fund to seed entrepreneurship and small business creation in underserved communities
- \$353 million for workforce development;
- \$70.6 million for fee waivers to individuals and businesses most impacted by the pandemic;
- \$300 million for deferred maintenance in numerous state departments;
- \$500 million for Infill Infrastructure grants; and
- \$1.5 billion for zero-emission vehicles and zero-emission vehicle infrastructure.

Golden State Stimulus, Renter Relief, and Eviction Moratorium

The governor also previewed the following proposals prior to the release of the Budget Proposal with the request that the Legislature act immediately to move them forward.

Golden State Stimulus Program: This program would provide \$600 to roughly four million low-income Californians. The funds would be distributed to all 2019 taxpayers who received a California Earned Income Tax Credit (CalEITC) in 2020, as well as to 2020 taxpayers with Individual Taxpayer Identification Numbers (ITINs) who are eligible for and receive the CalEITC in 2021. Payments would begin rolling out in February 2021 for individuals who filed in 2020 and later for those who won't file their taxes until this year.

Renter Relief: \$2.6 billion in federal renter relief is proposed to be allocated as quickly as possible to assist struggling renters and stabilize small property owners.

Eviction Moratorium: The governor is requesting that the State's eviction moratorium, which expires on January 31, be extended for renters able to pay 25% of their rent obligation.

Homelessness and Housing

Homelessness: \$1.75 billion in one-time General Fund for homelessness initiatives is included in the governor's Budget Proposal:

- \$750 million in one-time General Fund for the Department of Housing and Community Development (HCD) to continue Homekey acquisitions, including the same streamlining provided in 2020. \$250 million of this proposed allocation is designated for early action by the Legislature.
- \$750 million in one-time General Fund over three years for competitive grants to counties to acquire and rehabilitate real estate to expand behavioral health treatment resources. The Administration estimates



that this funding will provide at least 5,000 beds, units, or rooms. Counties will be required to provide a local match to draw down funding. Relinquished adult jail bond financing is being considered to help finance this effort, as there is currently \$202 million available for allocation.

- \$250 million in one-time General Fund for the Department of Social Services to acquire and rehabilitate Adult Residential Facilities and Residential Care Facilities for the Elderly to preserve and expand housing for low-income seniors who are homeless or at risk of becoming homeless.

Local Accountability: \$4.3 million General Fund is proposed for HCD to provide assistance to local governments in meeting planning and zoning requirements. In addition, the Budget Proposal creates a Housing Accountability Unit at HCD to assist in the facilitation of affordable housing production. Promulgation of pro-housing regulations is targeted for early this year.

Infill Infrastructure Grant (IIG) Program: \$500 million through the IIG Program is included in the Budget Proposal to local governments and developers to defray the infrastructure costs of sewers, roads, and site preparation, paving the way for 7,500 affordable housing units. \$250 million of these funds are proposed for early action by the Legislature.

Low-Income Housing Tax Credits: \$500 million is proposed for a third round of low-income housing tax credits.

Housing Financing Process: \$2.7 million General Fund is included in the Budget Proposal to implement [AB 434](#), Chapter 192, Statutes of 2020. AB 434, supported by Orange County, aligns six rental housing programs with the Multifamily Housing Program, to enable HCD to implement a single application and scoring system for making coordinated awards under all seven programs, starting on January 1, 2022. Additionally, the Business, Consumer Services, and Housing Agency, in conjunction with the Treasurer's Office, has established a working group to examine and align housing finance programs.

Federal Relief: \$2.6 billion in federal rental assistance is anticipated to be directed to California, split between state and local governments. The funding will be used to support low-income tenants under 80% of Area Median Income (AMI), with a priority for those under 50% AMI.

Excess State Land Development: The Budget Proposal includes statutory changes to encourage development, including authorizing market-rate and commercial development that will provide flexibility and financial feasibility to subsidize affordable housing production on excess lands. Three excess state land developments are currently underway and nine additional sites are in the pipeline.

Construction Apprenticeships: \$8.5 million is allocated in one-time General Fund through the California Workforce Development Board to expand access to construction apprenticeships.

Fair Housing Enforcement: \$2 million General Fund is included in the Budget Proposal for the Department of Fair Employment and Housing to conduct education campaigns, housing surveys, and prosecute violations of anti-housing discrimination laws.

Criminal Justice and the Judicial Branch

Department of Corrections and Rehabilitation (CDCR): The average daily adult inmate population in the budget year is now projected to be 97,950, 20% fewer than the 2020-21 Budget Act. The average daily parolee population is estimated at 45,924, a decrease of 4% from the 2020-21 Budget Act.

COVID-19: CDCR has spent \$408.3 million in 2019-20 and 2020-21 so far on COVID-19 activities. Current estimate project additional spending of \$723.8 million by the end of the 2020-21 budget year. The Budget Proposal provides \$281.3 million in one-time General Fund in 2021-22 for pandemic related expenses.

COVID-19 Workers' Compensation Presumption: \$51 million General Fund in 2021-22, growing to \$77.6 million in 2024-25 for increased workers' compensation costs associated with the measure is allocated in the Budget Proposal. [SB 1159](#), Chapter 85, Statutes of 2020, created a rebuttable presumption that illness or death related to COVID-19 is an occupational injury and therefore eligible for workers' compensation benefits.

Police Use of Force Investigations: \$13 million General Fund in 2021-22, increasing to \$13.5 million ongoing is provided for [AB 1506](#), Chapter 326, Statutes of 2020, which requires the establishment of three investigation teams for officer involved shootings resulting in the death of an unarmed civilian.

Additional Criminal Justice Adjustments

- \$16 million (\$6 million General Fund, \$10 million Fingerprint Fees Account) in 2021-22, increasing to \$28.3 million ongoing (\$18.3 million General Fund, \$10 million Fingerprint Fees Account), for the Bureau of Forensic Services to backfill fine and fee revenues in the DNA Identification Fund.
- \$6.5 million in one-time General Fund for the Consolidated Science Forensic Laboratory.
- \$2.1 million ongoing from the Public Rights Law Enforcement Special Fund for the Healthcare Rights and Access Unit.
- \$1.1 million General Fund in 2021-22 and 2022-23 for [AB 3121](#), Chapter 319, Statutes of 2020 to support the Task Force to Study and Develop Reparation Proposals for African Americans.
- \$674,000 Dealers Record of Sale Special Account in 2021-22 and \$1.3 million in 2022-23 for [AB 2847](#), Chapter 292, Statutes of 2020. AB 2847 requires all semiautomatic pistols not already listed on the Department of Justice roster of not unsafe handguns be equipped with chamber load indicators, magazine disconnect mechanisms, and microstamping technology.

Prison Capacity: The Budget Proposal assumes closure of the final in-state contract correctional facility by May 2021. In addition, CDCR plans to close Deuel Vocational Institution by September 2021, saving \$113.5 million General Fund in 2021-22 and \$150.6 million General Fund beginning in 2022-23.

Criminal Fines and Fees: The 2018 Budget Act established a pilot program allowing indigent and low-income individuals to apply online to have their fines and fees from traffic infractions reduced. The Budget Proposal includes \$12.3 million General Fund in 2021-22, increasing to \$58.4 million ongoing General Fund by 2024-25 to expand the program statewide for both traffic and non-traffic infractions. Ongoing costs contained in the Budget Proposal include \$2.7 million for the online application system and \$55.7 million to backfill the loss in trial court revenues.

Wildfire and Forest Resilience/Emergency Response

Wildfire and Forest Resilience: \$1 billion is included in the Budget Proposal to increase forest health activities and decrease fire risk, \$323 million of which is proposed for early action by the Legislature.

- \$512 million to enhance wildfire resilience by thinning forests, replanting trees, and utilizing prescribed fire;
- \$335 million for CAL FIRE and the Conservation Corps to complete 45 to 60 strategic fuel breaks projects each year for the next several years;
- \$38 million for community hardening;
- \$39 million for science based management including remote sensing, research, and science-based monitoring; and
- \$76 million for innovative projects and workforce preparedness in the forest sector.

CAL FIRE Cap and Trade Funding: The Budget Proposal includes statutory changes making \$200 million in Cap and Trade funding for forest health and fire prevention programs available for an additional five years beyond 2023-24.

CAL FIRE Fleet: The Budget Proposal contains \$48.4 million to phase in four new Black Hawk helicopters and seven large air tankers to enhance CAL FIRE's ability to respond to wildfire incidents.

CAL FIRE Emergency Preparedness and Response: \$143.3 million in one-time General Fund in 2021-22, \$124.5 million in ongoing General Fund, and \$24.2 million in one-time General Fund in out-years for capital outlay costs is included in the Budget Proposal for CAL FIRE and the California Conservation Corps to support 30 additional fire crews.

Home Hardening Pilot Grant Program: \$25 million in one-time General Fund in 2020-21 for Cal OES (\$21.9 million) and CAL FIRE (\$3.1 million) to implement a home hardening pilot grant program.

California Disaster Assistance Act: \$256.1 million in one-time General Fund to assist local governments during and after an emergency.

Earthquake Early Warning System: \$17.3 million in one-time General Fund to support the earthquake early warning system while other revenue options are considered.

Transportation/Zero-Emission Vehicles/Cap and Trade

Transportation: SB 1, the Road Repair and Accountability Act of 2017, has kept transportation funding stable for the most part, and the Budget Proposal does not contain any significant spending changes. The transportation revenue outlook estimates gasoline consumption will drop by 3.6% in 2020-21, before rebounding by 5% in 2021-22 fiscal year. With respect to diesel fuel, consumption is expected to decline by 4.9% in 2020-21, followed by a 2% increase in 2021-22.

Fuel Excise Tax: Fuel excise tax revenues used to fund transportation projects are expected to be lower than pre-pandemic forecasts by a total of \$1.5 billion through 2024-25.



Federal Relief: The latest federal COVID-19 relief bill will provide approximately \$900 million to California for highway projects and \$2 billion for local transit agencies.

Transit Relief: As part of the current year budget, temporary waivers were enacted relieving transit operators from complying with specified performance requirements in the Transportation Development Act. While the Budget Proposal does not include any direct pandemic relief aid for transit, the governor’s budget summary states that, “the Administration is recommending regulatory and reporting relief related to the Transportation Development Act on a permanent basis, allowing agencies to plan with more certainty and flexibility for the expenditure of state transit resources.” Details on this proposal have not yet been released.

Department of Motor Vehicles (DMV): \$152 million one-time for 1,300 temporary positions to work on REAL IDs, and \$34 million ongoing to continue operational improvements is provided for the DMV.

Zero-Emission Vehicle Infrastructure: The Budget Proposal includes the securitization of \$1 billion in future revenues to increase the pace and scale of the construction of electric vehicle charging and hydrogen fueling stations necessary to accelerate zero-emission vehicle adoption. In addition, \$50 million in one-time General Fund is proposed to support the installation of zero-emission vehicle charging stations at state-owned facilities.

Zero-Emission Vehicles: \$465 million in one-time Cap and Trade funds is proposed to improve access to new and used zero-emission vehicles.

Cap and Trade: \$1.37 billion for the Cap and Trade Expenditure Plan, \$624 million of which is proposed for early action by the Legislature is included in the governor’s Budget Proposal:

- \$325 million to support the Community Air Protection Program, [AB 617](#), Chapter 136, Statutes of 2017;
- \$635 million dedicated to reducing emissions from the transportation sector; and
- \$355 million (\$200 million ongoing) for land-based carbon removal programs:
 - \$30 million for the Healthy Soils Program
 - \$23 million for the Urban Forestry Program

Total funds generated through the auction total \$2.2 billion in the current year and \$2.3 billion in the 2021-22 fiscal year.

Natural Resources

Natural and Working Lands: The Budget Proposal contains funding for the restoration of natural areas and ecosystems, flood management, and coastal protection including:

- \$248.6 million for the restoration of natural areas and ecosystems:
 - \$125 million in one-time Proposition 68 funding for the Natural Resources Agency to support water quality, supply, watershed protection, and restoration projects.
 - \$79.9 million in one-time various bond funding for the Wildlife Conservation Board to support ecosystem and watershed protection and restoration projects.
 - \$43.7 million in 2021-22, and a total of \$69.6 million over five years from various fund sources for the Department of Water Resources to support restoration projects through the Riverine Stewardship and San Joaquin Restoration programs.
- \$6.5 million in 2021-22, and a total of \$17.4 million over two years, Proposition 68 funding for the Natural Resources Agency/Ocean Protection Council to support coastal protection projects.



Department of Water Resources Proposed Funding

- \$60 million in one-time General Fund (\$30 million in 2020-21, \$30 million in 2021-22) for grants to support local planning and implementation of groundwater sustainability plans across critically overdrafted basins.
- \$183 million in 2021-22 and \$365.2 million over the next four years from various fund sources to leverage \$1.8 billion in federal funds:
 - \$81 million in 2021-22, and a total of \$102.3 million over three years from various bond funds for the Department of Water Resources Delta Levees System Integrity Program.
 - \$67 million General Fund in 2021-22, and a total of \$224.9 million over four years for the Department of Water Resources to leverage \$1.8 billion in federal funding for the flood risk reduction American River Commons Features project.
 - \$28.5 million in one-time Proposition 68 funding for the Department of Water Resources to support collaborative flood risk management.
 - \$6.5 million in 2021-22, and a total of \$9.5 million over three years Proposition 1 funding for the Department of Water Resources to support emergency flood response in the Delta.
- \$75 million in one-time General Fund for deferred maintenance.
- \$43.7 million in 2021-22, and \$69.6 million over the next five years from various fund sources to support ecosystem restoration and watershed resilience work on the San Joaquin River and for projects that improve water quality or ecological conditions within the Delta.

Department of Parks and Recreation: \$82 million is provided in the Budget Proposal to improve access to state parks:

- \$20 million in one-time General Fund for deferred maintenance;
- \$12.7 million in ongoing Cannabis Tax Fund to the Natural Resources Agency for the Youth Community Access Grant Program which funds projects that support youth access to natural and cultural resources;
- \$10 million in one-time General Fund and \$23.4 million in one-time reimbursements from Federal Emergency Management Agency funds to continue the Woolsey Fire restoration projects;
- \$6.3 million in one-time General Fund and \$6.3 million in one-time federal reimbursements to complete high-priority inholding acquisitions;
- \$2.7 million in one-time Proposition 68 bond funds for Candlestick Point State Recreation Area enhancements; and
- \$585,000 ongoing State Park and Recreation Fund to continue community liaison programs engaging underserved communities.

State Parks: \$85 million in one-time General Fund for forest management at state parks is included in the Budget Proposal.

Boating: The Budget Proposal restructures the fund that supports boating-related activities by:

- Reducing annual expenditures by \$13 million;
- Adjusting the vessel registration fee, thereby increasing annual revenues by \$20.6 million;
- Providing \$10 million General Fund for two years; and
- Maintaining programs vital to boater access and safety.

Department of Fish and Wildlife: \$45.1 million (\$41.8 million General Fund, \$3.3 million bond funds) in one-time funding is included in the Budget Proposal for investments in equipment technology and process improvements:

- \$9.8 million (\$9 million General Fund, \$800,000 Proposition 12) for wetlands management;
- \$7 million General Fund for human/wildlife conflict response;
- \$6 million (\$3.5 million General Fund, \$2.5 million Proposition 12) to support access and biodiversity resilience;
- \$7 million General Fund to modernize hatchery facilities and equipment;
- \$4.5 million General Fund for vegetation mapping;
- \$4.5 million General Fund to purchase a fixed-wing aircraft;
- \$4.5 million General Fund to purchase a large offshore patrol vessel; and
- \$750,000 General Fund to modernize the fishing and hunting licensing system.

Department of Conservation: The California Geologic Energy Management Division (CalGEM) oversees oil, natural gas, and geothermal industries while advancing the State’s climate goals. The Budget Proposal includes \$4.8 million and 26 positions to provide resources for additional CalGEM oversight.

Environmental Protection

CalRecycle: \$5 million from the Beverage Container Recycling Fund in 2020-21 and 2021-22 is allocated in the Budget Proposal to expand consumer redemption in communities underserved by recycling centers. Additionally, the Budget Proposal contains an unspecified amount of ongoing funding to implement [AB 793](#), Chapter 115, Statutes of 2020. AB 793 established minimum post consumer recycled content standards for plastic beverage containers subject to the California Beverage Container Recycling and Litter Reduction Act.

Department of Toxic Substances Control: The Budget Proposal includes statutory changes authorizing the Board of Environmental Safety to utilize a public fee setting process. It also provides \$22.5 million in one-time General Fund to backfill the Hazardous Waste Control Account and \$13 million in one-time General Fund to backfill the Toxic Substances Control Account while fees are restructured. Other augmentations include:

- \$300 million in one-time General Fund to accelerate the cleanup of contaminated properties; and
- \$31.4 million in one-time General Fund to clean up 3,200 properties surrounding the Exide Facility that are contaminated with lead. \$14 million in one-time General Fund and \$2.5 million ongoing from the Lead-Acid Battery Cleanup Fund is dedicated to seeking cost recovery from responsible parties.

Pest Management Proposals

- \$20 million ongoing to expand integrated pest management practice;
 - \$16.5 million ongoing to enhance enforcement and air monitoring;
 - \$1.5 million ongoing for community engagement; and
 - \$3.75 million ongoing (General Fund through 2023-24, transitioning to Department of Pesticide Regulation Fund in 2024-25) for the Department of Food and Agriculture to continue development of innovative pest management strategies.
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Agriculture

Fairs: \$50 million in one-time General Fund in 2021-22 to support state affiliated fairgrounds’ operational costs and \$10 million in one-time General Fund to support fairground deferred maintenance is included in the Budget Proposal.



Climate Smart Agriculture Proposed Appropriations

- \$170 million in one-time Greenhouse Gas Reduction Fund (\$90 million in 2020-21, \$80 million in 2021-22) for the Air Resources Board to provide funding to replace agricultural equipment reducing greenhouse gas emissions;
- \$30 million in one-time Greenhouse Gas Reduction Fund (\$15 million in 2020-21, \$15 million in 2021-22) for the Healthy Soils Program; and
- \$50 million in one-time General Fund for the California Infrastructure and Economic Development Bank (IBank) to support Climate Smart Agriculture loans.

Water Efficiency and Sustainable Groundwater: \$100 million is included in the Budget Proposal to support water efficiency projects and a transition to sustainable groundwater. \$50 million of the funding is proposed for early action by the Legislature.

- \$60 million in one-time General Fund (\$30 million in 2020-21, \$30 million in 2021-22) for Sustainable Groundwater Management Act Grants.
- \$40 million in one-time General Fund (\$20 million in 2020-21, \$20 million in 2021-22) for State Water Efficiency and Enhancement Program Grants.

Small and Mid-Size Farm Support: \$6.7 million in one-time General Fund, half in 2020-21 and half in 2021-22, is proposed to contract with the University of California Cooperative Extension to provide technical assistance and grants to technical assistance providers and small, mid-sized, and underserved farmers.

Farm to School: The Budget Proposal contains \$10 million in one-time General Fund to continue the Office of Farm to Fork's Farm to School Program.

Food Safety Modernization Act: \$8.7 million in ongoing federal fund authority is included in the Budget Proposal to expand the Department of Food and Agriculture's Produce Safety Program.

Regulatory Alignment and Efficiencies: \$6 million in one-time General Fund is included in the Budget Proposal for regulatory alignment and efficiencies, including \$4 million in the current to evaluate and align regulatory reporting activities reducing work for farmers and ranchers attempting to comply with regulations. \$2 million in 2021-22 is included to support exploring the establishment of a unified licensing portal.

Labor and Workforce Development

Unemployment: The unemployment rate increased from a record low of 3.9% in February 2020 to a record high of 16.4% in April and May. The number of jobs in California is not projected to return to 2019 levels until 2025. The Employment Development Department estimates that California owed the federal government \$21.5 billion for borrowed funds from the Unemployment Insurance Trust Fund at the end of 2020 and will owe \$48.3 billion by the end of 2021 for unemployment payments. \$555 million in one-time General Fund is included in the Budget Proposal to cover the interest payment to the federal government due in September 2021.

Future of Work Commission: The Commission is scheduled to release a report this month on the impacts of technology on workers, employers, jobs, and society; methods of promoting better job quality, wages, and working conditions; worker safety net protections; and workforce training for jobs of the future.



Department of Better Jobs and Higher Wages: The Administration proposes to consolidate the California Workforce Development Board, the Employment Training Panel, Workforce Services Branch, Labor Market Information Division, and the Division of Apprenticeship Standards into a new Department of Better Jobs and Higher Wages.